



---

# TALISMAN MINING LIMITED

ABN 71 079 536 495

## NOTICE OF GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

---

**TIME:** 12.00 pm (WST)

**DATE:** Tuesday, 7 May 2019

**PLACE:** Parmelia Hilton Perth  
14 Mill Street  
Perth, Western Australia 6000

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

***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.***

---

## CONTENTS PAGE

---

Notice of General Meeting	4
Explanatory Statement	7
Glossary	14
Annexure A - Valuation of Options	15
Annexure B – Terms and Conditions of Options	16

---

## TIME AND PLACE OF MEETING AND HOW TO VOTE

---

### VENUE

---

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 12.00 pm (WST) on Tuesday, 7 May 2019 at:

Parmelia Hilton Perth  
14 Mill Street  
Perth, Western Australia 6000

### YOUR VOTE IS IMPORTANT

---

The business of the 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 General Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the General 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 General 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 General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the General 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](http://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 General 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.

Should any resolution, other than those specified in this Notice, be proposed at the General 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 as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the General Meeting, the Chairman will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman, 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 **12.00 pm (WST) on 5 May 2019**. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- 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](http://www.linkmarketservices.com.au)  
Select 'Investor Login' and in the "Single Holding" section enter Talisman Mining Limited or the ASX code TLM in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. 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 12:00 pm (WST) on 5 May 2019, being not later than 48 hours before the commencement of the General 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 General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 12.00 pm (WST) on 5 May 2019.

---

## NOTICE OF GENERAL MEETING

---

Notice is given that a general meeting of Shareholders will be held at 12.00 pm (WST) on Tuesday, 7 May 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000.

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

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

### AGENDA

---

#### RESOLUTION 1 – ISSUE OF OPTIONS -JEREMY KIRKWOOD-

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

*“That, for the purposes of section 195(4) and 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 2,500,000 Options to Mr Jeremy Kirkwood, or his nominee, on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Jeremy Kirkwood (or his nominee) or any of their associates (**Resolution 1 Excluded Party**). However, the Company need not disregard a vote if 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 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 1 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

#### RESOLUTION 2 – ISSUE OF OPTIONS -DANIEL MADDEN-

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

*“That, for the purposes of section 195(4) and 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 7,500,000 Options to Mr Daniel Madden, or his nominee on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Daniel Madden (or his nominee) or any of their associates (**Resolution 2 Excluded Party**). However, the Company need not disregard a vote if 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 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

### RESOLUTION 3 – ISSUE OF OPTIONS -BRIAN DAWES-

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

*“That, for the purposes of section 195(4) and 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 1,750,000 Options to Mr Brian Dawes, or his nominee on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Brian Dawes (or his nominee) or any of their associates (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if 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 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

### RESOLUTION 4 – ISSUE OF OPTIONS -KAREN GADSBY-

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

*“That, for the purposes of section 195(4) and 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 1,750,000 Options to Ms Karen Gadsby, or her nominee on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Karen Gadsby (or her nominee) or any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if 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 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.

**Voting Prohibition Statement:**

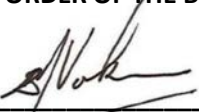
A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 02 APRIL 2019  
BY ORDER OF THE BOARD



---

SHAUN VOKES  
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 General Meeting to be held at 12.00 pm (WST) on Tuesday, 7 May 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, WA 6000.

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.

---

### 1. RESOLUTION 1, 2, 3 AND 4 – ISSUE OF OPTIONS TO RELATED PARTIES

#### 1.1 Background

Under Resolutions 1 to 4, the Company is seeking Shareholder approval, to allot and issue a total of 13,500,000 Options 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 Directors 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 the proposed Options can only be realised by Directors upon increases in the Company's Share price of between 60% and 100% of the 5-day volume weighted share price at the date of grant of the Options. This represents a performance measure 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:

- (a) the Company has previously issued options to Executive and Non-Executive Directors and Resolutions 1 to 4 are consistent with past practice of issuing options to Directors.
- (b) the proposed Options are structured so as to provide a basis for consistent future treatment whereby one tranche of Options expires on an annual basis and is replaced with a subsequent tranche which will be subject to shareholder approval at the Company's Annual General Meeting.
- (c) the proposed quantum of Options to be granted to Directors are deemed to be appropriate for their level of experience and contribution to the Company;
- (d) the total number of Options proposed to be issued to Directors represents 7.3% of the Company's current share capital and will vest in 3 tranches (each tranche containing 3 series) over an eighteen-month period.

#### 1.2 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 13,500,000 Options to Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby (**Related Parties**) on the terms and conditions set out below. Each of Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen 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 a public company requires approval under Chapter 2E of the Corporations Act (unless an exception applies). As previously noted, Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby 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 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained 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) do not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the grant of Options to the Related Parties.

### **1.3 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options under Resolutions 1, 2, 3 and 4:

- (a) the Related Parties are Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby 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. 2,500,000 Options to Mr Jeremy Kirkwood;
  - ii. 7,500,000 Options to Mr Daniel Madden, the Managing Director;
  - iii. 1,750,000 Options to Mr Brian Dawes; and
  - iv. 1,750,000 Options to Ms Karen Gadsby.

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 Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby in their role as Directors and to provide an incentive for Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby to remain with the Company. The quantum of Options is consistent with past precedents 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 9.3% of the Company's issued share capital;

- (e) the nature of the proposed financial benefit to be given is the grant of the Options for nil consideration as shown below:
  - i. 2,500,000 Options to Mr Jeremy Kirkwood;
  - ii. 7,500,000 Options to Mr Daniel Madden, the Managing Director;
  - iii. 1,750,000 Options to Mr Brian Dawes; and
  - iv. 1,750,000 Options to Ms Karen Gadsby;
- (f) the Options will have exercise prices, vesting dates and expiry dates as follows:



**Jeremy Kirkwood**

Tranche & Series	Number of Options	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1a	277,778	160% *	\$0.124*	31/10/2019	31/10/2020
1b	277,778	180%*	\$0.139*	31/10/2019	31/10/2020
1c	277,778	200%*	\$0.155*	31/10/2019	31/10/2020
2a	277,778	160% *	\$0.124*	30/04/2020	31/10/2021
2b	277,778	180%*	\$0.139*	30/04/2020	31/10/2021
2c	277,777	200%*	\$0.155*	30/04/2020	31/10/2021
3a	277,778	160% *	\$0.124*	31/10/2020	31/10/2022
3b	277,778	180%*	\$0.139*	31/10/2020	31/10/2022
3c	277,777	200%*	\$0.155*	31/10/2020	31/10/2022

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the General Meeting, indicative exercise prices are based on a \$0.077 VWAP share price.

**Daniel Madden**

Tranche & Series	Number of Options	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1a	833,334	160% *	\$0.124*	31/10/2019	31/10/2020
1b	833,333	180%*	\$0.139*	31/10/2019	31/10/2020
1c	833,333	200%*	\$0.155*	31/10/2019	31/10/2020
2a	833,334	160% *	\$0.124*	30/04/2020	31/10/2021
2b	833,333	180%*	\$0.139*	30/04/2020	31/10/2021
2c	833,333	200%*	\$0.155*	30/04/2020	31/10/2021
3a	833,334	160% *	\$0.124*	31/10/2020	31/10/2022
3b	833,333	180%*	\$0.139*	31/10/2020	31/10/2022
3c	833,333	200%*	\$0.155*	31/10/2020	31/10/2022

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the General Meeting, indicative exercise prices are based on a \$0.077 VWAP share price.

**Brian Dawes**

Tranche & Series	Number of Options	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1a	194,445	160% *	\$0.124*	31/10/2019	31/10/2020
1b	194,445	180%*	\$0.139*	31/10/2019	31/10/2020
1c	194,444	200%*	\$0.155*	31/10/2019	31/10/2020
2a	194,445	160% *	\$0.124*	30/04/2020	31/10/2021
2b	194,444	180%*	\$0.139*	30/04/2020	31/10/2021
2c	194,444	200%*	\$0.155*	30/04/2020	31/10/2021
3a	194,445	160% *	\$0.124*	31/10/2020	31/10/2022
3b	194,444	180%*	\$0.139*	31/10/2020	31/10/2022
3c	194,444	200%*	\$0.155*	31/10/2020	31/10/2022

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the General Meeting, indicative exercise prices are based on a \$0.077 VWAP share price.

**Karen Gadsby**

Tranche & Series	Number of Options	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1a	194,445	160% *	\$0.124*	31/10/2019	31/10/2020
1b	194,445	180%*	\$0.139*	31/10/2019	31/10/2020
1c	194,444	200%*	\$0.155*	31/10/2019	31/10/2020
2a	194,445	160% *	\$0.124*	30/04/2020	31/10/2021
2b	194,444	180%*	\$0.139*	30/04/2020	31/10/2021
2c	194,444	200%*	\$0.155*	30/04/2020	31/10/2021
3a	194,445	160% *	\$0.124*	31/10/2020	31/10/2022
3b	194,444	180%*	\$0.139*	31/10/2020	31/10/2022
3c	194,444	200%*	\$0.155*	31/10/2020	31/10/2022

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the General Meeting, indicative exercise prices are based on a \$0.077 VWAP share price.

- (g) other terms and conditions of the Options are as set out in Annexure B;
- (h) a valuation of the Options and the pricing methodology for that valuation is set out in Annexure A. 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*
Jeremy Kirkwood	419,000	600,000
Daniel Madden	50,000	2,400,000
Brian Dawes	353,333	400,000
Karen Gadsby	311,334	400,000

\* The exercise prices of options currently held by the Related Parties are between \$0.36 and \$0.50 per Share

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

Tranche & Series	Value per Option (\$)
1a	0.0251
1b	0.0228
1c	0.0208
2a	0.0353
2b	0.0333
2c	0.0314
3a	0.0428
3b	0.0410
3c	0.0394

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.

<b>Related Party</b>	<b>Value of Options over the 3 tranches</b>
Jeremy Kirkwood	\$81,122
Daniel Madden	\$243,363
Brian Dawes	\$56,784
Karen Gadsby	\$56,784

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 measure 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 B for full details of the valuation of the Options);

- (k) the gross remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed gross remuneration and emoluments for the current financial year are set out below (including cash and non-cash short term employment benefits, post-employment benefits and leave accruals, but excluding share-based payments):

<b>Related Party</b>	<b>Current Financial Year (\$)</b>	<b>Previous Financial Year (\$)</b>
Jeremy Kirkwood	87,600	87,600
Dan Madden	439,000	438,279
Brian Dawes	54,750	54,750
Karen Gadsby	54,750	54,750

- (l) if the Options granted to the Related Parties are exercised, a total of 13,500,000 Shares would be issued. This will increase the number of Shares on issue from 185,699,879 to 199,199,879 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.3%, comprising 1.4% by the Options proposed to be issued to Mr Kirkwood, 4.1% by the Options proposed to be issued to Mr Madden, 0.9% by the Options proposed to be issued to Mr Dawes and 0.9% by the Options proposed to be issued to Ms Gadsby;
- (m) 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:

	<b>Price</b>	<b>Date</b>
Highest*	\$0.310	5 November 2018
Lowest	\$0.075	28 March & 1 April 2019
Last	\$0.075	1 April 2019

*\* Prices prior to the payment of the fully franked special dividend (of \$0.06375 per share on 21 December 2018) and capital return (of \$0.15625 per share on 8 March 2019) have not been adjusted to reflect these payments.*

- (n) the Board acknowledges the grant of Options to Jeremy Kirkwood, Brian Dawes and Karen Gadsby is contrary to Recommendation 8.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.). However, the Board

considers the grant of Options to Jeremy Kirkwood, Brian Dawes and Karen Gadsby reasonable in the circumstances for the reasons set out in paragraphs (o) and (p);

- (o) the primary purpose of the grant of the Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (p) Mr Kirkwood declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Options in the Company should Resolution 1 be passed. However, in respect of Resolutions 2, 3 and 4, Mr Kirkwood recommends that Shareholders vote in favour of those Resolutions for the following reasons:
  - i. the grant of the Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - ii. the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
  - iii. it is important for the Company to be able to retain experienced Directors;
  - iv. the issue of Director Options to Mr Madden is consistent with the Company's objective of ensuring that the interests of Key Management Personnel are aligned with the long-term objectives of the Company; and
  - v. it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed.
- (q) Mr Madden declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Options in the Company should Resolution 2 be passed. However, in respect of Resolutions 1, 3 and 4, Mr Madden recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (o) and (p);
- (r) Mr Dawes declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 1, 2 and 4, Mr Dawes recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (o) and (p);
- (s) Ms Gadsby declines to make a recommendation to Shareholders in relation to Resolution 4 due to her material personal interest in the outcome of the Resolution on the basis that she is to be granted Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 1, 2 and 3, Ms Gadsby recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs (o) and (p);
- (t) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options; and
- (u) 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 Resolutions.
- (v) The following information in relation to the Options to be granted pursuant to Resolutions 1, 2, 3 and 4 is provided to Shareholders for the purposes of Listing Rule 10.11:
  - i. the Options will be granted to Mr Jeremy Kirkwood, Mr Daniel Madden, Mr Brian Dawes and Ms Karen Gadsby (or their nominee/s) who are all Directors;
  - ii. the maximum number of Options to be granted is:
    - (A) 2,500,000 Options to Mr Jeremy Kirkwood;

- (B) 7,500,000 Options to Mr Daniel Madden, the Managing Director;
  - (C) 1,750,000 Options to Mr Brian Dawes; and
  - (D) 1,750,000 Options to Ms Karen Gadsby;
- iii. the Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
  - iv. the Options will be granted for nil cash consideration and the exercise prices outlined in Section 1.3 (f) above will be required to be paid on exercise of any Options;
  - v. a voting exclusion statement is set out under Resolutions 1, 2, 3 and 4 of the Notice of Meeting; and
  - vi. other terms and conditions of the Options are set out in Annexure B.

---

## **2. 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.

**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** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' 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.

**EEEP** mean the Talisman Mining Executive and Employee Equity Plan adopted by Shareholders on 30 November 2018.

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

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

**Key Management Personnel (KMP)** has the meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

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

**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 – VALUATION OF OPTIONS

The Options to be issued to the Related Parties pursuant to Resolutions 1, 2, 3 and 4, have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Options were ascribed the following value:

<b>Assumptions:</b>																					
Valuation date	27-Mar-2019																				
Market price of Shares	\$0.077 per Share– based on 5-day volume weighted average price to the Valuation date																				
Assumed exercise prices	Tranche 1a: \$0.124 Tranche 1b: \$0.139 Tranche 1c: \$0.155 Tranche 2a: \$0.124 Tranche 2b: \$0.139 Tranche 2c: \$0.155 Tranche 3a: \$0.124 Tranche 3b: \$0.139 Tranche 3c: \$0.155																				
Expiry date (length of time from issue)	Tranche 1 (Series a to c): 1 year Tranche 2 (Series a to c): 2 years Tranche 3 (Series a to c): 3 years																				
Risk free interest rate	1.67%																				
Volatility (discount)	98%																				
<b>Indicative value per Option</b>	<table border="1"> <thead> <tr> <th><b>Tranche &amp; Series</b></th> <th><b>Value (cents)</b></th> </tr> </thead> <tbody> <tr><td>1a</td><td>0.0251</td></tr> <tr><td>1b</td><td>0.0228</td></tr> <tr><td>1c</td><td>0.0208</td></tr> <tr><td>2a</td><td>0.0353</td></tr> <tr><td>2b</td><td>0.0333</td></tr> <tr><td>2c</td><td>0.0314</td></tr> <tr><td>3a</td><td>0.0428</td></tr> <tr><td>3b</td><td>0.0410</td></tr> <tr><td>3c</td><td>0.0394</td></tr> </tbody> </table>	<b>Tranche &amp; Series</b>	<b>Value (cents)</b>	1a	0.0251	1b	0.0228	1c	0.0208	2a	0.0353	2b	0.0333	2c	0.0314	3a	0.0428	3b	0.0410	3c	0.0394
<b>Tranche &amp; Series</b>	<b>Value (cents)</b>																				
1a	0.0251																				
1b	0.0228																				
1c	0.0208																				
2a	0.0353																				
2b	0.0333																				
2c	0.0314																				
3a	0.0428																				
3b	0.0410																				
3c	0.0394																				
<b>Total Value of Options</b>	<b>\$438,053</b>																				
- Jeremy Kirkwood	\$81,122																				
- Dan Madden	\$243,363																				
- Brian Dawes	\$56,784																				
- Karen Gadsby	\$56,784																				

Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

---

**ANNEXURE B – TERMS AND CONDITIONS OF OPTIONS**

---

The terms and conditions of the Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The Options are issued in three (3) tranches (each tranche containing 3 series). Subject to paragraph (i), the estimated amount payable upon exercise of each Option for each tranche (**Exercise Price**) is set out in the table below:

<b>Tranche &amp; Series</b>	<b>Exercise Price*</b>
1a	\$0.124
1b	\$0.139
1c	\$0.155
2a	\$0.124
2b	\$0.139
2c	\$0.155
3a	\$0.124
3b	\$0.139
3c	\$0.155

*\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the General Meeting, indicative exercise prices are based on a \$0.077 VWAP share price.*

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the expiry date for that respective tranche as set out in the table below (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

<b>Tranche &amp; Series</b>	<b>Vesting Date</b>	<b>Expiry</b>
1	31 October 2019	31 October 2020
2	30 April 2020	31 October 2021
3	31 October 2020	31 October 2022

(d) **Exercise Period**

Subject to the vesting periods applicable to each tranche in the table as set out in clause (c) above, the Options are exercisable at any time until the relevant Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**



Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

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.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Unquoted**

The Company will not apply for quotation of the Options.



**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



**X999999999999**

### PROXY FORM

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

#### 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 General Meeting of the Company to be held at **12:00 pm (WST) on Tuesday, 7 May 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 2, 3 and 4:** 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, 2, 3 and 4, 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.**

#### 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*
1 Issue of Options - Jeremy Kirkwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Options - Daniel Madden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Options - Brian Dawes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options - Karen Gadsby	<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.

#### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) <input type="text"/>	Joint Shareholder 2 (Individual) <input type="text"/>	Joint Shareholder 3 (Individual) <input type="text"/>
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).



## 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:

- (a) 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
- (b) 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" must 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](http://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 **12:00 pm (WST) on Sunday, 5 May 2019**, 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](http://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 MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### 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  
Rhodes NSW 2138

\* in business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**