



TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00am (WST)

DATE: Friday, 6 November 2015

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.

CONTENTS PAGE

Notice of Annual General Meeting	4
Explanatory Statement	7
Glossary	14
Annexure A – Information Required by Listing Rule 7.3A.6	15
Annexure B – Summary of the Executive and Employee Option Plan	16

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (WST) on Friday, 6 November 2015 at:

Celtic Club
48 Ord Street
West Perth, Western Australia 6005

YOUR VOTE IS IMPORTANT

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

HOW TO VOTE

Shareholders can vote by either:

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

VOTING IN PERSON

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

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

VOTING BY A CORPORATION

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

VOTING BY PROXY

A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.

The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).

A proxy need not be a shareholder 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 (Adoption of the Remuneration Report), Resolution 4 (Ratification

of Prior Placement), Resolution 5 (Approval of Additional 10% Share Capacity) and Resolution 6 (Re-Approval of Executive and Employee Option Plan), where a Restricted Voter is appointed as your proxy, that person generally will not cast your vote on Resolutions 1, 4, 5 or 6 if you have not directed them how to vote on that Resolution or, if the proxy is the Chair of the Meeting, unless the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. These rules are explained in this Notice.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Adoption of the Remuneration Report), Resolution 4 (Ratification of Prior Placement), Resolution 5 (Approval of Additional 10% Share Capacity) and Resolution 6 (Re-Approval of Executive and Employee Option Plan) 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 4 November 2015**. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- **by post using the pre-addressed envelope provided with this Notice;**
- by post to Talisman Mining Ltd C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- in person to 1A Homebush Bay Drive, Rhodes NSW 2138;
- by faxing a completed proxy form to +61 2 9287 0309; or
- online - www.linkmarketservices.com.au
Select 'Investor Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, by facsimile, or online and by 10.00 am (WST) on 4 November 2015, 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 4 November 2015.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00 am (WST) on Friday, 6 November 2015 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 2015.

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 2015 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, 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 Key Management Personnel.

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 MS KAREN GADSBY

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

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

4. RESOLUTION 3 – RE-ELECTION OF MR BRIAN DAWES

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

“That, Mr Brian Dawes, 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”.

5. RESOLUTION 4 – RATIFICATION OF PRIOR PLACEMENT

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

“That, pursuant to Listing Rule 7.4 and for all other purposes, the prior issue on 17 July 2015 of 17,021,277 fully paid ordinary shares in the Company at \$0.47 each to raise \$8,000,000 (before costs) under a placement as set out in the Explanatory Statement accompanying this Notice of Meeting, be ratified.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any associates of those persons.

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

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

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

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

6. RESOLUTION 5 – 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:

ASX Listing Rules Voting Exclusion

The Company will disregard any votes cast on Resolution 6 by any Director of the Company and any associate of a Director of the Company.

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

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

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.

DATED: 2 OCTOBER 2015
BY ORDER OF THE BOARD



DANIEL MADDEN
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.00am (WST) on Friday, 6 November 2015 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 2015 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 Key Management Personnel of the Company;
- discusses the relationship between such policy and the Company's performance; and
- sets out remuneration details for each member of Key Management Personnel.

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. RESOLUTION 2 – RE-ELECTION OF MS KAREN GADSBY

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors shall retire from office. Ms Karen Gadsby 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.

Ms Gadsby has been a Director of the Company since April 2008. Ms Gadsby is a professional non-executive director with over 30 years' finance and commercial experience across several sectors. Ms Gadsby worked as an Executive for North Ltd throughout Australia for 13 years including at Robe River Iron Associates and Energy Resources of Australia Ltd. Ms Gadsby holds a number of directorships in Western Australia and is currently the Chair of Strategen Environmental Consulting Pty Ltd, Chair of Community First International Ltd and Director and Chair of the Audit Committee of Landgate. Ms Gadsby is the Chair of the Company's Audit Committee and a member of the Nomination and Remuneration Committees. Ms Gadsby is a Fellow of Chartered Accountants Australia and New Zealand and is a Member of the Australian Institute of Company Directors.

The Board (with Ms Gadsby abstaining) unanimously recommends that shareholders vote in favour of Ms Gadsby's re-election as a Director.

4. RESOLUTION 3 – RE-ELECTION OF MR BRIAN DAWES

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

Mr Dawes has been a Director of the Company since June 2009. Mr Dawes is a mining engineer with 40 years of international mining industry experience. He holds a BSc in Mining from the University of Leeds UK, and is a Member of the Australasian Institute of Mining and Metallurgy. He has worked and resided in the UK, Africa, the Middle East and across Australia and holds several First Class Mine Managers' Certificates of Competency. Mr Dawes' diverse expertise covers all key industry aspects from exploration through the discovery, feasibility, funding, approvals, project construction, commissioning, operations, optimisation, logistics, marketing and closure phases. This includes onsite management and corporate responsibilities in a diversity of challenging and successful underground and open pit operations across many commodities and geographies, with emphasis on copper, nickel, gold, zinc and lead, with iron ore, graphite, and coal. Prior to joining Talisman, Mr Dawes held senior positions with Jubilee Mines, Western Areas, LionOre Australia, WMC, Normandy Mining, Aberfoyle, Cyprus Gold, Minproc Engineers and MIM. Mr Dawes is a member of the Company's Nomination, Remuneration and Audit committees.

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

5. RESOLUTION 4 – RATIFICATION OF PRIOR PLACEMENT

A total of 17,021,277 ordinary Shares (Placement Shares) were issued to Australian professional, institutional and sophisticated investors on 17 July 2015. These investors did not require the issue of a disclosure document in order to subscribe for the Placement Shares. None of the subscribers for the Placement Shares was a related party of the Company for the purposes of the Corporations Act or the Listing Rules. The Placement Shares were issued at \$0.47 per Share, raising \$8,000,000 before costs of the issue.

From their date of issue, the Placement Shares rank equally in all respects with the Company's existing fully paid ordinary Shares.

Resolution 4 seeks Shareholder approval under Listing Rule 7.4 to ratify the placement of the Placement Shares. The effect of such ratification will be that the placement of these Shares will not be

counted as reducing the number of securities which the company can issue in the future without Shareholder approval under the 15% limit imposed by Listing Rule 7.1 and the 10% additional placement capacity limit imposed by Listing Rule 7.1A (i.e. the 15% and 10% limited are “renewed” to the extent of the ratification).

Pursuant to the Company’s announcement on 10 July 2015, the funds raised for the placement will be used to support potential joint venture funding at Doolgunna copper-gold joint venture with Sandfire, to progress the Company’s growth strategy at Sinclair and for working capital.

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

6. 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 148,559,904 fully paid ordinary shares. If Resolution 4 is passed, the Company will be permitted to issue (as at the date of this Notice):

- a. 22,283,985 equity securities under ASX Listing Rule 7.1; and
- b. 14,855,990 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:

- a. the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
- b. the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date or the equity securities may be issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the shares.

The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A", calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

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

Variable 'A' in Listing Rules 7.1A.2		Dilution		
		\$0.22 50% decrease in issue price	\$0.44 Issue price	\$0.88 100% increase in issue price
Current Variable A 148,559,904 Shares	10% voting dilution	14,855,990	14,855,990	14,855,990
	Funds raised	\$3,268,318	\$6,536,636	\$13,073,272
50% increase in current Variable A 222,839,856 Shares	10% voting dilution	22,283,986	22,283,986	22,283,986
	Funds raised	\$4,902,477	\$9,804,954	\$19,609,907
100% increase in current Variable A 297,119,808 Shares	10% voting dilution	29,711,981	29,711,981	29,711,981
	Funds raised	\$6,536,636	\$13,073,272	\$26,146,543

The table has been prepared on the following assumptions:

- a. the Company issues the maximum number of equity securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
- b. no unlisted options (including any unlisted options issued under the 10% Placement Facility) are exercised into shares before the date of issue of the equity securities;
- c. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- d. the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Annual General Meeting;
- e. the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;

- f. the issue of equity securities under the 10% Placement Facility consists only of shares; and
 - g. the issue price is \$0.44 per share, being the closing price of the shares on ASX on 28 September 2015.
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 6 November 2016) 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 6 November 2016.
 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 24 November 2014. The total number of equity securities issued in the 12 months preceding the date of the Meeting is 21,171,277, representing 16.1% of the total number of equity securities on issue at the commencement of that 12 month period. Of these equity securities, 1,150,000 were issued under exception 9 to Listing Rule 7.1, 3,000,000 were issued subsequent to Shareholder approval having been given under Listing Rule 10.11 and 17,021,277 were issued within the 15% placement capacity allowed under Listing Rule 7.1. No equity securities 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.

7. 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 2012 Annual General Meeting on 30 October 2012.

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 Company is not seeking approval for the issue of EEOP Options to any Director or an associate of a Director. Since the introduction of the EEOP, there have been no EEOP Options 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. Although Directors are eligible to participate in the EEOP, the Board does not currently intend to use the EEOP for any future award of Options to any Director.

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. 2,150,000 EEOP Options have been issued under the EEOP since the date of the last Shareholder approval of the EEOP (on 30 October 2012). 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 for 2015 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.

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>	<i>Issue 3</i>	<i>Issue 4</i>	<i>Issue 5</i>
Date of issue	5 Dec 14	6 Mar 15	6 Mar 15	17 Jul 15	11 Aug 15
Number issued	3,000,000	500,000	500,000	17,021,277	150,000
Class and terms of equity security	Unlisted options expiring 31 Oct 17, exercisable at \$0.41 - \$0.64	Unlisted options expiring 30 Sep 16, exercisable at \$0.40 - \$0.60	Unlisted options expiring 1 Mar 18, exercisable at \$0.40 - \$0.70	Fully paid ordinary shares	Unlisted options expiring 30 Jun 17, exercisable at \$0.90
Names of persons who received securities or basis on which those persons was determined	Gary Lethridge Karen Gadsby	Ben Wilson (under Company EEOP)	Graham Leaver (under Company EEOP)	Institutional and sophisticated investors	Don Huntly (under Company EEOP)
Price	Nil	Nil	Nil	\$0.47	Nil
Discount to market price (if any)	N/A	N/A	N/A	12.1%	N/A
<i>For cash issues:</i>					
Total cash consideration received (before costs)	N/A	N/A	N/A	\$8,000,000	N/A
Amount of cash consideration spent	N/A	N/A	N/A	Nil	N/A
Use of cash consideration	N/A	N/A	N/A	N/A	N/A
Intended use for remaining amount of cash (if any)	N/A	N/A	N/A	Potential future joint venture funding at Doolgunna copper-gold joint venture with Sandfire, progress growth strategy at Sinclair, and 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 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. Generally, EEOP Optionholders will have 90 days to exercise the 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.
- 2.5. The performance hurdles or exercise conditions (if any) may be waived or varied by the Board in special circumstances, such as death or permanent disability of the EEOP Optionholder.
- 2.6. EEOP Options will not be listed for official quotation on ASX.
- 2.7. 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.
- 2.8. 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.
- 2.9. 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.
- 2.10. 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.

- 2.11. 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.



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



X99999999999

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 Annual General Meeting of the Company to be held at **10:00am on Friday, 6 November 2015 at the Celtic Club, 48 Ord Street, West Perth, WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1 and 6: 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 and 6, 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*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<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"/>
2 Re-election of Ms Karen Gadsby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Re-approval of executive and employee option plan (EEOP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Brian Dawes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Ratification of prior placement	<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)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<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" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 4 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

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

**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.**