



TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 2.30 pm (WST)

DATE: Thursday, 23 November 2017

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

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

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.30 pm (WST) on Thursday, 23 November 2017 at:

Celtic Club
48 Ord Street
West Perth, Western Australia 6005

YOUR VOTE IS IMPORTANT

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

HOW TO VOTE

Shareholders can vote by either:

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

VOTING IN PERSON

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the

venue 30 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.

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 as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the 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 **2.30pm (WST) on 21 November 2017**. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

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

You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, by facsimile, or online and by 2.30 pm (WST) on 21 November 2017, being not later than 48 hours before the commencement of the Meeting. If facsimile transmission is used, the power of attorney must be certified.

VOTING PROHIBITION BY PROXY HOLDERS

A vote on Resolution 1 must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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 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 21 November 2017.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 2.30 pm (WST) on Thursday, 23 November 2017 at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005.

The Explanatory Statement to this Notice provides additional information on matters to be considered at the 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

ANNUAL REPORT

"To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2017, which includes the Financial Report, the Directors' Report and the Auditor's Report."

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

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

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Statement."

Voting Exclusion:

A vote on this Resolution must not be cast:

- (a) by or on behalf of the Key Management Personnel or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF MS KAREN GADSBY

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

"That, pursuant to and in accordance with clause 13.2 of the Constitution and for all other purposes, Ms Karen Gadsby, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Statement."

RESOLUTION 3 – RE-ELECTION OF MR BRIAN DAWES

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

"That, pursuant to and in accordance with clause 13.2 of the Constitution and for all other purposes, Mr Brian Dawes, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Statement."

RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

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."

Voting Exclusion:

The Company will disregard any votes cast on Resolution 4 by or on behalf of a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

RESOLUTION 5 – ADOPTION OF PROPOSED CONSTITUTION

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

"That, pursuant to and for the purposes of section 136 and section 648G of the Corporations Act and for all other purposes, the Company repeals its existing Constitution and adopt the Proposed Constitution tabled at the Meeting and signed by the Chairperson for identification purposes be approved and adopted as the constitution of the Company, with effect on and from the end of the Meeting."

DATED: 17 OCTOBER 2017

BY ORDER OF THE BOARD



ALEX NEULING
JOINT 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 2.30 pm (WST) on Thursday, 23 November 2017 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.

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 2017 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.

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. A resolution to adopt the 2016 Remuneration was passed by a majority of more than 75% at the 2016 Annual General Meeting.

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.

3. RESOLUTION 2 – RE-ELECTION OF KAREN GADSBY

Clause 13.2 of the Constitution provides that at each annual general meeting one-third of the Directors shall retire from office. Clause 13.2 the Constitution states that a Director who retires under this clause is eligible for re-election.

Ms Karen Gadsby retires from office in accordance with this requirement and, being eligible offers herself for re-election by Shareholders as a Director.

Karen Gadsby B. Comm., FCA, MAICD Non-Executive Director (Independent)

Karen is a professional Non-Executive Director with over 30 years' finance and commercial experience across several sectors.

She worked as an Executive for North Ltd throughout Australia for 13 years including at Robe River Iron Associates and Energy Resources of Australia Ltd. In the 3 years immediately before the end of the 2017 financial year, Karen also served as Chair of Strategen Environmental Consulting Pty Ltd and Community First International Ltd, and as a director of Landgate.

Karen is the Chair of the Audit Committee and a member of the Nomination and Remuneration Committees. With her extensive experience in finance and having chaired a number of Audit Committees, Karen is considered qualified to hold these responsibilities.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Ms Gadsby) supports the re-election of Ms Gadsby and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION BRIAN DAWES

Clause 13.2 of the Constitution provides that at each annual general meeting one-third of the Directors shall retire from office. Clause 13.2 the Constitution states that a Director who retires under this clause is eligible for re-election.

Mr Brian Dawes retires from office in accordance with this requirement and, being eligible offers himself for re-election by Shareholders as a Director.

Brian Dawes B. Sc. Mining, MAusIMM Non-Executive Director (Independent)

Brian is a mining engineer with extensive international mining industry experience. He holds a BSc in Mining from the University of Leeds UK, and is Member of the Australasian Institute of Mining and Metallurgy.

He has worked in the UK, Africa, the Middle East and across Australia and holds several First Class Mine Managers' Certificates of Competency. Brian's 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 site management and corporate responsibilities in a diversity of challenging and successful underground and open pit operations across many commodities and geographies; mainly in copper, nickel, gold, zinc and lead, with iron ore, graphite, and coal. Prior to joining Talisman, Brian held senior positions with Jubilee Mines NL, Western Areas, LionOre Australia, WMC, Normandy Mining, and Aberfoyle.

In the 3 years immediately before the end of the financial year, Brian did not hold any other directorships.

Brian serves on the Company's Audit, Nomination and Remuneration Committees. With extensive industry experience and being financially literate, Brian is considered qualified to hold these responsibilities.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

The Board (excluding Mr Dawes) supports the re-election of Mr Dawes and recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

5.1. General

ASX Listing Rule 7.1A enables mid to small cap listed companies to seek shareholder approval by special resolution at its annual general meeting 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 following the annual general meeting (**10% Placement Facility**). The 10% Placement Facility 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 10 Placement Facility if it satisfies both of the following criteria at the date of the annual general meeting:

- (a) having a market capitalisation of \$300 million or less; and
- (b) is 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 Meeting.

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

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

5.2. ASX Listing Rule 7.1A

1. Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

2. Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one quoted classes of Equity Securities, being Shares.

3. Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month

period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of Shares issued in the 12 months with Shareholder approval under ASX Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

4. ASX Listing Rule 7.1 and ASX Listing Rule 7.1A

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of the Notice, the Company has on issue 185,699,879 Shares and therefore has a capacity to issue:

- i. 27,854,981 Equity Securities under ASX Listing Rule 7.1; and
- ii. 18,569,987 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to Section 4).

5. Minimum Issue Price

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- i. the date on which the price at which the Equity Securities are to be issued is agreed; or
- ii. if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

6. 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- i. the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- ii. the date of Shareholder approval of 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),

or such longer period if allowed by ASX (the **10% Placement Period**).

5.3. Effect of Resolution

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

5.4. 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 the Company's Equity Securities calculated over the 15 trading days which trades in that class are recorded immediately before:
 - i. the date on which the price at which the Equity Securities are to be issued is agreed; or
 - ii. if the Equity Securities are not issued within 5 trading days of the date in paragraph (a), the date on which the Equity Securities are issued.
2. If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing ordinary Shareholders face the risk of economic and voting dilution as a result of the issue of Equity Securities to the extent that such shares are issued, including:
 - i. the market price of the Company's Equity Securities may be significantly lower on the issue date of the Equity Securities than on the date of the Meeting; and
 - ii. 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 Equity Securities.

3. 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:

- i. 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
- ii. 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 ASX Listing Rules 7.1A.2		Dilution		
		\$0.13	\$0.24	\$0.52
		50% decrease in issue price	Issue price	100% increase in issue price
Current Variable A 185,699,879 Shares	10% voting dilution (shares)	18,569,988	18,569,988	18,569,988
	Funds raised	\$2,414,098	\$4,828,197	\$9,656,393
50% increase in current Variable A 278,549,819 Shares	10% voting dilution	27,854,981	27,854,981	27,854,981
	Funds raised	\$3,621,148	\$7,242,295	\$14,484,590
100% increase in current Variable A 371,399,758 Shares	10% voting dilution	37,139,975	37,139,975	37,139,975
	Funds raised	\$4,828,197	\$9,656,394	\$19,312,787

The table has been prepared on the following assumptions:

- the Company issues the maximum number of Equity Securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
 - no Options (including any options issued under the 10% Placement Facility) are exercised into shares before the date of issue of the Equity Securities;
 - the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
 - 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;
 - the issue of equity securities under the 10% Placement Facility consists only of shares; and
 - the issue price is \$0.26 per share, being the closing price of the shares on ASX on 16 October 2017 (rounded to the nearest cent).
4. If any of the shares being approved by this Resolution are issued, they will be issued during the 10% Placement Period, that is, within 12 months of the date of the Meeting and the approval being sought under Resolution 4 will cease to be valid if ordinary Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
 5. The Equity Securities 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.
 6. 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:
 - i. 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;

- ii. 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;
 - iii. the financial situation and solvency of the Company and its need for working capital at any given time; and
 - iv. advice from corporate, financial and broking advisors (if applicable).
7. The Company obtained Shareholder approval under ASX Listing Rule 7.1A at its Annual General Meeting on 10 November 2016. No Equity Securities were issued in the 12 months preceding the date of the Meeting pursuant to ASX Listing Rule 7.1A. In accordance with ASX Listing Rule 7.3A.6, details of all Equity Securities issued in the preceding 12 months are set out in Schedule 1. In total, 8,800,000 Equity Securities were issued during the year, being unlisted incentive options, representing 4.7% of Shares on issue at the time of grant.
8. A voting exclusion statement is set out under the Resolution in the Notice. 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.
9. 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.

6. RESOLUTION 5 – ADOPTION OF PROPOSED CONSTITUTION

6.1. General

Section 136(2) of the Corporations Act provides that a company may modify or repeal its constitution, or a provision of its constitution, by special resolution.

Resolution 5 seeks Shareholder approval for the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) updated to comply with current law and enable the Company to better function in accordance with its constituent documents. The Proposed Constitution has been provided to ASX as required under the ASX Listing Rules.

The Company's Constitution was originally adopted by shareholders at the Company 2005 annual general meeting. The terms of the Constitution have not, until now been subject to a comprehensive review or update. Since 2005, there have been substantial changes to Australian corporate law and practice – including, among other things, a number of changes to the Corporations Act and ASX Listing Rules, the introduction (and subsequent revision) of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the widespread adoption by other listed companies of electronic forms of communication and conduct.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.talismanmining.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9380 4230). Shareholders are invited to contact the Company if they have any queries or concerns.

In light of the number of changes being proposed to various parts of the Constitution, and the fact that some of the amendments are of a non-substantive nature, the Board has decided that it is most appropriate to adopt a wholly new constitution incorporating the proposed amendments.

Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed ; and

- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The proposed changes that the Board considers significant for shareholders are described below. A summary of the Proposed Constitution is included in Schedule 2. Details of the preference share provisions contained in the Proposed Constitution are included in Schedule 3. Details of the proportional takeover bid provisions contained in the Proposed Constitution are included in Schedule 4. Details of the disposal of unmarketable parcel provisions, contained in the Proposed Constitution, are included in Schedule 5.

All references to rules are to rule numbers in the Proposed Constitution, unless stated otherwise.

The Proposed Constitution, if approved, will be effective on and from the close of the Meeting.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

6.2. Summary of material proposed changes

Minimum Shareholding (Schedule 4)

Schedule 4 to the Proposed Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than a marketable parcel of Shares within the meaning of the ASX Listing Rules (currently being a parcel of Shares with a market value of less than \$500). The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices. Refer to Schedule 5 of this Notice for further information.

Dividends (clause 10)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- a) the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- b) the payment of the dividend is fair and reasonable to the company’s shareholders as a whole; and
- c) the payment of the dividend does not materially prejudice the company’s ability to pay its creditors.

The Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Proportional takeover provisions (Schedule 5)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder’s shares.

Pursuant to section 648G of the Corporations Act, the Company has included in Schedule 5 to the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

6.3. Information required by Section 648G of the Corporations Act

What is a proportional takeover bid

A proportional takeover bid is a takeover bid where the offer made to each shareholder of a company is only for a proportion of that shareholder's shares in the company.

Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the company and retain the balance of the shares.

Effect of proposed proportional takeover provisions

If a proportional takeover bid is made to Shareholders, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the resolution to approve the offer is voted on. However, if no resolution is voted on before the end of the 15th day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the Constitution. If the resolution is not approved, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- b) assisting in preventing Shareholders from being locked in as a minority;
- c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- a) proportional takeover bids may be discouraged;
- b) lost opportunity to sell a portion of their Shares at a premium; and
- c) the likelihood of a proportional takeover bid succeeding may be reduced.

6.4. Recommendation of the Board

The Directors unanimously recommend 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.

10% Placement Facility has the meaning given in Section 5.1.

10% Placement Period has the meaning given in Section 5.1.

AEDT means Australian Eastern Daylight Savings Time.

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

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2017.

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

ASX Listing Rules means the Listing Rules of ASX.

Auditor's Report means the auditor's report on the Financial Report.

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 as at the commencement of the Meeting.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the ASX Listing Rules.

Explanatory Statement means the explanatory statement which forms part of the Notice.

Financial Report means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Statement and Proxy Form.

Option means an option to acquire a Share.

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

Proposed Constitution means the proposed new constitution the subject of Resolution 5.

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.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

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

Shareholder means a holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

VWAP means volume weighted average price.

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

SCHEDULE 1: LISTING RULE 7.3A.6 DISCLOSURE

No.	Date of Issue	Number	Class ¹	Persons to whom the securities were issued	Issue price (A\$)	Discount (if any) to market price ² on date of issue	Consideration	
		(a) 1,760,000	(a) Unquoted options exercisable at \$0.48 on or before 31 October 2018		(a) - (e): Nil	N/A	Total consideration:	A performance linked incentive component to the remuneration of Directors and eligible employees
		(b) 1,760,000	(b) Unquoted options exercisable at \$0.52 on or before 31 October 2019					
		(c) 1,760,000	(c) Unquoted options exercisable at \$0.56 on or before 31 October 2019					
		(d) 1,760,000	(d) Unquoted options exercisable at \$0.62 on or before 31 October 2021					
		(e) 1,760,000	(e) Unquoted options exercisable at \$0.66 on or before 31 October 2021					

Note

1. The value of Options is measured using the Black & Scholes option pricing model.

Schedule 2 - Summary of Proposed Constitution

Shares

The issue of Shares and options by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of Shares.

Preference Shares

The Corporations Act requires certain rights of preference shares to be either set out in the Proposed Constitution or approved in general meeting by special resolution before preference shares are issued.

The Proposed Constitution sets out a framework of rights for preference Share issues from which the Board can determine to issue preference Shares, without the need to obtain further Shareholder approval every time an allotment of preference Shares is proposed, provided that the preference shares are convertible into ordinary Shares. Schedule 6 to the Proposed Constitution contains the framework as well as specific rights of preference Shares as to the repayment of capital, requirements for redemption (if the preference Shares are redeemable), participation in surplus assets and profits, voting rights and priority of payment of capital and dividends. Other specific terms, including the dividend amount, the redemption date (if applicable) and redemption amount (if applicable), would be set by the issuing resolution of the Directors.

Details of the preference share provisions are contained in Schedule 3.

Reductions of Capital

The Proposed Constitution is consistent with the Corporations Act requirements which must be satisfied by the Company in undertaking a reduction of its share capital.

Liens

If the Company issues partly paid Shares and a call made on those Shares is unpaid, the Company will have a lien over the Shares on which the call is unpaid. The lien may be enforced by a sale of those Shares.

Transfer of Shares

The Company may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules (**Operating Rules**). Transfers under the Operating Rules are affected electronically in the Clearing House Electronic Sub register System (**CHESS**) operated by ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX. For the purposes of the Company's participation in the CHESS, the Company may issue holding statements in lieu of Share certificates. The Company will not charge any fee for registering a transfer of Shares. The Directors may refuse to register a transfer of Shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

Proportional Takeovers

A proportional takeover bid is one in which the offeror offers only to buy a specified proportion of each Shareholders' Shares.

The Proposed Constitution provides for Shareholder approval of any proportional takeover bid for the Shares. Subject to the Listing Rules and Operating Rules, the provisions require the Directors to refuse to register any transfer of Shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

The perceived advantages of including proportional takeover provisions in the Proposed Constitution are that such provisions may:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The perceived disadvantages of including proportional takeover provisions in the Proposed Constitution include the following:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

To comply with the Corporations Act, the proportional takeover provisions must be renewed by Shareholders in general meeting at least every 3 years to remain in place.

Details of the proportional takeover provisions are contained in Schedule 4.

Alterations of Share Capital

Shares may be converted or cancelled with Shareholder approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act and the Listing Rules.

Buy Backs

The Company may buy back Shares in itself on terms and at such times determined by the Directors.

Disposal of less than a Marketable Parcel

For the sake of avoiding excessive administration costs, the Proposed Constitution contains provisions enabling the Company to procure the disposal of Shares where the Shareholder holds less than a marketable parcel of Shares within the meaning of the Listing Rules (currently being a parcel of Shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant Shareholder holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

The proposed provisions of the Proposed Constitution, relating to the disposal of unmarketable parcel, are detailed in Schedule 5.

Variation of class rights

Class rights attaching to a particular class of Shares may be varied or cancelled with the consent in writing of holders of 75% of the Shares in that class or by a special resolution of the holders of Shares in that class.

Meetings of Shareholders

Directors may call a meeting of Shareholders whenever they think fit. Shareholders may call a meeting as provided by the Corporations Act. The Proposed Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting.

Consistent with the Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Voting of Shareholders

Resolutions of Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Shareholder has one vote for each fully paid Share held and a fraction of a vote for each partly paid Share determined by the amount paid up on that Share.

Proxies

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on the Shareholder's behalf. The Proposed Constitution contains provisions specifying the manner of lodgement of proxy instruments. A Shareholder may appoint an individual or corporation to act as its representative.

Directors

Unless changed by the Company in general meeting, the minimum number of directors is 3. The existing Directors and the Company may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as director). No Director other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re-election.

Powers of Directors

The business of the Company is to be managed by or under the direction of the Directors.

Remuneration of Directors

The Company may pay non-executive Directors a maximum of the total amount as determined by the Shareholders in general meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Directors will be subject to the provisions of any contract between each of them and the Company and may be by way of commission on, or percentage of, profits of the Company, but will not be by way of commission on, or percentage of, operating revenue.

Execution of documents

In accordance with the Corporations Act, the Proposed Constitution provides for execution of documents by the Company without the use of the Company's company seal.

Dividends

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shares and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shares and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

Indemnities and insurance

To the extent permitted by law, the Company indemnifies every person who is or has been a Director or secretary of the Company against a liability incurred by that person in his or her capacity as a Director or secretary provided that the liability does not arise out of conduct involving a lack of good faith (otherwise referred to as an excluded liability). A similar indemnity is provided in respect of legal proceedings. The Company may pay or agree to pay the premiums on Directors' and officers' liability insurance.

Schedule 3 - Terms of Preference Shares

1. Definitions

In this Schedule, terms defined in the Proposed Constitution and not otherwise defined in this Schedule shall have to same meaning given to that term in the Proposed Constitution and unless the context otherwise requires:

Conversion Circumstances means, in respect of a Converting Preference Share, whether the Preference Share is liable to be converted or convertible:

- (a) at the option of the Holder, or of the Company, or both;
- (b) upon the happening of a particular event; or
- (c) at a fixed time.

Conversion Date means, in respect of a Converting Preference Share, the date (if any) specified in the Issue Resolution for the conversion of that Preference Share or the date upon which an event specified in the Issue Resolution occurs which results in the conversion of that Preference Share.

Conversion Number means the number, or formula for determining the number, of ordinary Shares into which a Converting Preference Share will convert upon conversion.

Converting Preference Share means a Preference Share which is specified in the Issue Resolution as being liable to be converted or convertible into ordinary Shares in a manner permitted by the Corporations Act, whether at the option of the Holder or otherwise.

Dividend means any distribution of any property (including without limitation, money, Paid Up shares, debentures, debenture stock or other securities of the Company or of any other Corporation) to a Holder in respect of a Preference Share as a dividend, whether interim or final.

Dividend Date means, in respect of a Preference Share, a date specified in the Issue Resolution on which a Dividend in respect of that Preference Share is payable.

Dividend Rate means, in respect of a Preference Share, the terms specified in the Issue Resolution for the calculation of the amount of Dividend to be paid in respect of that Preference Share on any Dividend Date, which calculation may be wholly or partly established by reference to an algebraic formula.

Franked Dividend has the meaning given in the *Income Tax Assessment Act 1936* (Cth)

Holder means, in respect of a Preference Share, the registered holder of that Share.

Issue Resolution means the resolution specified in paragraph 3.

Preference Share means a Share issued under Article 2.3.

Redeemable Preference Share means a Preference Share which is specified in the Issue Resolution as being liable to be redeemed in a manner permitted by the Corporations Act.

Redemption Amount means, in respect of a Redeemable Preference Share, the amount specified in the Issue Resolution to be paid on redemption of the Redeemable Preference Share.

Redemption Circumstances means, in respect of a Redeemable Preference Share, whether the Preference Share is liable to be redeemed:

- (a) at the option of the Holder, or of the Company, or both;

- (b) upon the happening of a particular event; or
- (c) at a fixed time.

Redemption Date means, in respect of a Redeemable Preference Share, the date specified in the Issue Resolution for the redemption of that Preference Share or the date upon which an event specified in the Issue Resolution occurs which results in the redemption of that Preference Share.

Specified Date means, in respect of a Redeemable Preference Share, the date (if any) specified in the Issue Resolution before which that Redeemable Preference Share may not be redeemed by the Holder.

2. Rights of Holders

Each Preference Share confers upon its Holder:

- (a) the rights referred to in Articles 2.4 and 2.5;
- (b) the right in winding up to payment in cash of the amount then paid up on it, and any arrears of Dividend in respect of that Preference Share in priority to any other class of Shares;
- (c) the right in priority to any payment of a Dividend to any other class of Shares, to a cumulative preferential dividend payable on each Dividend Date in relation to that Preference Share calculated in accordance with the Dividend Rate in relation to that Preference Share; and
- (d) no right to participate beyond the extent elsewhere specified in this paragraph 2 in surplus assets or profits of the Company, whether in winding up or otherwise.

3. Issue Resolution

- (a) The Directors may allot a Preference Share by a resolution of the Directors specifying:
 - (i) the Dividend Date;
 - (ii) the Dividend Rate;
 - (iii) whether the Preference Share is or is not a Redeemable Preference Share;
 - (iv) if the Preference Share is a Redeemable Preference Share, the Redemption Amount, the Redemption Date, the Redemption Circumstances and any Specified Date for that Redeemable Preference Share;
 - (v) that the Preference Share is a Converting Preference Share;
 - (vi) the Conversion Circumstances, the Conversion Number and any Conversion Date; and
 - (vii) any other terms and conditions to apply to that Preference Share.
- (b) The Issue Resolution in establishing the Dividend Rate for a Preference Share may specify that the Dividend is to be:
 - (i) fixed;
 - (ii) variable depending upon any variation of the respective values of any factors in an algebraic formula specified in the Issue Resolution; or

- (iii) variable depending upon such other factors as the Directors may specify in the Issue Resolution,

and may also specify that the Dividend is to be a Franked Dividend or not a Franked Dividend.

- (c) Where the Issue Resolution specifies that the Dividend to be paid in respect of the Preference Share is to be a Franked Dividend the Issue Resolution may also specify:
 - (i) the extent to which such Dividend is to be franked; and
 - (ii) the consequences of any Dividend paid not being so franked, which may include a provision for an increase in the amount of the Dividend to such an extent or by reference to such factors as may be specified in the Issue Resolution.

4. Redemption

- (a) The Company must redeem a Redeemable Preference Share on issue:
 - (i) in the case where the Redeemable Preference Share is liable to be redeemed at the option of the Company, on the specified date where the Company, not less than 10 Business Days before that date, has given a Notice to the Holder of that Redeemable Preference Share stating that the Redeemable Preference Share will be redeemed on the specified date;
 - (ii) in the case where the Redeemable Preference Share is liable to be redeemed at the option of the Holder, on the specified date where the Holder of that Redeemable Preference Share, not less than 10 Business Days before that date, has given a Notice to the Company stating that the Redeemable Preference Share will be redeemed on the specified date; and
 - (iii) in any event, on the Redemption Date,

but no Redeemable Preference Share may be redeemed by the Holder before the Specified Date unless the Redemption Date occurs before that date.
- (b) On redemption of a Redeemable Preference Share, the Company, after the Holder has surrendered to the Company the Certificate (if any) in respect of that Redeemable Preference Share, must pay to the Holder the Redemption Amount by:
 - (i) directly crediting the account nominated in writing by the Holder from time to time; or
 - (ii) cheque made payable to the Holder or such other person nominated in writing by the Holder sent through the post to:
 - (A) in the case where the Holder is a joint holder of the Redeemable Preference Share, the address in the Register of the person whose name stands first on the Register in respect of the joint holding; or
 - (B) otherwise, to the address of the Holder in the Register.

5. Conversion

- (a) The Company must convert a Converting Preference Share on issue:

- (i) in the case where the Converting Preference Share is liable to be redeemed at the option of the Company, on the specified date where the Company, not less than 10 Business Days before that date, has given a Notice to the Holder of that Converting Preference Share stating that the Converting Preference Share will be converted on the specified date;
 - (ii) in the case where the Converting Preference Share is liable to be redeemed at the option of the Holder, on the specified date where the Holder of that Converting Preference Share, not less than 10 Business Days before that date, has given a Notice to the Company stating that the Converting Preference Share will be converted on the specified date; and
 - (iii) in any event, on the Conversion Date.
- (b) On conversion of a Converting Preference Share the Company must allot to the Holder additional ordinary Shares such that following conversion the Holder holds that number of ordinary Shares in accordance with the Conversion Number. Conversion of a Converting Preference Shares does not constitute a cancellation, redemption or termination of a Converting Preference Share or the issue, allotment or creation of a new Share.
 - (c) The allotment of additional ordinary Shares on Conversion does not constitute a cancellation, redemption or termination of a Converting Preference Share. Conversion is the taking effect of existing rights of a Converting Preference Share and the ending of the special rights attached to the Converting Preference Share.
 - (d) Following Conversion, each Converting Preference Share will rank equally with and will confer rights identical with and impose obligations identical with all other fully paid ordinary Shares then on issue.

6. Certificate

The Certificate (if any) issued by the Company in relation to any Preference Share, must specify in relation to that Preference Share:

- (a) the date of issue of the Preference Share;
- (b) the Dividend Rate and Dividend Dates;
- (c) whether the Preference Share is a Redeemable Preference Share;
- (d) if the Preference Share is a Redeemable Preference Share, the:
 - (i) Redemption Circumstances;
 - (ii) Redemption Amount; and
 - (iii) Redemption Date to the extent possible or if not, the event which if it occurs will result in redemption of that Redeemable Preference Share; and
- (e) the:
 - (i) Conversion Circumstances;
 - (ii) Conversion Number; and

- (iii) Conversion Date to the extent possible or if not, the event which if it occurs will result in conversion of that Concerting Preference Share; and
- (f) any other matter the Directors determine.

Schedule 4 - Proportional Takeover Provisions

1. Definitions

In this Schedule, terms defined in the Proposed Constitution and not otherwise defined in this Schedule shall have to same meaning given to that term in the Proposed Constitution and unless the context otherwise requires:

Approving Resolution means a resolution to approve a proportional takeover bid in accordance with this Schedule.

Deadline means the 14th day before the last day of the bid period for a proportional takeover bid.

Voter means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

2. Refusal of Transfers

2.1 Requirement for an Approving Resolution

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 4.
- (b) This Schedule 4 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

2.2 Voting on an Approving Resolution

- (a) Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.
- (b) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph 2.2(a).
- (c) Subject to this Constitution, every Voter present at the meeting held under paragraph 2.2(a) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (d) To be effective, an Approving Resolution must be passed before the Deadline.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule.

Schedule 5 - Unmarketable Parcels

1. Definitions

In this Schedule, terms defined in the Proposed Constitution and not otherwise defined in this Schedule shall have to same meaning given to that term in the Proposed Constitution and unless the context otherwise requires:

Sale Share means a Share which is sold or disposed of in accordance with this Schedule.

2. Power to Sell Unmarketable Parcels

2.1 Existing unmarketable parcels

- (a) The Company may sell the Shares of a Member if:
 - (i) the total number of Shares of a particular class held by that Member is less than a marketable parcel;
 - (ii) the Company gives that Member Notice stating that the Shares are liable to be sold or disposed of by the Company; and
 - (iii) that Member does not give Notice to the Company, by the date specified in the Notice of the Company (being not less than 42 days after the date of the Company giving that Notice), stating that all or some of those Shares are not to be sold or disposed of.
- (b) The Company may only exercise the powers under paragraph 2.1(a), in respect of one or more Members, once in any 12 month period.
- (c) The power of the Company under paragraph 2.1(a) lapses following the announcement of a takeover bid. However, the procedure may be started again after the close of the offers made under the takeover bid.

2.2 New unmarketable parcels

- (d) The Company may sell the Shares of a Member if:
 - (i) the Shares of a particular class held by that Member are in a new holding created by a transfer on or after 1 September 1999; and
 - (ii) that transfer is of a number of Shares of that class that was less than a marketable parcel at the time the transfer document was initiated, or in the case of a paper based transfer document, was lodged with the Company.
- (e) The Company may give a Member referred to in paragraph 2.2(a) Notice stating that the Company intends to sell or dispose of the Shares.

3. Exercise of Power of Sale

3.1 Extinguishment of interests and claims

The exercise by the Company of its powers under paragraph 2 extinguishes, subject to this Schedule 5:

- (a) all interests in the Sale Shares of the former Member; and

- (b) all claims against the Company in respect of the Sale Shares by that Member, including all Dividends determined to be paid in respect of those Share and not actually paid.

3.2 Manner of sale

- (a) The Company may sell or dispose of any Shares under paragraph 2 at any time:
 - (i) using a financial services licensee on the basis that person obtains the highest possible price for the sale of the Shares; or
 - (ii) in any other manner and on any terms as the Directors resolve.
- (b) The Company may:
 - (i) exercise any powers permitted under the Applicable Law to enable the sale or disposal of Shares under this Schedule;
 - (ii) receive the purchase money or consideration for Sale Shares;
 - (iii) appoint a person to sign a transfer of Sale Shares; and
 - (iv) enter in the Register the name of the person to whom Sale Shares are sold or disposed.
- (c) The person to whom a Sale Share is sold or disposed need not enquire whether the Company:
 - (i) properly exercised its powers under this Schedule in respect of that Share; or
 - (ii) properly applied the proceeds of sale or disposal of those Shares,and the title of that person is not affected by those matters.
- (d) The remedy of any person aggrieved by a sale or disposal of Sale Shares is in damages only and against the Company exclusively.
- (e) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold or disposed of in accordance with this Schedule 5 is sufficient evidence of those matters.

3.3 Application of proceeds

- (a) If the Company exercises the powers under paragraph 2.1, either the Company or the person to whom a Sale Share is sold or disposed of must pay the expenses of the sale or disposal.
- (b) The Company must apply the proceeds of any sale or disposal of any Sale Shares in the following order:
 - (i) in the case of an exercise of the powers under paragraph 2.2, the expenses of the sale or disposal;
 - (ii) the amounts due and unpaid in respect of those Shares; and
 - (iii) the balance (if any) to the former Member or the former Member's Personal Representative, on the Company receiving the certificate (if any) for those Shares or other evidence satisfactory to the Company regarding the ownership of those Shares.

3.4 Voting and dividend rights pending sale

- (a) If the Company is entitled to exercise the powers under paragraph 2.2, the Company may by resolution of the Directors remove or change either or both:
 - (i) the right to vote; and
 - (ii) the right to receive Dividends,of the relevant Member in respect of some or all of the Shares liable to be sold or disposed of.
- (b) After the sale of the relevant Sale Shares, the Company must pay to the person entitled any Dividends that have been withheld under paragraph 3.4(a).



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 **2:30 pm (WST) on Thursday, 23 November 2017 at the Celtic Club, 48 Ord Street, West Perth, WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: 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 Resolution 1, even though the Resolution is 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 Adoption of Proposed Constitution	<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"/>				
3 Re-election of Mr Brian Dawes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of 10% Placement Facility	<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)
 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 Resolution is 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 **2:30 pm (WST) on Tuesday, 21 November 2017**, 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)



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

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 ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**