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## TALISMAN MINING LIMITED

ABN 71 079 536 495

### NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

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**TIME:** 12:00 pm (WST)  
**DATE:** Tuesday, 26 November 2019  
**PLACE:** Parmelia Hilton Perth  
14 Mill Street  
PERTH WA 6000

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

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

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

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 12.00 pm (WST) on Tuesday, 26 November 2019 at:

Parmelia Hilton Perth  
14 Mill Street  
Perth, Western Australia 6000

### YOUR VOTE IS IMPORTANT

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

### HOW TO VOTE

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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

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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

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

### VOTING BY PROXY

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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 **12 pm (WST) on 24 November 2019**. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- by post to Talisman Mining Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- in person to 1A Homebush Bay Drive, Rhodes NSW 2138;
- by faxing a completed proxy form to +61 2 9287 0309; or
- online - [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) Select 'Investor Login' and 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 12:00 pm (WST) on 24 November 2019, 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 Resolutions 1 and 4 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 3.00 pm (AEDT) (12.00pm WST) on 24 November 2019.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the annual general meeting of Shareholders will be held at 12.00 pm (WST) on Tuesday, 26 November 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000.

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

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## AGENDA

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### FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company and its controlled entities for the financial year ended 30 June 2019, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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### RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of 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 as contained in the annual financial report for the financial year ended 30 June 2019"*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### RESOLUTION 2 – RE-ELECTION OF MS KAREN GADSBY

To consider and, if thought fit, to pass with or without amendment the following resolution as an **ordinary resolution**:

*"That, for the purposes of clause 6.14 of the Constitution and for all other purposes, Ms Karen Gadsby, Director, retires by rotation and being eligible, is re-elected as a Director."*

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### RESOLUTION 3 – ELECTION OF MR PETER BENJAMIN AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.21 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Benjamin, who was appointed to the Board since the previous annual general meeting of the Company, retires as a Director, and being eligible having offered himself for re-election, is re-elected as a Director.”*

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### RESOLUTION 4 – ISSUE OF OPTIONS TO PETER BENJAMIN

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

*“That, subject to the passing of Resolution 3, for the purposes of section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue 1,750,000 Options to Mr Peter Benjamin, or his nominee on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter Benjamin (or his nominee) or any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE UNDER LUCKNOW FARM-IN AGREEMENT – STAGE 1 SHARES

**Either Resolution 5 or Resolution 6 may be withdrawn during this Meeting. If no Stage 1 Shares have been issued prior to this Meeting, then Resolution 5 will be withdrawn.**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of Shares up to the value of \$100,000 pursuant to the terms of the Lucknow Farm-in Agreement and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### RESOLUTION 6 – APPROVAL OF SHARE ISSUE UNDER LUCKNOW FARM-IN AGREEMENT - STAGE 1 SHARES

**Either Resolution 5 or Resolution 6 may be withdrawn during this Meeting. If all Stage 1 Shares have been issued prior to this Meeting, then Resolution 6 will be withdrawn.**

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

*“That, for the purposes of ASX Listing Rule 7.1 for all other purposes, approval is given for the Company to issue Shares to the value of \$100,000 pursuant to the terms of the Lucknow Farm-in Agreement and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the

directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY**

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

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**DATED: 21 OCTOBER 2019**

**BY ORDER OF THE BOARD**

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**ALEX NEULING, JOINT COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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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 12.00 pm (WST) on Tuesday, 26 November 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, WA 6000.

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

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### 1. ANNUAL REPORT

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company's 2019 Annual Report is available at [www.talismanmining.com.au](http://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.

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### 2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

#### 2.1. General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2. Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the Company who were in office when the Directors' report (as included in the Company's annual financial report for the most recent financial year) was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

#### 2.3. Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – KAREN GADSBY

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting. Karen Gadsby retires from office in accordance with these requirements and being eligible offers herself for re-election by Shareholders as a Director of the Company, with effect from the end of the Meeting.

#### **Karen Gadsby B. Comm., FCA, MAICD**

Non-Executive Director (Independent) 3 April 2008 - current

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 financial year, Karen was appointed as a non-executive director of Joyce Corporation Ltd on 1 July 2017 and served as Chair of Strategen Environmental Consulting Pty Ltd and Community First International Ltd.

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.

If elected the Board considers Karen Gadsby will be an independent director.

The Board supports the re-election of Karen Gadsby and recommends that Shareholders vote in favour of Resolution 2.

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### 4. RESOLUTION 3 – ELECTION OF MR PETER BENJAMIN AS A DIRECTOR

Clause 6.6 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 6.21 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Benjamin was appointed to the position of non-executive Director on 24 July 2019 and will retire in accordance with clause 6.21 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **Peter Benjamin B.Sc. (Hons), Grad Dip (Exploration), (Bus Admin), GAICD, MAusIMM, FAIM**

Independent Non-Executive Director 24 July 2019 - current

Peter is a geologist with over 40 years' experience in senior exploration, project, operational and executive management roles for both junior and mid-tier resource companies. These roles have included significant experience in the development and subsequent operations for open pit and underground precious, base metal and bulk mineral mines throughout Australia. Peter has extensive experience in managing and implementing exploration strategies which have led to the successful and ongoing discoveries and delineation of new mineral resources and ore reserves. Peter has previously held senior management roles at Iluka Resources Limited, Shaw River Manganese Ltd and Kalamazoo Resources Ltd. Peter is now a consultant for the resources industry, mainly focusing on gold, base metals and mineral sands.



In the 3 years immediately before the end of the financial year, Peter served as a non-executive director of Kalamazoo Resources Pty Ltd since March 2015 until he resigned in July 2016. He was appointed as managing director at Kalamazoo Resources Ltd (ASX: KZR) in July 2016 and resigned in July 2018. He also served as a non-executive director of North Rossa Pty Ltd from August 2016 to September 2017, and was a non-executive director of Capricorn Resources Limited (ASX: CMM) from November 2018 to March 2019.

Peter is a member of the Audit, Nomination and Remuneration Committees. With his extensive geological and senior exploration management experience, Peter is considered qualified to hold these responsibilities.

The Board considers that Mr Benjamin is an independent Director.

The Board supports the election of Mr Benjamin and recommends that Shareholders vote in favour of Resolution 3.

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## **5. RESOLUTION 4 – ISSUE OF OPTIONS TO PETER BENJAMIN**

### **5.1 Background**

Under Resolution 4, the Company is seeking Shareholder approval, to issue a total of 1,750,000 Options to Peter Benjamin, a Director of the Company (or his nominee) on the terms and conditions set out below.

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

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

Potential value at the vesting date of the proposed Options can only be realised by Directors upon increases in the Company's Share price of between 50% and 90% of the 5-day volume weighted share price at the date of grant of the Options. This represents a performance measure directly related to substantial share price increases prior to realisation of potential value. Optionholders must also be a director at the time of vesting for granted Options to vest and then subsequently exercise the Options to realise value.

In determining the number and terms of the Options proposed to be granted, the Board (other than Mr Benjamin who has a material personal interest in Resolution 4) has had regard to various factors, including but not limited to, alignment of incentives with increased Shareholder value, market practice for comparable companies, previous remuneration practice by the Company and consideration of the demands and responsibilities of the positions held. Specifically, the Board notes that:

- (a) The Company has previously issued options to Executive and Non-Executive Directors and Resolution 4 is consistent with past practice of issuing options to Directors.
- (b) The proposed Options are structured so as to provide a basis for consistent future treatment whereby one tranche of Options expires on an annual basis and is replaced with a subsequent tranche which will be subject to shareholder approval at the Company's Annual General Meeting.
- (c) The proposed quantum of Options to be granted to Peter Benjamin is considered to be appropriate for his level of experience and contribution to the Company;
- (d) The total number of Options proposed to be issued to Peter Benjamin represents 0.9% of the Company's current share capital and will vest in 3 tranches (each tranche containing 3 series) over an eighteen-month period.

## 5.2 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 1,750,000 Options to Peter Benjamin (**Related Party**) on the terms and conditions set out below. Peter Benjamin is a Director of the Company and therefore a related party under the Corporations Act.

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

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act (in respect of Chapter 2E) may not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the grant of Options to Peter Benjamin.

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

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

- (a) the Related Party is Peter Benjamin, who is a related party by virtue of being a Director of the Company;
- (b) the primary purpose of the grant of Options to the Related Party is to provide cost effective consideration to the Related Party for their ongoing commitment and contribution to the Company in his role as a Director
- (c) other than as set out in this Explanatory Statement, the Board does not consider that there are any significant opportunity costs or taxation consequences to the Company or benefits foregone by the Company in issuing the Options on the terms proposed;
- (d) the maximum number of Options to be granted to the Related Party pursuant to Resolution 4 is 1,750,000 Options to Peter Benjamin.

The proposed number of Options to be granted is based upon what is considered by the Directors to be appropriate to fulfil the objectives of providing effective consideration for the ongoing commitment and contribution to the Company by Peter Benjamin in his role as a Director and to provide an incentive for Mr Benjamin to remain with the Company. The quantum of Options is consistent with past precedents for the Company and should Shareholder approval be obtained the total number of options held by Directors post the issue of the proposed Options will represent 8.2% of the Company's currently issued share capital;

- (e) the nature of the proposed financial benefit to be given is the grant of 1,750,000 Options for nil consideration to Peter Benjamin
- (f) the Options will have exercise prices, vesting dates and expiry dates as follows:

<i>Tranche &amp; Series</i>	<i>Number of Options</i>	<i>Exercise Premium</i>	<i>Exercise Price*</i>	<i>Vesting Date</i>	<i>Expiry Date</i>
1a	194,444	150%	\$ 0.163	31/5/20	31/10/20
1b	194,444	170%	\$ 0.185	31/5/20	31/10/20
1c	194,444	190%	\$ 0.207	31/5/20	31/10/20
2a	194,444	150%	\$ 0.163	30/11/20	31/10/21
2b	194,444	170%	\$ 0.185	30/11/20	31/10/21
2c	194,444	190%	\$ 0.207	30/11/20	31/10/21
3a	194,444	150%	\$ 0.163	30/5/21	31/10/22
3b	194,444	170%	\$ 0.185	30/5/21	31/10/22
3c	194,444	190%	\$ 0.207	30/5/21	31/10/22

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the Annual General Meeting, indicative exercise prices are based on a \$0.1089 VWAP share price.

- (g) other terms and conditions of the Options are as set out in Schedule 2;
- (h) a valuation of the Options and the pricing methodology for that valuation is set out in Schedule 1. The value of these Options will be expensed in the Company's financial statements over the relevant vesting periods;
- (i) as at the date of this Notice, Peter Benjamin holds no relevant interest in securities of the Company.
- (j) The estimated total value of the Options is \$69,805, this is a theoretical valuation derived using the Black-Scholes Model.

The Black Scholes valuations are non-cash, inferred values and realisation of any value from the options requires growth in the share price between the date of grant of the options and the vesting date of the options in addition to the options then being exercised. This represents a performance measure directly related to share price increases prior to realisation of potential value. Optionholders must also be a Director at the time of vesting for granted options to vest. (Refer to Schedule 1 for full details of the valuation of the Options);

- (k) Peter Benjamin was not remunerated by the Company during the financial year to 30 June 2019 as he was appointed during July 2019. His proposed gross remuneration and emoluments for the current financial year are set out below (including cash and non-cash short term employment benefits, post-employment benefits and leave accruals, but excluding share-based payments):

Peter Benjamin Salary	\$
Director Fee	50,000
Superannuation	4,750
Total	54,750

- (l) if the Options granted to the Related Party are exercised, a total of 1,750,000 Shares would be issued. This will increase the number of Shares on issue from 185,699,879 to 187,449,879 (assuming that no other options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.9%;
- (m) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time, any of the Options are exercised and the Company's Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. The trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest*	\$0.310	5 November 2018
Lowest	\$0.075	28 March & 1 April 2019
Last	\$0.0105	21 October 2019

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

- (n) the Board acknowledges the grant of Options to Mr Benjamin is contrary to Recommendation 8.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.). However, the Board considers the grant of Options to Mr Benjamin reasonable in the circumstances for the reasons set out in paragraphs (o) and (p);

- (o) the primary purpose of the grant of the Options to the Related Party is to provide a performance linked incentive component in the remuneration package for the Related Party to motivate and reward the performance of the Related Party in his role as Director;
- (p) Mr Benjamin declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Options in the Company should Resolution 4 be passed. However, the Directors other than Mr Benjamin recommend that Shareholders vote in favour of Resolution 4 for the following reasons:
  - (i) the grant of the Options to Mr Benjamin will align the interests of Mr Benjamin with those of Shareholders;
  - (ii) the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Benjamin;
  - (iii) it is important for the Company to be able to retain experienced Directors; and
  - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed.
- (q) in forming their recommendations, each Director considered the experience of Mr Benjamin, the current market price of Shares, current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolutions.

The following information in relation to the Options to be granted pursuant to Resolution 4 is provided to Shareholders for the purposes of Listing Rule 10.11:

- (a) the Options will be granted to Mr Peter Benjamin (or his nominee/s), a Director;
- (b) the maximum number of Options to be granted is 1,750,000;
- (c) the Options will be granted to Mr Benjamin no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) the Options will be granted for nil cash consideration and the exercise prices outlined in section 5.3 (f) above will be required to be paid on exercise of any Options;
- (e) a voting exclusion statement is set out under Resolution 4 of the Notice of Meeting; and
- (f) other terms and conditions of the Options are set out in Schedule 2.

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## **6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – STAGE 1 SHARES**

### **6.1 Background**

Either Resolution 5 or Resolution 6 may be withdrawn during this Meeting. If no Stage 1 Shares (defined below) have been issued prior to this Meeting, then Resolution 5 will be withdrawn.

On 26 August 2019, the Company announced that it had entered into a farm-in agreement (FIA) with privately-owned Lucknow Gold Limited (Lucknow Gold) in relation to the Lucknow Gold Project (EL6455) in New South Wales (the Project).

Under the terms of the FIA, the Company, via its wholly-owned subsidiary, Talisman B Pty Ltd (Talisman B), has the right to earn up to a 70% interest in the Project, by spending a minimum of \$1.5M on exploration over four years and issuing \$250k worth of cash or Shares (at the Company's election, under certain conditions over 3 stages, and subject to an overall maximum of 3,000,000 Shares) to Lucknow Gold.

At the initial stage of the FIA, triggered upon formal confirmation between the parties of terms for an Exploration Joint Venture Agreement, the Company will issue an initial tranche of Shares to the value of \$100,000, based on the 15-day Volume Weighted Average Price (VWAP) of Shares on ASX immediately prior to their issue (Stage 1 Shares). As noted above, the maximum number of Shares that may be issued to Lucknow is 3,000,000 Shares, meaning that the minimum price at which the Stage 1 Shares are able to be issued is \$0.03 per Share.

As at the date of this Notice, the Stage 1 Shares have not been issued, however it is considered likely that the Stage 1 Shares will be issued either prior to the Meeting (using the Company's existing share issue capacity under Listing Rule 7.1), or shortly thereafter and in any case within 3 months of the date of the Meeting. Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Stage 1 Shares.

**In the event that no Stage 1 Shares have been issued prior to the date of the Meeting, the Directors will withdraw Resolution 5 and instead seek Shareholder approval for the issue of the Stage 1 Shares under Resolution 6 below.**

## **6.2 ASX Listing Rule 7.1 and 7.4**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Technical information required by ASX Listing Rule 7.4.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain Shareholder approval.

## **6.3 Technical information required by ASX Listing Rule 7.4 (If Stage 1 Shares issued prior to date of Meeting)**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the proposed Ratification of the Stage 1 Shares on the assumption that they are issued prior to the date of the Meeting:

- (a) Shares to the value of \$100,000 (subject to an aggregate maximum of 3,000,000 Shares to be issued under the FIA) will be issued between the date of this Notice and the date of the Meeting pursuant to the Company's share issue capacity under Listing Rule 7.1;
- (b) the issue price of the Stage 1 Shares is equal to the higher of the 15-day VWAP over the period immediately prior to their issue and \$0.03 per Share;
- (c) the Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares have been issued to Lucknow Gold, which is not a related party of the Company; and
- (e) no funds were raised from the issue, as the issue was made pursuant to the FIA as part-consideration for the Company's Project rights under the FIA.

The Board believes that the ratification of the Stage 1 Shares is beneficial for the Company.

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## **7. RESOLUTION 6 – APPROVAL OF SHARE ISSUE UNDER LUCKNOW FARM-IN AGREEMENT - STAGE 1 SHARES**

### **7.1 General**

**Either Resolution 5 or Resolution 6 may be withdrawn during this Meeting. If all the Stage 1 Shares have been issued prior to this Meeting, then Resolution 6 will be withdrawn.**

Resolution 6 seeks Shareholder approval for the issue of the Stage 1 Shares (to the value of \$100,000, based on the 15-day VWAP of Shares on ASX immediately prior to their issue) to Lucknow Gold Limited pursuant to the FIA.

As mentioned above, Resolution 5 and Resolution 6 are interconnected on the basis that the ratification and approval concern the same issue of the Stage 1 Shares. As detailed above at section 6.1, as at the date of this Notice, the Stage 1 Shares have not been issued, however it is considered likely that the Stage 1 Shares will be issued either prior to the Meeting (using the Company's existing share issue capacity under Listing Rule 7.1), or shortly thereafter and in any case within 3 months of the date of the Meeting.

Accordingly, if the issue of all Stage 1 Shares has occurred by the date of this Meeting, the Directors will withdraw Resolution 6 and Shareholder approval, for the issue of the Shares will be sought by Resolution 5.

A summary of Listing Rule 7.1 is set out in section 6.2 above.

The effect of Resolution 6 will be to allow the Company to issue the Stage 1 Shares under the FIA during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

## **7.2 Technical information required by ASX Listing Rule 7.1 (If Stage 1 Shares not issued prior to date of Meeting)**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is required to be given to Shareholders in relation to Resolution 6:

- (a) up to 3,000,000 Shares may issued as Stage 1 Shares, based on the aggregate maximum number of Shares able to issued by the Company under the FIA;
- (b) the Stage 1 Shares are expected to be issued within the next month, but in any event, they will be issued no later than three months after the date of the Meeting;
- (c) the issue price of the Stage 1 Shares will be not less than \$0.03 per Share;
- (d) the Shares will be issued to Lucknow Gold, which is not a related party of the Company; and
- (e) the Stage 1 Shares will be ordinary fully paid shares in the capital of the Company, and will be issued on the same terms as pre-existing fully paid ordinary shares and rank equally with those Shares; and
- (f) no funds will be raised from the issue, which is being made pursuant to the FIA as part-consideration for the Company's Project rights under the FIA.

The Board believes that the approval of the issue of Stage 1 Shares is beneficial for the Company.

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## **8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY**

### **8.1. General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$19.49 M (based on the number of Shares on issue and the closing price of Shares on the ASX on 1 October 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security

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

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being Shares (ASX Code: TLM).

If Shareholders approve Resolution 7, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

## **8.2. Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 ASX trading days of the date in section 8.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 1 October 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0525 50% decrease in Share Price	\$0.105 Issue Price	\$0.1575 50% increase in Issue Price
185,699,879 (Current Variable A)	Shares issued - 10% voting dilution	18,569,988	18,569,988	18,569,988
	Funds raised	\$974,924	\$1,949,849	\$2,924,773
278,549,819 (50% increase in Variable A)	Shares issued - 10% voting dilution	27,854,982	27,854,982	27,854,982
	Funds raised	\$1,462,387	\$2,924,773	\$4,387,160
371,399,758 (100% increase in Variable A)	Shares issued - 10% voting dilution	37,139,976	37,139,976	37,139,976
	Funds raised	\$1,949,849	\$3,899,697	\$5,849,546

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are currently 185,699,879 Shares on issue.
- The issue price set out above is the closing price of the Shares on the ASX on 1 October 2019.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.\*  
\*As at the date of this Notice. It is likely that the Stage 1 Shares the subject of Resolutions 5 or 6 will have been issued between the date of this Notice and the date of the Meeting. Further details on the proposed issue is set out in sections 6 and 7 of this Explanatory Statement.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- 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 Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.



(b) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions), continued exploration on the Company's current projects, and / or for general working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions), in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(c) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(d) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

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 3. In total, 22,750,000 Equity Securities were issued during the year, being unlisted incentive options, representing 12.3% of Shares on issue at the time of grant.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.54**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**8.3. Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

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**9. 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.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in section 8.1 of the Explanatory Statement.

**AEDT** means Australian Eastern Daylight Savings Time.

**Annual General Meeting** or **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** of a member of the Key Management Personnel means:

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

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

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current Directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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

**Key Management Personnel** has the meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly

or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice of Meeting 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.

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

**Shareholder** means a holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

## SCHEDULE 1 – VALUATION OF OPTIONS

The Options to be issued to a Related Party pursuant to Resolution 4, have been valued by internal management.

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

<b>Assumptions:</b>																					
Valuation date	2-Oct-2019																				
Market price of Shares	\$0.1089 per Share– based on 5-day volume weighted average price to the Valuation date																				
Assumed exercise prices	<i>Tranche 1a: \$0.163</i> <i>Tranche 1b: \$0.185</i> <i>Tranche 1c: \$0.207</i> <i>Tranche 2a: \$0.163</i> <i>Tranche 2b: \$0.185</i> <i>Tranche 2c: \$0.207</i> <i>Tranche 3a: \$0.163</i> <i>Tranche 3b: \$0.185</i> <i>Tranche 3c: \$0.207</i>																				
Expiry date (length of time from issue)	<i>Tranche 1 (Series a to c): 11 months</i> <i>Tranche 2 (Series a to c): 23 months</i> <i>Tranche 3 (Series a to c): 35 months</i>																				
Risk free interest rate	1.67%																				
Volatility (discount)	98%																				
<b>Indicative value per Option</b>	<table> <thead> <tr> <th><i>Tranche &amp; Series</i></th> <th><i>Value (cents)</i></th> </tr> </thead> <tbody> <tr> <td>1a</td> <td>0.0270</td> </tr> <tr> <td>1b</td> <td>0.0233</td> </tr> <tr> <td>1c</td> <td>0.0202</td> </tr> <tr> <td>2a</td> <td>0.0449</td> </tr> <tr> <td>2b</td> <td>0.0416</td> </tr> <tr> <td>2c</td> <td>0.0386</td> </tr> <tr> <td>3a</td> <td>0.0573</td> </tr> <tr> <td>3b</td> <td>0.0543</td> </tr> <tr> <td>3c</td> <td>0.0518</td> </tr> </tbody> </table>	<i>Tranche &amp; Series</i>	<i>Value (cents)</i>	1a	0.0270	1b	0.0233	1c	0.0202	2a	0.0449	2b	0.0416	2c	0.0386	3a	0.0573	3b	0.0543	3c	0.0518
<i>Tranche &amp; Series</i>	<i>Value (cents)</i>																				
1a	0.0270																				
1b	0.0233																				
1c	0.0202																				
2a	0.0449																				
2b	0.0416																				
2c	0.0386																				
3a	0.0573																				
3b	0.0543																				
3c	0.0518																				
<b>Total Value of Options</b>	<b>\$69,805</b>																				

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

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**SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS**

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The terms and conditions of the Options are as follows:

(a) **Entitlement**

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

(b) **Exercise Price**

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

<b>Tranche &amp; Series</b>	<b>Exercise Price*</b>
1a	\$ 0.163
1b	\$ 0.185
1c	\$ 0.207
2a	\$ 0.163
2b	\$ 0.185
2c	\$ 0.207
3a	\$ 0.163
3b	\$ 0.185
3c	\$ 0.207

\* Premium to be calculated relative to the 5-day Volume Weighted Average Price (**VWAP**) immediately prior to the date of the Annual General Meeting, indicative exercise prices are based on a \$0.1089 VWAP share price.

(c) **Expiry Date**

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

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

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options.

**SCHEDULE 3 – LISTING RULE 7.3A.6 DISCLOSURE**

No.	Date of Issue	Number	Class <sup>1</sup>	Persons to whom the securities were issued	Issue price (A\$)	Discount (if any) to market price <sup>2</sup> on date of issue	Consideration																																												
1.	8 May 2019	22,750,000	Unlisted Options with exercise prices and expiry dates as set out below	Directors and eligible employees	(a) - (e): Nil	N/A	Total consideration:																																												
			<table border="1"> <thead> <tr> <th>Series</th> <th>Ex. Price</th> <th>Expiry</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>(a)</td> <td>\$ 0.141</td> <td>31/10/20</td> <td>2,527,780</td> </tr> <tr> <td>(b)</td> <td>\$ 0.158</td> <td>31/10/20</td> <td>2,527,779</td> </tr> <tr> <td>(c)</td> <td>\$ 0.176</td> <td>31/10/20</td> <td>2,527,777</td> </tr> <tr> <td>(d)</td> <td>\$ 0.141</td> <td>31/10/21</td> <td>2,527,780</td> </tr> <tr> <td>(e)</td> <td>\$ 0.158</td> <td>31/10/21</td> <td>2,527,777</td> </tr> <tr> <td>(f)</td> <td>\$ 0.176</td> <td>31/10/21</td> <td>2,527,776</td> </tr> <tr> <td>(g)</td> <td>\$ 0.141</td> <td>31/10/22</td> <td>2,527,780</td> </tr> <tr> <td>(h)</td> <td>\$ 0.158</td> <td>31/10/22</td> <td>2,527,776</td> </tr> <tr> <td>(i)</td> <td>\$ 0.176</td> <td>31/10/22</td> <td>2,527,775</td> </tr> <tr> <td colspan="3"><b>TOTAL</b></td> <td><b>22,750,000</b></td> </tr> </tbody> </table>	Series	Ex. Price	Expiry	Number	(a)	\$ 0.141	31/10/20	2,527,780	(b)	\$ 0.158	31/10/20	2,527,779	(c)	\$ 0.176	31/10/20	2,527,777	(d)	\$ 0.141	31/10/21	2,527,780	(e)	\$ 0.158	31/10/21	2,527,777	(f)	\$ 0.176	31/10/21	2,527,776	(g)	\$ 0.141	31/10/22	2,527,780	(h)	\$ 0.158	31/10/22	2,527,776	(i)	\$ 0.176	31/10/22	2,527,775	<b>TOTAL</b>			<b>22,750,000</b>				<p>A performance linked incentive component to the remuneration of Directors and eligible employees</p> <p>(a) \$ 81,647</p> <p>(b) \$ 73,053</p> <p>(c) \$ 65,469</p> <p>(d) \$ 121,586</p> <p>(e) \$ 114,256</p> <p>(f) \$ 107,430</p> <p>(g) \$ 149,139</p> <p>(h) \$ 143,072</p> <p>(i) \$ 137,258</p>
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							Current value of non-cash consideration: <sup>1</sup>																																												

Note

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





**Talisman Mining Limited**  
ABN 71 079 536 495

## LODGE YOUR VOTE

**ONLINE**  
[www.linkmarketservices.com.au](http://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

## 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 **12:00 pm (WST) on Tuesday, 26 November 2019 at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 4:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

### VOTING DIRECTIONS

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

#### Resolutions

Resolutions	For	Against	Abstain*	For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Peter Benjamin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to Peter Benjamin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of prior Issue Under Lucknow Farm-In Agreement - Stage 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of Share Issue Under Lucknow Farm-In Agreement - Stage 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**NOTE:** Either Resolution 5 or Resolution 6 may be withdrawn during the Meeting. If all the Stage 1 Shares have been issued prior to the Meeting, then Resolution 6 will be withdrawn. In the event that no Stage 1 Shares have been issued prior to the date of the Meeting, the Directors will withdraw Resolution 5 and instead seek Shareholder approval for the issue of the Stage 1 Shares under Resolution 6.

\* 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).

TLM PRX1902N



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

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

### APPOINTMENT OF PROXY

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

### DEFAULT TO CHAIRMAN OF THE MEETING

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

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

### SIGNING INSTRUCTIONS

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

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

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

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

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

### CORPORATE REPRESENTATIVES

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

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **12:00 pm (WST) on Sunday, 24 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



#### ONLINE

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

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



#### BY MAIL

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



#### BY FAX

+61 2 9287 0309



#### BY HAND

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

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



### COMMUNICATION PREFERENCE

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



#### ONLINE

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

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

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