



TALISMAN MINING LTD

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30th May 2007

The Manager
Company Announcements Office
Australian Stock Exchange

By Electronic Lodgement

NOTICE OF MEETING

Please find attached a Notice of Meeting which was despatched to shareholders today.

Yours sincerely

Darren Crawte
Company Secretary

TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF EXTRAORDINARY GENERAL MEETING EXPLANATORY MEMORANDUM AND PROXY FORM

Date of Meeting

Wednesday 11th July 2007

Time of Meeting

11.00am

Place of Meeting

Ord Group Pty Ltd
Level 2 /47 Colin Street
West Perth, WA 6872

TALISMAN MINING LIMITED

ABN 71 079 536 495

Notice is given that an Extraordinary General Meeting of the members of Talisman Mining Limited (the Company) will be held at Level 2, 47 Colin Street, West Perth WA, on Wednesday 11th July 2007 at 11.00 am for the purposes of transacting the following business.

An Explanatory Memorandum containing information in relation to the following resolutions accompanies this Notice of General Meeting.

Special Business

RESOLUTION 1 - RATIFICATION OF PREVIOUS ISSUE OF SECURITIES

"That, for all purposes, the Shareholders ratify and approve the issue of 7,042,870 fully paid ordinary shares in the Company as detailed in the Explanatory Statement attached to and forming part of this Notice of Meeting."

Short Explanation: An equity issue can be ratified by shareholders in accordance with ASX Listing Rule 7.4. This allows the Company the flexibility to issue shares and options to subscribe for fully paid shares in the future up to the threshold of 15% of its total ordinary securities in any 12 month period. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: For the purposes of ASX Listing Rule 7.5, the Company will disregard any votes cast on this resolution by any person who may have participated in the proposed issue and any of their associates if the resolution is passed. However, the Company need not disregard a vote if:

- 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
- it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 - APPROVAL FOR THE ISSUE OF SECURITIES

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 8,580,000 fully paid ordinary shares in the Company at an issue price of 14 cents per share, and up to 8,000,000 Options (on the same terms as existing listed 2010 options) to subscribe for 1 fully paid ordinary share in the Company. 5,000,000 Options will be issued for nil consideration to placees who have subscribed for 15,000,000 shares under the placements to be authorised in Resolutions 1 and 2. The balance of 180,000 shares and 3,000,000 Options will form part of the placement fee payable to advisers RM Capital Pty Ltd or their nominees ("RM Capital") on the terms and conditions set out in the Explanatory Statement attached to and forming part of this Notice of Meeting."

Short Explanation: Under ASX Listing Rule 7.1, the Company may issue up to 15% of its ordinary share capital in any 12 month rolling period without shareholder approval. By obtaining the prior approval of shareholders for the issue of Shares and Options proposed under this resolution, the Company retains the flexibility to make future issues of securities up to that threshold.

Voting Exclusion: For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by:

- any person who may participate in the proposed issue of the Securities issued under the Prospectus, and
- any person who is an associate of that person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed.

However the Company need not disregard a vote if:

- 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
- if 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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NOTES

Who may Vote

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that members holding ordinary shares as at 11.00 am on 11th July 2007 will be entitled to attend and vote at the Annual General Meeting.

Proxies

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. To be valid, a proxy form must be received by the Company by 11.00 am WST on Monday 9th July 2007 ("Proxy Deadline"). Proxies should be submitted to the Company's Share Registry either
 - a. By hand delivery to Advanced Share Registry, 110 Stirling Highway, Nedlands WA 6909; or;
 - b. By post addressed to Talisman Mining Limited, c/o Advanced Share Registry, PO Box 1156, NEDLANDS, WA 6909
 - c. By facsimile at (08) 9389 7871

A proxy appointment must be signed by the Shareholder or the Shareholder's attorney. Where the appointment is signed by the appointer's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified.

BY ORDER OF THE BOARD



Darren Crawte
Company Secretary

Dated 30th May 2007

TALISMAN MINING LIMITED
ABN 71 079 536 495

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Talisman Mining Limited (the Company) with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Extraordinary General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

RESOLUTION 1 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES

The Company anticipates that, after the date of this Notice of Meeting and in any event prior to the general meeting, it will issue 7,042,870 Shares as follows:

- 442,870 Shares at 20 cents per share to Orbit Drilling as part consideration for drilling costs incurred by the Company
- 6,600,000 Shares to clients of RM Capital at an issue price of 14 cents each being the first tranche of an agreed issue of approximately 15,000,000 shares and 5,000,000 free attaching Options mandated to RM Capital Pty Ltd by letter of 16th May 2007 and announced to ASX on 17th May 2007 to raise \$2,100,000 before costs of the issue. As part of RM Capital's fee for the placement the Company will also issue and additional 3,000,000 Options provided minimum subscription criteria are met.

The funds raised will be applied to advancing the company's exploration projects.

Resolution 1 seeks approval under Listing Rule 7.4 to ratify the issue for the purposes of Listing Rule 7.1, which provides generally that a company may not issue shares or options to subscribe for shares equal to more than 15% of the company's issued share capital in any 12 month period without subsequently obtaining shareholder approval.

Although the issue of 7,042,870 Shares does not exceed this amount, seeking approval under the Listing Rules allows for the Company in future to issue a further 15% of its issued capital without further reference to the Shares issued under this resolution.

The Shares are to be issued on the same terms as existing ordinary fully paid shares in the Company.

RESOLUTION 2 – APPROVAL FOR THE ISSUE OF SECURITIES

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in general meeting. Accordingly, under Resolution 2 and subject to Resolution 1, the Company is seeking shareholder approval under Listing Rule 7.1 for the proposed issue of an additional:

- i 8,580,000 Shares at an issue price of 14 cents per Share; comprising 8,400,000 shares being the 2nd tranche of the agreed issue; and 180,000 shares being part of the agreed placement fee to RM Capital
- ii up to 8,000,000 series 2010 Options comprising 5,000,000 free attaching options to the Placement Shares under Resolutions 1 and 2 and 3,000,000 Options as part of the fee payable to RM Capital;

Approval is sought for the proposed issue of 8,580,000 Shares and 8,000,000 series 2010 Options to allow this number of securities not to be included in the calculation set out in ASX Listing Rule 7.1. Subject to the passing of Resolutions 1 and 2, this leaves the Company with the flexibility to issue equity securities in the future up to the 15% threshold.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

- (a) the maximum number of securities to be issued by the Company under the resolution is 8,580,000 Shares and 8,000,000 series 2010 Options ;
- (b) the Shares will be issued progressively, no later than 3 months after the date of the Meeting;
- (c) the Shares will be issued at 14 cents per Share. The 2010 series Options will be issued for nil consideration.
- (d) the identity of the allottees of the Shares is not yet known to the Company. The allottees will be determined at the Directors' discretion in consultation with various stockbroking firms;
- (e) the Shares and Options to be issued will rank equally in all respects with the Company's existing issued Shares and listed 2010 options the terms of which are summarised in Annexure A; and
- (f) the funds raised from the issue of the Shares and Options will be used to advance the company's exploration projects.

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ANNEXURE A

TERMS AND CONDITIONS OF 2010 SERIES LISTED OPTIONS

1. Each option shall entitle the holder the right to subscribe (in cash) for one (1) fully paid ordinary share in the capital of the Company.
2. The Options will expire at 5.00pm WST on 31 December 2010 ("**Expiry Date**"). Subject to Clause 6 hereof, the options may be exercised at any time prior to 5.00pm WST on 31 December 2010. Options not so exercised shall automatically expire on the Expiry Date.
3. Each ordinary share allotted as a result of the exercise of any option will, subject to the Constitution of the Company, rank in all respects *pari passu* with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
4. A registered owner of an option ("**Option Holder**") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.
5. Options are transferable at any time prior to the Expiry Date.
6. Method of Exercise of Options
 - (a) The Company will provide to each Option Holder a notice that is to be completed when exercising the options ("**Notice of Exercise of Options**"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise of Options must state the number of options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted; which number of options must be a multiple of 10,000 if only part of the Option Holder's total options are exercised.
 - (b) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed for, at 20 cents per share.
 - (c) Subject to Clause 6(a) hereof, the exercise of less than all of an Option Holder's options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining options.
 - (d) Within 9 days from the date the Option Holder properly exercises options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.
 - (e) The Company will comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the options and the timetable outlined in the Listing Rules of the ASX, the timetable outlined in the Listing Rules shall apply.
7. In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
8. There are no participating rights or entitlements inherent in the options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least 9 business days after such new issues are announced (or such other date if required under the Listing Rules of the ASX) in order to afford the Option Holder an opportunity to exercise the options held by the Option Holder.
9. If there is a bonus issue to the holders of ordinary shares the number of shares over which the option is exercisable may be increased by the number of shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.