



TALISMAN MINING LTD

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23 April 2008

The Manager
Company Announcements Office
Australian Stock Exchange

By Electronic Lodgement

Dear Sir

NOTICE OF GENERAL MEETING

Please find attached the Notice of General Meeting which has been dispatched to shareholders on 18 April 2008.

Yours faithfully,
Talisman Mining Limited

Steve Elliott
Managing Director

TALISMAN MINING LIMITED**ACN 079 536 495****NOTICE OF GENERAL MEETING**

TIME: 10.00 am (WST)

DATE: 19 May 2008

PLACE: Ground Level
6 Centro Avenue
Subiaco WA 6008

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) 9321 3514.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 19 May 2008 at:

Ground Level
6 Centro Avenue
Subiaco WA 6008

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Talisman Mining Limited, PO Box 1262, Subiaco WA 6904; or
- (b) facsimile to the Company on facsimile number (+61 8) 9382 8200,

so that it is received not later than 5.00 pm (WST) on 16 May 2008.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.00 am (WST) on 19 May 2008 at Ground Level, 6 Centro Avenue, Subiaco WA 6008.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10.00 am (WST) on 17 May 2008.

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

AGENDA

1. RESOLUTION 1 – RE-ELECTION OF MS KAREN GADSBY AS NON-EXECUTIVE DIRECTOR

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

“That, Ms Karen Gadsby, having been appointed as a Director of the Company on 3 April 2008, automatically retires in accordance with clause 13.3 of the Constitution and, being eligible for re-election, be re-elected as a Director of the Company.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ms Karen Gadsby (or her nominee) and any of her associates.

2. RESOLUTION 2 – ISSUE OF DIRECTOR OPTIONS – ALAN SENIOR

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 4,000,000 Director Options to Mr Alan Senior (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Alan Senior (or his nominee).

3. RESOLUTION 3 – ISSUE OF DIRECTOR OPTIONS – MICK BUNYARD

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Director Options to Dr Mick Bunyard (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Dr Mick Bunyard (or his nominee).

4. RESOLUTION 4 – ISSUE OF DIRECTOR OPTIONS – KAREN GADSBY

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

“That, subject to the approval of Resolution 1, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Director Options to Ms Karen Gadsby (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ms Karen Gadsby (or her nominee).

5. RESOLUTION 5 – ISSUE OF EMPLOYEE OPTIONS

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 350,000 Employee Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

6. RESOLUTION 6 – RELATED PARTY ISSUE OF EMPLOYEE OPTIONS

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 50,000 Employee Options to Stephanie Bunyard, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Stephanie Bunyard (or her nominee).

7. RESOLUTION 7 – NON-EXECUTIVE DIRECTORS’ REMUNERATION

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

“That, for the purposes of the Constitution of the Company, ASX Listing Rule 10.17 and all other purposes, the Company approves the maximum aggregate amount that may be paid to non-executive Directors as remuneration for their services in each financial year to be set at \$300,000 which may be divided among those Directors in the manner determined by the Board of the Company from time to time.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company.

DATED: 9 APRIL 2008

BY ORDER OF THE BOARD

A handwritten signature in dark ink, appearing to read 'Darren Crawte', is written over a faint, circular embossed seal. The signature is fluid and cursive.

DARREN CRAWTE
COMPANY SECRETARY

Voting Exclusion Note:

Where a voting exclusion applies, 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.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.00 am (WST) on 19 May 2008 at Ground Level, 6 Centro Avenue, Subiaco WA 6008.

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

1. RESOLUTION 1 – RE-ELECTION OF MS KAREN GADSBY AS NON-EXECUTIVE DIRECTOR

1.1 General

On 3 April 2008, the Company announced the appointment of Ms Karen Gadsby as a non-executive Director of the Company.

Clause 13.3 of the Constitution requires that where the Board appoints a director other than during a general meeting that director automatically retires at the next general meeting and is eligible to offer herself for re-election.

Ms Karen Gadsby retires and, being eligible, seeks re-election by Shareholders pursuant to Resolution 1.

2. RESOLUTIONS 2, 3 & 4 – ISSUE OF DIRECTOR OPTIONS

2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 8,000,000 Director Options to Alan Senior, Mick Bunyard and Karen Gadsby (**Related Parties**) on the terms and conditions set out below.

As set out in this Explanatory Statement, the grant of a 'financial benefit' to related parties of the public company requires approval under Chapter 2E of the Corporations Act. As Directors, Alan Senior, Mick Bunyard and Karen Gadsby are considered related parties of the Company and the proposed issue of Director Options amounts to the provision of a 'financial benefit'.

In addition, ASX Listing Rule 10.11 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 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 and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Alan Senior, Mick Bunyard and Karen Gadsby and they are related parties by virtue of being Directors;

- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
- (i) 4,000,000 Director Options to Alan Senior;
 - (ii) 2,000,000 Director Options to Mick Bunyard; and
 - (iii) 2,000,000 Director Options to Karen Gadsby.
- (c) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) the Director Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Director Options will be issued on one date;
- (e) the Director Options shall comprise four classes of exercise prices, vesting dates and expiry dates as follows:

Alan Senior and Mick Bunyard

Class	Exercise price	Vesting date	Expiry date
1	\$1.00	Date of issue	30 November 2010
2	\$1.20	30 November 2008	30 November 2010
3	\$1.60	30 November 2009	30 November 2010
4	\$2.20	30 September 2010	30 November 2010

Karen Gadsby

Class	Exercise price	Vesting date	Expiry date
1	\$1.00	30 November 2008	31 May 2011
2	\$1.20	31 May 2009	31 May 2011
3	\$1.60	31 May 2010	31 May 2011
4	\$2.20	31 March 2011	31 May 2011

Subject to Shareholder approval, Alan Senior will be issued 1,000,000 Director Options of each class, Mick Bunyard and Karen Gadsby will be issued 500,000 Director Options of each class;

- (f) other terms and conditions of the Director Options are set out in Schedule 1;
- (g) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (h) Alan Senior, Mick Bunyard and Karen Gadsby currently have no relevant interest in securities of the Company;

- (i) the remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Alan Senior	\$70,000	N/A
Mick Bunyard	\$40,000	N/A
Karen Gadsby	\$40,000	N/A

- (j) if the Director Options granted to the Related Parties are exercised, a total of 8,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 75,188,047 to 83,188,047 (assuming that no other Options are exercised and no other Shares issued) with a dilution effect of 10% on existing Shareholders;
- (k) the market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company. The trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	\$1.45	7 November 2007
Lowest	\$0.12	20 July 2007
Last	\$0.50	8 April 2008

- (l) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (m) the Board acknowledges the grant of Director Options to the Related Parties, as non-executive Directors, is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (n) Alan Senior declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2. The Board (other than Alan Senior) 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 Resolution;

- (o) Mick Bunyard declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mick Bunyard) 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 Resolution; and
- (p) Karen Gadsby declines to make a recommendation to Shareholders in relation to Resolution 4 due to her material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Karen Gadsby) 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 Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

3. RESOLUTION 5 – ISSUE OF EMPLOYEE OPTIONS

3.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of 350,000 Employee Options to employees of the Company (**Employee Option Issue**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree of issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 5 will be to allow the Directors to issue the Employee Options pursuant to the Employee Option Issue during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Employee Option Issue:

- (a) the maximum number of Employee Options to be granted is 350,000;
- (b) the Employee Options will be allotted and issued to the employees as set out in the following table:

Employee	Number of Employee Options
H Cornelius	300,000
B Brittliffe	50,000

None of the allottees are related parties of the Company;

- (c) the Employee Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) no funds will be raised from the Employee Option Issue as the Employee Options are being issued in consideration for services provided to the Company by the employees; and
- (e) the Employee Options will be issued otherwise on the terms and conditions set out in Schedule 3.

4. RESOLUTION 6 – RELATED PARTY ISSUE OF EMPLOYEE OPTIONS

4.1 General

Resolution 6 seeks Shareholder approval for the allotment and issue of 50,000 Employee Options to Stephanie Bunyard, an employee and related party of the Company. Stephanie Bunyard is considered to be a related party of the Company as she is the wife of director Mick Bunyard. Accordingly, Shareholder approval is required under ASX Listing Rule 10.11.

A summary of ASX Listing Rule 10.11 is set out in section 2.1 of this Explanatory Statement.

The independent directors have determined that Section 208 of the Corporations Act does not apply in these circumstances as the proposed issue of Employee Options will be on terms identical to non-related parties of the Company. The Directors will therefore rely on the arm's length terms exception provided by Section 210 of the Corporations Act.

4.2 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the related party Employee Option issue:

- (a) the related party is Stephanie Bunyard, and she is deemed to be a related party under Section 228(2)(d) of the Corporations Act by virtue of being the wife of director Mick Bunyard;
- (b) the maximum number of Employee Options to be granted to Stephanie Bunyard is 50,000;
- (c) the Employee Options will be granted to Stephanie Bunyard no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Employee Options will be issued on one date;

- (d) no funds will be raised from the issue of Employee Options as the Employee Options are being issued in consideration for services provided to the Company by Stephanie Bunyard; and
- (e) the Employee Options will be issued otherwise on the terms and conditions set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Employee Options to Stephanie Bunyard as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Employee Options to Stephanie Bunyard will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 7 – NON-EXECUTIVE DIRECTORS' REMUNERATION

The Constitution requires that the maximum aggregate remuneration that may be paid to non-executive Directors of the Company be set by the Company in a general meeting.

Resolution 7 seeks Shareholder approval to set the maximum aggregate remuneration that may be paid to non-executive Directors at \$300,000 per annum. This aggregate amount has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

6. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9321 3514 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

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.

Company means Talisman Mining Limited (ACN 079 536 495).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means an Option granted pursuant to Resolutions 2, 3 and 4 with the terms and conditions set out in Schedule 1.

Directors means the current Directors of the Company.

Employee Option means an Option granted pursuant to Resolutions 5 and 6 with the terms and conditions set out in Schedule 3.

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

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

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Option means an option to acquire a Share.

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

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

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The Director Options for Alan Senior and Mick Bunyard will expire at 5:00 pm (WST) on 30 November 2010. The Director Options for Karen Gadsby will expire at 5:00pm (WST) on 31 May 2011 (**Expiry Date**). Any Director Option not exercised before the Expiry Dates will automatically lapse on the Expiry Date.
- (c) The Director Options shall comprise four classes of exercise prices (**Exercise Price**) and vesting dates as follows:

Alan Senior and Mick Bunyard

Class	Exercise price	Vesting date
1	\$1.00	Date of issue
2	\$1.20	30 November 2008
3	\$1.60	30 November 2009
4	\$2.20	30 September 2010

Karen Gadsby

Class	Exercise price	Vesting date
1	\$1.00	30 November 2008
2	\$1.20	31 May 2009
3	\$1.60	31 May 2010
4	\$2.20	31 March 2011

The Director Options held by each Director shall be divided equally among the four classes.

- (d) Any Director Options which have not vested at the time the Optionholder ceases to be a Director shall automatically lapse.
- (e) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:

- (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
- (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised,

(Exercise Notice).

- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (i) The Director Options are not transferable.
- (j) All Shares allotted upon the exercise of Director Options will upon allotment rank *pari passu* in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) 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.
- (m) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Director Option had been exercised before the record date for the bonus issue.
- (p) Upon the occurrence of a Trigger Event, all of the Director Options shall vest. For the purposes of this clause a **Trigger Event** means:
 - (i) the Company obtaining approval at a general meeting for it and its members to enter a scheme of arrangement pursuant to the Corporations Act;

- (ii) the date that the relevant interest of a bidder under a takeover bid for the Company is recorded as a minimum of 50.1% and the bid being declared unconditional;
- (iii) the Company obtaining approval at a general meeting for a transaction under Section 611 Item 7 of the Corporations Act; or
- (iv) the date upon which a person or a group of associated persons becomes entitled to sufficient Shares to give it or them the ability, in general meeting, to replace all or appoint a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Parties pursuant to Resolutions 2, 3 and 4 have been valued by internal management. The Director Options have been ascribed a value as follows:

Alan Senior and Mick Bunyard

Valuation date	25/03/2008	25/03/2008	25/03/2008	25/03/2008
Expiry date	30/11/2010	30/11/2010	30/11/2010	30/11/2010
Spot price	\$0.54	\$0.54	\$0.54	\$0.54
Exercise price	\$1.00	\$1.20	\$1.60	\$2.20
Risk free rate	6.71%	6.71%	6.71%	6.71%
Volatility	100%	100%	100%	100%
Value per Option	26.74 cents	24.62 cents	21.31 cents	17.78 cents
Number of Options	1,500,000	1,500,000	1,500,000	1,500,000
Total value	\$401,100	\$369,300	\$319,650	\$266,700
Alan Senior	\$267,400	\$246,200	\$213,100	\$177,800
Mick Bunyard	\$133,700	\$123,100	\$106,550	\$88,900

Karen Gadsby

Valuation date	25/03/2008	25/03/2008	25/03/2008	25/03/2008
Expiry date	31/05/2011	31/05/2011	31/05/2011	31/05/2011
Spot price	\$0.54	\$0.54	\$0.54	\$0.54
Exercise price	\$1.00	\$1.20	\$1.60	\$2.20
Risk free rate	6.71%	6.71%	6.71%	6.71%
Volatility	100%	100%	100%	100%
Value per Option	29.72 cents	27.76 cents	24.65 cents	21.24 cents
Number of Options	500,000	500,000	500,000	500,000
Total value	\$148,600	\$138,800	\$123,250	\$106,200
Karen Gadsby	\$148,600	\$138,800	\$123,250	\$106,200

The total value of Director Options granted to the Directors is therefore:

Alan Senior: \$904,500

Mick Bunyard: \$452,250

Karen Gadsby: \$516,850

SCHEDULE 3 – TERMS AND CONDITIONS OF EMPLOYEE OPTIONS

The Employee Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Employee Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Employee Option, the Optionholder must exercise the Employee Options in accordance with the terms and conditions of the Employee Options.
 - (b) The Employee Options may be exercised by the Optionholder in the period commencing 12 months from the date of issue and expiring at 5:00 pm (WST) on 31 December 2010 (**Expiry Date**). Any Employee Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Employee Option will be \$1.20 (**Exercise Price**).
 - (d) The Employee Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Employee Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Employee Options specifying the number of Employee Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Employee Options being exercised,
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Employee Options specified in the Exercise Notice.
 - (h) The Employee Options are not transferable.
 - (i) All Shares allotted upon the exercise of Employee Options will upon allotment rank *pari passu* in all respects with other Shares.
 - (j) The Company will not apply for quotation of the Employee Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Employee Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) 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.
 - (l) There are no participating rights or entitlements inherent in the Employee Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options. However, the

Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Employee Options prior to the date for determining entitlements to participate in any such issue.

- (m) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Employee Options, the exercise price of the Employee Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Employee Options, the number of securities over which an Employee Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Employee Option had been exercised before the record date for the bonus issue.
- (o) Upon the occurrence of a Trigger Event, all of the Options shall vest. For the purposes of this clause a **Trigger Event** means:
 - (i) the Company obtaining approval at a general meeting for it and its members to enter a scheme of arrangement pursuant to the Corporations Act;
 - (ii) the date that the relevant interest of a bidder under a takeover bid for the Company is recorded as a minimum of 50.1% and the bid being declared unconditional;
 - (iii) the Company obtaining approval at a general meeting for a transaction under Section 611 Item 7 of the Corporations Act; or
 - (iv) the date upon which a person or a group of associated persons becomes entitled to sufficient Shares to give it or them the ability, in general meeting, to replace all or appoint a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

PROXY FORM

APPOINTMENT OF PROXY
TALISMAN MINING LIMITED
ACN 079 536 495



2007 TLM *88800032983*

MR LAFRAS LUITINGH
C/-TAURUS PROFESSIONAL
SERVICES PTY LTD
ATT MR GORDON HATCH
PO BOX 1441
CHATSWOOD NSW 2067

GENERAL MEETING

I/We

being a member of Talisman Mining Limited entitled to attend and vote at the
General Meeting, hereby

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chair of the
General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or
the Chair's nominee, to vote in accordance with the following directions, or, if no directions
have been given, as the proxy sees fit, at the General Meeting to be held at 10.00 am (WST), on
19 May 2008 at Ground Level, 6 Centro Avenue, Subiaco WA 6008, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business of the General Meeting

- | | OR | AGAINST | ABSTAIN |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 - Re-election of Ms. Karen Gadsby as
Non-Executive Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 - Issue of Director Options - Alan Senior | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 - Issue of Director Options - Mick Bunyard | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 - Issue of Director Options - Karen Gadsby | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 - Issue of Employee Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 - Related party issue of Employee Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 - Non-Executive Directors' Remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

OR

☐

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by
default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of
Resolutions 1 to 7 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even
if he has an interest in the outcome of Resolutions 1 to 7 and that votes cast by the Chair of the
General Meeting for Resolutions 1 to 7 other than as proxy holder will be disregarded because of that
interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will
not cast your votes on Resolutions 1 to 7 and your votes will not be counted in calculating the required
majority if a poll is called on Resolutions 1 to 7.

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of
hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

_____ %

Signed this

day of

2008

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

TALISMAN MINING LIMITED
ACN 079 536 495
Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Talisman Mining Limited, PO Box 1262, Subiaco WA 6904; or
 - (b) facsimile to the Company on facsimile number +61 8 9382 8200,

so that it is received not later than 5.00 pm (WST) on 16 May 2008.

Proxy forms received later than this time will be invalid.