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## TALISMAN MINING LIMITED

ABN 71 079 536 495

### NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

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**TIME:** 10.00 am (WDST)  
**DATE:** 24 November 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**

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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 10.00 am (WDST) on 24 November 2008 at:

Ground Level  
6 Centro Avenue  
SUBIACO WA 6008

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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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 10.00 am (WDST) on 22 November 2008.

**Proxy Forms received later than this time will be invalid.**

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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 10.00 am (WDST) on 24 November 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 Annual 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 Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WDST) on 21 November 2008.

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

### AGENDA

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#### 1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2008.

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

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

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2008 be adopted”.*

The vote on this resolution is advisory only and does not bind the directors of the Company.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DR MICHAEL BUNYARD

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

*“That, Dr Michael Bunyard, a director of the Company who retires in accordance with clause 13.2 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company”.*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Dr Bunyard (or his nominee) and any of his associates. 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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#### 4. RESOLUTION 3 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES – ORDINARY SHARES

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 1,868,246 fully paid ordinary shares at \$1.00 each 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 ordinary 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:** For the purposes of ASX Listing Rule 7.5.6, the Company will disregard any votes cast on this resolution by any person who participated in the proposed issue and any of their associates if the resolution is passed. 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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**5. RESOLUTION 4 - RATIFICATION OF PREVIOUS ISSUE OF SECURITIES – UNLISTED OPTIONS**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 1,000,000 unlisted options exercisable at \$1.20 on or before 31 December 2010 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 ordinary 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:** For the purposes of ASX Listing Rule 7.5.6, the Company will disregard any votes cast on this resolution by any person who participated in the proposed issue and any of their associates if the resolution is passed. 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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**6. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS – MR STEVEN ELLIOTT**

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

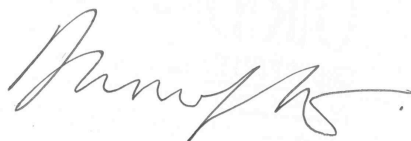
*“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the directors to allot and issue 2,000,000 Director Options to Mr Steven Elliott (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Steven Elliott (or his nominee) and any of his associates. 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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**DATED: 9 OCTOBER 2008**

**BY ORDER OF THE BOARD**



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**DARREN CRAWTE**  
**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 10.00 am (WDST) on 24 November 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.

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### 1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2008 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 of Annual General Meeting.

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

Section 300A of the Corporations Act sets out the information that should be included in the Remuneration Report. Section 250R(2) of the Corporations Act requires that a resolution that the Remuneration Report be adopted and be put to a vote of Shareholders at the Company's Annual General Meeting. The vote on this resolution is only advisory to the Company and does not bind the Board.

The Remuneration Report is set out in and forms part of the Director's Report within the Annual Report. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- discusses the relationship between such policy and the Company's performance; and
- sets out remuneration details for each director.

Under section 250SA of the Corporations Act, Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The directors consider that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the performance of the Company and the individual. On that basis, the directors unanimously recommend that members vote in favour of this advisory resolution.

Whilst there is no legal requirement to abstain from voting, the Company expects directors and the senior executives whose remuneration details are disclosed in the report not to vote on this item.

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### 3. RESOLUTION 2 – RE-ELECTION OF DR MICHAEL BUNYARD

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the directors shall retire from office. Dr Michael Bunyard retires from office in accordance with this requirement and being eligible offers himself for re-election by shareholders as a director of the Company, with effect from the end of the meeting.

Dr Bunyard has extensive experience in the minerals industry in research, operation and management and projects development both in Australia and overseas. He has gained operating and management experience in South Africa and worked as a consulting engineer for a number of major engineering companies since coming to Australia in 1988. He has participated in and managed all aspects of ore testing, process development, feasibility studies, plant design and commissioning for base metals, gold, uranium, iron ore and industrial minerals.

Dr Bunyard is a graduate from the University of Leeds in 1970 with a BSc in Minerals Processing followed by a PhD in 1973.

Dr Bunyard is a fellow of the Australian Institute of Mining and Metallurgy, member of the IOM<sup>3</sup> and a Chartered Engineer.

The Board unanimously recommends that shareholders vote in favour of the re-election of Dr Bunyard as a director.

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**4. RESOLUTION 3 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES – ORDINARY SHARES**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of the 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

Under this resolution, the Company seeks shareholder approval for, and ratification of, the issue of 1,868,246 fully paid ordinary shares at \$1.00 each on 11/01/08 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) the number of fully paid ordinary shares allotted and issued was 1,868,246 at \$1.00 each to professional investors that are not related parties to the Company. The shares which are the subject of this resolution formed part of the total placement of 9,000,000 shares at \$1.00 each to professional investors that are not related parties to the Company ("the Placement") which was completed on 11/01/08. Approval by shareholders for issuing the balance of 7,131,754 shares was granted in advance under Listing Rule 7.1 at the previous Annual General Meeting;
- (b) the shares issued are ordinary fully paid shares in the capital of the Company and rank equally in all respects with the existing ordinary fully paid shares issued in the capital of the Company;
- (c) the funds raised from the issue of the shares was primarily used by the Company for resource drilling and development of the Company's 100% owned Wonmunna iron ore project in the Pilbara region of Western Australia.

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**5. RESOLUTION 4 – RATIFICATION OF PREVIOUS ISSUE OF SECURITIES – UNLISTED OPTIONS**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of the 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Company's members subsequently approve it.

Under this resolution, the Company seeks shareholder approval for, and ratification of, the issue of 1,000,000 unlisted options exercisable at \$1.20 on or before 31 December 2010 issued on 19/02/08 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) the number of unlisted options allotted and issued was 1,000,000 exercisable at \$1.20 on or before 31 December 2010 to Bajada and Associates for a fee in relation to corporate advisory services provided during the Placement. Bajada and Associates are not related parties to the Company;
- (b) the unlisted options issued do not rank equally in all respects with the existing ordinary fully paid shares issued in the capital of the Company until the unlisted options have been exercised and converted to fully paid ordinary shares.
- (c) the unlisted options were issued for nil consideration therefore, the Company did not raise any funds from the issue of the unlisted options.

## 6. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS – MR STEVEN ELLIOTT

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 2,000,000 Director Options to Mr Steven Elliott (**Related Party**) on the terms and conditions set out below.

As set out in this Explanatory Statement, the grant of a ‘financial benefit’ to a related party of a public company requires approval under Chapter 2E of the Corporations Act as directors are considered a related party to 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 the 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 Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Director Options to the Related Party.

### 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 party is Steven Elliott and he is a related party by virtue of being a director;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 2,000,000.
- (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 Party 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 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:

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 November 2010	30 November 2010

Subject to Shareholder approval, Steven Elliott 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) Steven Elliott currently has interest in securities of the Company as set out below:

Direct		Indirect		Total	
Shares	Options	Shares	Options	Shares	Options
5,310,001	136,667	1,890,001	1,530,001	7,200,002	1,666,668

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

Related Party	Current financial year	Previous financial year
Steven Elliott	\$200,000 excluding superannuation	\$150,000 plus superannuation

- (j) if the Director Options granted to the Related Party are exercised, a total of 2,000,000 Shares would be allotted and issued. This would increase the number of Shares on issue from 75,288,047 to 77,288,047 (assuming that no other Options are exercised and no other Shares are issued) with a dilution effect of 3% 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 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 Annual General Meeting is set out below:

	<b>Price</b>	<b>Date</b>
Highest	\$1.30	12 December 2007
Lowest	\$0.20	17 September 2008
Last	\$0.25	6 October 2008

- (l) the primary purpose of the grant of the Director Options to the Related Party is to provide cost effective consideration to the Related Party for his ongoing commitment and contribution to the Company in his respective role as director. 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) Steven Elliott declines to make a recommendation to Shareholders in relation to Resolution 4 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 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Steven Elliott) 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 interest 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 Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. 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.

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## GLOSSARY

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**\$** means Australian dollars.

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

**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 (ABN 71 079 536 495).

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

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

**Director Options** means Options granted pursuant to Resolution 5 with the terms and conditions set out in Schedule 1.

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

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

**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.

**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.

**WDST** means Western Daylight Saving Time as observed in Perth, Western Australia.

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**SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS**

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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 Steven Elliott will expire at 5:00 pm (WST) on 30 November 2010 (**Expiry Date**). Any Director Options not exercised before the Expiry Date 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:

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

The Director Options held by the 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 the 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.

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**SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS**

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The Director Options to be issued to the Related Party pursuant to Resolution 4 have been valued by internal management using a Black & Scholes pricing model. The Director Options have been ascribed an estimated value as follows:

<b>Valuation date</b>	<b>6/10/2008</b>	<b>6/10/2008</b>	<b>6/10/2008</b>	<b>6/10/2008</b>
Expiry date	30/11/2010	30/11/2010	30/11/2010	30/11/2010
Spot price	\$0.25	\$0.25	\$0.25	\$0.25
Exercise price	\$1.00	\$1.20	\$1.60	\$2.20
Risk free rate	4.75%	4.75%	4.75%	4.75%
Volatility	100%	100%	100%	100%
Value per Option	6.23 cents	5.37 cents	4.17 cents	3.04 cents
Number of Options	500,000	500,000	500,000	500,000
<b>Total value</b>	<b>\$31,150</b>	<b>\$26,850</b>	<b>\$20,850</b>	<b>\$15,200</b>

The total value of Director Options granted to Steven Elliott is therefore \$94,050.

**TALISMAN MINING LIMITED**

**ABN 71 079 536 495**

**PROXY FORM**

The Company Secretary  
Talisman Mining Limited  
PO Box 1262  
SUBIACO WA 6904  
Ph (08) 9380 4230  
Fax (08) 9382 8200

**ANNUAL GENERAL MEETING**

I/We

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

Appoint

Name of proxy

OR

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

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual 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 Annual General Meeting of the Company to be held at 10.00 am (WST), on 24 November 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**

- Resolution 1 – Adoption of the Remuneration Report
- Resolution 2 – Re-election of Dr Michael Bunyard
- Resolution 3 – Ratification of previous issue of securities – ordinary shares
- Resolution 4 – Ratification of previous issue of securities – unlisted options
- Resolution 5 – Issue of Director Options – Mr Steven Elliott

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If the Chair of the Annual 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 5 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 5 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 5 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 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

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**  
**ABN 71 079 536 495**

**Instructions for Completing Proxy Form**

1. A member entitled to attend and vote at an Annual 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 of a 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 Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual 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 Annual 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 10.00 am (WST) on 22 November 2008.

**Proxy forms received later than this time will be invalid.**