

22 October 2009

The Manager
Company Announcement Office
Australian Securities Exchange

By Electronic Lodgement

Dear Sir

NOTICE OF ANNUAL GENERAL MEETING

Please find attached the Notice of Annual General Meeting which has been dispatched to shareholders today.

By order of the Board



Darren Crawte
Company Secretary



TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00 am (WST)

DATE: 23 November 2009

PLACE: Ground Level
6 Centro Avenue
Subiaco, Western Australia 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 Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 23 November 2009 at:

Ground Level
6 Centro Avenue
Subiaco, Western Australia 6008

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the Annual 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 10.00 am (WST) on 21 November 2009.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00 am (WST) on 23 November 2009 at Ground Level, 6 Centro Avenue, Subiaco, Western Australia 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 (WST) on 21 November 2009.

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

AGENDA

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 2009.

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 2009 be adopted”.

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

3. RESOLUTION 2 – RE-ELECTION OF MR ALAN SENIOR

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

“That, Mr Alan Senior, 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 Mr Senior (or his nominee) and any of his associates.

4. RESOLUTION 3 – RE-APPROVAL OF EXECUTIVE AND EMPLOYEE OPTION PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to the issue of Options under the Talisman Mining Limited Executive and Employee Option Plan (EEOP) as detailed in the Explanatory Statement accompanying this Notice.”

Short Explanation: The EEOP was first approved by shareholders in 2006 and requires approval by shareholders every 3 years. The EEOP is designed to be an incentive to key people who assist in the successful development and operation of the Company. Approval is sought pursuant to ASX Listing Rule 7.2 (Exception 9) so that Options issued pursuant to the Scheme are not included in the Company’s 15% capacity for the purposes of ASX Listing Rule 7.1. Please refer to the Explanatory Statement for further details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors (except those who are ineligible to participate in the Plan), and any of their associates.

DATED: 22 OCTOBER 2009

BY ORDER OF THE BOARD



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 Annual General Meeting to be held at 10.00 am (WST) on 23 November 2009 at Ground Level, 6 Centro Avenue, Subiaco, Western Australia 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. 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 2009 Annual Report is available at www.talismanmining.com.au. Those holders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

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.

3. RESOLUTION 2 – RE-ELECTION OF MR ALAN SENIOR

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the directors shall retire from office. Mr Alan Senior 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.

Mr Senior graduated from the West Australian Institute of Technology (Curtin University) with an Associateship in Mechanical Engineering in 1968. He is an engineer with over 35 years experience in design and project development, mainly associated with the mining and mineral processing industry in Australia.

Mr Senior has extensive experience at all stages of projects, from pre-feasibility through to commissioning and operation, for plants handling and/or processing iron ore, gold, copper, bauxite, uranium, and coal. Throughout his career Alan has worked for the iron ore industry. In the 1970's and early 80's he worked as a designer on major expansion projects for Mt Newman Mining (now BHPB) and Hamersley Iron (now CRA).

Mr Senior was a non-executive Director of Jubilee Mines NL up until its purchase by Xstrata. Before joining the board of Jubilee in 2003 he led the team which completed the feasibility study for the Cosmos Nickel project and its successful implementation, followed three years later by the transition from open cut to underground mining. He is also a non-executive Director of Tanami Gold NL.

Mr Senior is a Fellow of the Institution of Engineers Australia, a Fellow of the Australian Institute of Mining and Metallurgy, and a Chartered Professional Engineer.

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

4. RESOLUTION 3 – RE-APPROVAL OF EXECUTIVE AND EMPLOYEE OPTION PLAN (EEOP)

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1. The Plan was last approved by Shareholders at the 2006 annual general meeting.

Resolution 3 seeks Shareholder approval for the Company to issue Options under the “Executive and Employee Option Plan” (EEOP) as an exception to ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 (Exception 9).

The purpose of the EEOP is to recognise the ability and efforts of the Directors and employees of the Company who have contributed to the success of the Company; provide an incentive to Directors and employees to achieve the long term objectives of, and improve the performance of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its Directors and employees.

In order to take advantage of the exemption from ASX Listing Rule 7.1 contained in ASX Listing Rule 7.2 (Exception 9) and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the EEOP as an exemption from ASX Listing Rule 7.1.

For the purpose of exception 9 of Listing Rule 7.2:

- (a) 950,000 options have previously been issued under the EEOP since the date of the adoption of the EEOP (with Shareholders' approval) on 22 November 2006; and
- (b) a summary of the key terms of the EEOP is set out in Annexure A to the Explanatory Statement.

A copy of the EEOP will be sent to any Shareholder upon request and will also be available for inspection at the Meeting venue during the Meeting.

The Directors unanimously recommend that Shareholders vote in favour of this Item.

5. 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.

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).

Directors means the current Directors of the Company.

EEOP means the Talisman Mining Limited Executive and Employee Option Plan adopted by the Company and approved by shareholders on 22 November 2006.

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.

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

ANNEXURE A – SUMMARY OF THE EEOP

The detailed terms and conditions of the EEOP may be obtained free of charge by contacting the Company. A summary of the terms and conditions of the EEOP is set out below.

1. Invitation

- 1.1 The Board may, from time to time, determine the extent to which Eligible Persons participate in the EEOP and apply for options to subscribe for Shares. An Eligible Person means a person who is a:
- (a) a full or part-time employee of the Company or Related Body Corporate;
 - (b) a Director;
 - (c) an officer of the Company; or
 - (d) contractors who have worked for the Company for more than one year and who received 80% or more of their income in the preceding year from the Company.
- 1.2 Upon the offer of Options to an Eligible Person, the Company will send the Eligible Person an Application which must be signed by the Eligible Person and returned to the Company within 5 Business Days. Upon the Company receiving the Application for Options in accordance with this clause the Company will issue the relevant number of Options to the Optionholder and issue the Optionholder with an Option Certificate.

2. Terms of the Offer of Options

- 2.1 No monies will be payable for the issue of the Options.
- 2.2 The Options shall expire on the Expiry Date which means the earlier of:
- (a) 5 years from the Issue Date;
 - (b) the date on which the Optionholder ceases to be an Eligible Person; or
 - (c) or such other date as the Board resolved.
- 2.3 Each Option shall carry the right in favour of an Option Holder to subscribe for one Share.
- 2.4 The exercise price of the EEOP Options shall be the weighted average price of the Company's shares on the ASX over the five trading days prior to the date of offer of the Options or such other price as the board resolves.
- 2.5 The Board may, in its absolute discretion, impose performance hurdles on the exercise of Options by an Optionholder.

3. Exercise of Options

- 3.1 Subject to section 5 below, the EEOP Options are only exercisable if at the time of the exercise the option holder is an Eligible Person.
- 3.2 The EEOP Options are exercisable prior to the Expiry Date.
- 3.3 Other than listed series of options granted under this option plan, Options shall not be listed for official quotation on ASX.
- 3.4 The EEOP Options are not transferable in the first year after the date of issue. Subsequently, the EEOP Options are transferable provided that the proposed new holder enters into a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by the provision of the EEOP.
- 3.5 All Shares issued upon the exercise of the EEOP Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for the Shares issued upon the exercise of the EEOP Options to be listed on ASX.

4. Issues, Adjustments and Reorganisation

- 4.1 Option holders will not be entitled to participate in new issues or pro rata issues of securities offered to Shareholders unless the EEOP options are first exercised.
- 4.2 If there is a pro rata issue (except a bonus issue) to Shareholders, the exercise price of an EEOP Option will be reduced according to the formula set out in ASX Listing Rule 6.22.

- 4.3 If there is a bonus issue to Shareholders, the number of Shares over which an EEOP options is exercisable will be increased by the number of Shares which the holder of the EEOP Option would have received if the EEOP Option had been exercised immediately prior to the record date for the bonus issue but no change will be made to the Exercise Price.
- 4.4 If the Company, while an Option remains unexercised, reconstructs its issued capital (including a reduction, return, subdivision or consolidation of share capital or a reorganisation of share capital), the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 5. Termination of Right to Exercise Option**
- 5.1 The EEOP Option will lapse on the earlier of:
- (a) the Expiry Date;
 - (b) a determination of the Board that the Optionholder has, in the Board's opinion:
 - (i) been dismissed or removed from office for a reason which entitles the Company to dismiss the Optionholder without notice or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an offence); or
 - (ii) done any act which brings the Company in into disrepute;
 - (c) unless otherwise determined by the Board in respect of any of the following Eligible Persons as Optionholders, where:
 - (i) in the case of an Eligible Person who is an employee, the employment of that Eligible Person by the Company or a Related Body Corporate ceases; or
 - (ii) in the case of an Eligible Person who is a Director of the Company or a Director of a Related Body Corporate and not an employee of the Company or a Related Body Corporate, the directorship of that Eligible Person ceases.
- 5.2 The exercise of the EEOP Options shall be effective if an option holder ceased to be Eligible Person by virtue of this death or ill health, or accident resulting in permanent disability and (in the case of a Director) by reason of retirement under the constitution of the Company or the Corporations Act.
- 6. Alteration to the Plan**
- 6.1 The Plan may be amended at any time by resolution of the Board subject to the requirements from time to time of the Corporations Act and the Listing Rules including approval by the Company's shareholders of any such amendment to the Plan. Any such amendment however shall not adversely affect the rights of Optionholders who are granted Options prior to such amendment without the consent of the Optionholder, unless such amendment is required by, or necessitated by amendments to, either the Corporations Act or the Listing Rules.
- 7. Termination**
- 7.1 The EEOP may at any time be terminated by the Board of Directors but such termination shall not affect the rights of holders of Options issued prior to termination.

TALISMAN MINING LIMITED**ABN 71 079 536 495**

PROXY FORM

The Company Secretary
Talisman Mining Limited
PO Box 1262
Subiaco WA 6904
Ph (+61 8) 9380 4230
Fax (+61 8) 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 23 November 2009 at Ground Level, 6 Centro Avenue, Subiaco, Western Australia 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 Mr Alan Senior
Resolution 3 – Re-approval of executive and employee option plan

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"/>

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 3 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 3 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 3 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 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 3.

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 _____ 2009

_____%

By:**Individuals and joint holders****Companies (affix common seal if appropriate)**

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 21 November 2009.

Proxy forms received later than this time will be invalid.