

**NEW TALISMAN GOLD MINES LIMITED  
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**New Talisman Gold Mines Limited ("the Company") advises that its Annual Meeting of Shareholders will be held in the Jubilee Building, 545 Parnell Road, Parnell, Auckland, New Zealand on Thursday 19 September 2013 commencing at 11.00 am**

The business of the Annual Meeting will be:

**ITEM A - PRESENTATIONS**

- (a) The Chairman's address to shareholders.
- (b) To receive and consider the Annual Report including the Financial Statements and the Auditor's Report for the year ended 31 March 2013.

**ITEM B – RESOLUTIONS**

To consider and, if thought fit, pass the following resolutions of the Company:

**1 Director Re-election**

To re-elect James Murray McKee as a Director. This resolution is to be passed as an ordinary resolution.

**2 Auditor Remuneration**

To authorise the Directors to fix the remuneration of the Company's auditors, DFK Carlton. This resolution is to be passed as an ordinary resolution.

**3 Approve professional investor placement of 23 May 2013**

To approve and ratify, for all purposes (including NZSX Listing Rule 7.3.5(a)(iii) and ASX Listing Rule 7.4) the issue on 23 May 2013 of 49,410,000 ordinary shares in the Company to institutional and professional investors at an issue price of AUD\$0.011 per share. This resolution is to be passed as an ordinary resolution.

**4 Increase share issue capacity under ASX Listing Rule 7.1A**

To approve, for all purposes (including ASX Listing Rule 7.1A), the issue of equity securities of up to 10% of the equity securities of the Company calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Notes. This resolution is to be passed as a special resolution.

**5 Increase in share issue capacity under NZSX Listing Rule 7.3.1(a)**

Subject to resolution 4 being passed, to approve, for all purposes (including NZSX Listing Rule 7.3.1(a)), the issue of equity securities of up to 5% of the equity securities of the Company on the terms and conditions of as set out in the Explanatory Notes. This resolution is to be passed as an ordinary resolution.

**6 Adopt Director and Employee Option Plan**

For the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is sought to adopt the New Talisman Gold Mines Ltd Option Plan and to issue of securities under that plan on the terms and conditions summarised in the Explanatory Notes. This resolution is to be passed as an ordinary resolution.

**7 Approve Issue of Securities to Directors under Option Plan**

Subject to the passing of Resolution 6, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is sought to issue executive directors or directors up to 5,500,000 options under the New Talisman Gold Mines Limited Option Plan on the terms and conditions summarised in the Explanatory Notes. This resolution is to be passed as an ordinary resolution.

**8 Increase Director Fees**

That, for all purposes (including NZSX Listing Rule 3.5.1 and ASX Listing Rule 10.17), the maximum aggregate Directors' fees payable to Directors be increased by NZ\$29,000 from NZ\$96,000 to NZ\$125,000 per annum, with such fees to be allocated on a basis determined by the Independent Directors. This resolution is to be passed as an ordinary resolution.

## **Further information**

The Explanatory Notes accompanying this Notice of Annual Meeting are incorporated in, and comprise part of, this Notice of Annual Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of terms used both in this Notice of Annual Meeting and the Explanatory Notes.

## **Proxies and representatives**

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. A body corporate shareholder may appoint a representative to attend the meeting on its behalf.

A proxy form is attached to this Notice of Annual Meeting. If you wish to vote by proxy you must complete the form and produce it to the Company at its registered office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand so as to ensure that it is received at least 48 hours before the meeting.

By order of the Board

Sue Sangster  
Company Secretary  
4 September 2013

## **EXPLANATORY NOTES**

These Explanatory Notes have been prepared for the information of shareholders in relation to the business to be conducted at the Company's 2013 Annual Meeting.

The purpose of these Explanatory Notes is to provide shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual Meeting.

These Explanatory Notes should be read in conjunction with the Notice of Annual Meeting. Capitalised terms in these Explanatory Notes are defined in the Glossary.

Resolutions 1, 2, 3, 5, 6 and 7 are ordinary resolutions and require the approval of a simple majority of votes cast at the meeting by shareholders entitled to vote and voting.

Resolution 5 is a special resolution and requires the approval of 75% of votes cast at the meeting by shareholders entitled to vote and voting.

### **Resolution 1 – Director Re-election**

James Murray McKee retires as a director by rotation under clause 27.2 of the Company's constitution and, being eligible, offers himself for re-election. In terms of the NZSX Listing Rules, the Board of the Company has determined that James Murray McKee is an Independent Director. A brief biography of James Murray McKee is as follows:

#### **James Murray McKee BA (Hons)**

#### **Chairman and Non-executive (Independent) Director**

Murray McKee practices as a public policy and risk management consultant in Wellington with a strong focus on the emergency services sector. He previously held operations management positions with a US offshore oil and gas exploration company (1975–1987) and senior management positions with Coal Corporation of New Zealand Limited (1987–1995). He was Chairman of the Coal Research Association of New Zealand (1995) and a councillor on the New Zealand Minerals Industry Association (1993–1995). He was a ministerial appointee to the New Zealand Conservation Authority for two terms and served on both the West Coast and Tongariro/Taupo Conservation Boards. Mr McKee has served on the Board for 17 years, being appointed a Director on 16 March 1996, Acting Chairman from August 2012 and Chairman from March 2013.

### **Resolution 2 – Auditor Remuneration**

Under the Companies Act 1993, DFK Carlton are automatically reappointed as the auditors of the Company. The proposed resolution is to authorise the Directors to fix the remuneration of the auditors.

### **Resolution 3 – Approve professional investor placement of 23 May 2013**

The NZSX and ASX Listing Rules each provide that the Company can undertake placements without shareholder approval, as described below.

NZSX Listing Rule 7.3.5 and ASX Listing Rule 7.1 permit the Company to issue equity securities without obtaining shareholder approval where (in broad terms) the total number of equity securities issued, and all other equity securities of the same class issued pursuant to that Rule during the 12 month period preceding the date of issue (or the period from the date of issue if shorter), does not exceed 20% (in the case of the NZSX Listing Rules) or 15% (in the case of the ASX Listing Rules) of the total number of equity securities on issue at the start of that period.

NZSX Listing Rule 7.3.5 and ASX Listing Rule 7.1 also allows the Company to renew this capacity to issue securities within the applicable limit, when part or all of that capacity has been used, by obtaining subsequent shareholder ratification of equity security issues which have already been made.

The resolution proposed is for the Company's shareholders to ratify the issue of certain share issues by the Company so that the Company can refresh its capacity to issue further equity securities under NZSX Listing Rule 7.3.5 and ASX Listing Rule 7.1 in the future.

Key details of the share issues to be ratified are:

- Pursuant to a private placement on 23 May 2013, the Company issued to certain professional investors 49,410,000 ordinary shares in the Company at an issue price of AUD\$0.011 per share. The ordinary shares issued rank equally with all other issued ordinary shares in the Company.

- Professional investors who participated in the private placement on 23 May 2013 were:  
Ajava Holdings Pty Ltd  
Gregorach Pty Ltd  
Jetosea Pty Ltd  
Kastin Pty Ltd  
Kibara Resources Ltd  
Laceglen Holdings P/L Ltd (Cadly Superfund Ltd)  
Newtal Investment Pty Ltd  
Octopi Enterprises Pty Ltd  
Queensland MM Pty Ltd <QMM Super Fund a/c>  
Secor Pty Ltd ATF Sandover Family No 1 Trust  
Suburban Holdings Pty Ltd (The Suburban Superfund A/C)  
West Coolgardie Holdings Pty Ltd as Trustees for the AG Keogh Family Trust
- No Directors or Associated Persons of the Company participated in the issue.
- The issue price of AU\$0.011 per share represented the 20 day VWAP of the Company's ordinary shares as at 22 May 2013 (being the trading day immediately prior to the announcement of the issue).
- The AUD\$543,510 of total subscription proceeds received was applied by the Company towards the advancement of the Company's Mpokoto project, by way of due diligence enquiries, and for working capital.
- The 49,410,000 of ordinary shares represent approximately 9.34% of total ordinary shares, and 7.6% of the total equity securities (both ordinary shares and options), in the Company in issue as at the date of this Notice of Annual Meeting. If this resolution is not approved by shareholders, the Company will not be able to issue more equity securities without shareholder approval than it is currently permitted to under NZSX Listing Rule 7.3.5 and ASX Listing Rule 7.1.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution 3 by any person who participated in the issue or any Associated Person of that person. However, the Company need not disregard a vote if:

- It is cast by a person as proxy for a person who is entitled to vote, in accordance with the express directions on the proxy form; or
- It is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 4 - Increase share issue capacity under ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A enables small to mid-cap listed companies to seek shareholder approval, by special resolution, to issue equity securities equivalent to an additional 10% of the number of equity securities on issue by way of placements over a 12 month period (the *10% Placement Facility*). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

Resolution 4 is seeking approval of shareholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine and on the terms described in this Explanatory Note.

#### ***Eligibility criteria***

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both the following criteria at the date of the company's Annual Meeting:

- it has a market capitalisation of AUD\$300 million or less; and
- It is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the Annual Meeting.

#### ***Formula for calculating 10% placement capacity***

The number of equity securities which may be issued or the Company may agree to issue, under the approval sought by resolution 4 is calculated in accordance with the following formula as set out in ASX Listing Rule 7.1A.2:

$$(A \times D) - E$$

Where:

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4. This does not include an issue of fully paid ordinary securities under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid ordinary securities cancelled in the 12 months.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4.

### **Placement capacity under ASX Listing Rule 7.1 and 7.1A**

Pursuant to ASX Listing Rule 7.1, the Company must not issue, or agree to issue, more equity securities in a 12 month period, than 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. The Company's capacity is currently 5.66%. Assuming that resolution 3 is passed, the Company will have its entire 15% capacity.

**For the purposes of ASX Listing Rule 7.3A, the following information is provided:**

#### ***Minimum issue price***

- The minimum price at which the equity securities will be issued will be no less than 75% of the VWAP for equity securities of the same class, calculated over the 15 trading days on which trades are recorded immediately before:
  - the date on which the price at which the securities are to be issued is agreed, or
  - if the securities are not issued within 5 trading days of the date in the above paragraph, the date on which the securities are issued.

#### ***Dilution to existing shareholdings***

- The existing ordinary shareholders face the risk of economic and voting dilution as a result of the issue of equity securities which are the subject of this resolution, to the extent that such equity securities are issued, including:
  - the market price of equity securities may be significantly lower on the issue date than on the date on which this approval is being sought; and
  - the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of the Company's ordinary shares and the current number of ordinary shares as at the date of this Notice of Meeting and Explanatory Note (**Variable A**) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Meeting and Explanatory Note. The table also shows:

- examples of where Variable A has increased by 50% and by 100% respectively. The number of ordinary shares on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, the pro-rata entitlement issue or shares issued under a takeover offer) or future specific requirements under Listing Rule 7.1 that are approved at a future shareholders meeting; and

- o examples of where the issue price of ordinary shares has decreased by 50%, and increased by 100% respectively, as against the current market price.

Share Capital - Variable A (ASX Listing Rule 7.1A.2)		Dilution		
		AUD\$0.0045 50% decrease in Issue Price	AUD\$0.009 Issue Price	AUD\$0.018 100% increase in Issue Price
<b>Current Variable A</b> 528,816,064 ordinary shares	Number of Shares (10%)	52,881,606 ordinary shares	52,881,606 ordinary shares	52,881,606 ordinary shares
	Funds raised	AUD\$237,967	AUD\$475,934	AUD\$951,869
<b>50% increase in current Variable A</b> 793,224,096 ordinary shares	Number of Shares (10%)	79,322,409 ordinary shares	79,322,409 ordinary shares	79,322,409 ordinary shares
	Funds raised	AUD\$356,951	AUD\$713,902	AUD\$1,427,803
<b>100% increase in current Variable A</b> 1,057,632,128 ordinary shares	Number of Shares (10%)	105,763,212 ordinary shares	105,763,212 ordinary shares	105,763,212 ordinary shares
	Funds raised	AUD\$475,934	AUD\$951,869	AUD\$1,903,738

Notes:

- The table assumes that the Company issues the maximum number of ordinary shares available under ASX Listing Rule 7.1A.
- The table assumes that no options are exercised for ordinary securities before the date of the issue of ordinary shares under ASX Listing Rule 7.1A.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placements Facility based on that shareholder's interest at the date of the meeting.
- The table shows the effect of an issue of ordinary securities under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.
- The issue price of AUD\$0.009 being the closing price of the shares on the ASX on 8 August 2013.

**Placement period**

- The date by which the Company may issue the equity securities is the period commencing on the date of the Annual Meeting (to which this Notice of Meeting relates, i.e. 19 September 2013) at which approval is obtained and expiring on the first to occur of the following:
  - o The date which is 12 months after the date of the Annual Meeting at which approval is obtained (i.e. 19 September 2014); and
  - o The date of the approval by shareholders of the Company's equity securities of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale or activities) or 11.2 (disposal of main undertaking).

The approval under ASX Listing Rule 7.1A will cease to be valid in the event that holders of the Company's ordinary securities approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

**Purpose of 10% Placement Facility**

- The ordinary shares will be issued for the purpose of raising working capital for the Company and may be issued for non-cash consideration. The funds will be applied to further Talisman mine development, initiation of Talisman mine bulk sampling and for general working capital purposes.

### ***Allocation policy***

- The Company's allocation policy is dependent on the prevailing market conditions at the times of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including, but not limited to, the following:
  - The methods of raising funds that are available to the Company;
  - The effect of the issue of the equity securities on the control of the Company. Allocation will be subject to takeovers code restriction thresholds;
  - The financial situation and solvency of the Company; and
  - Advice from corporate, financial and broking advisers (if applicable).

The Allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial security shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

### ***Previous approval***

The Company has not obtained approval under ASX Listing Rule 7.1A previously.

**Voting Exclusion:** The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of this resolution 4 by a person (and any associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of securities, if this resolution is passed. At this point in time there is no potential allottee to which securities may be issued under this resolution.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- it is cast by 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.

At the date of this Notice of Meeting, the proposed allottees of any securities which may be issued in accordance with this resolution are not as yet known or identified. In these circumstances, (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rule 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the securities which may be issued in accordance with this resolution), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

### **Resolution 5 - Increase in share issue capacity under NZSX Listing Rule 7.3.1(a)**

As explained above in relation to resolution 4, the ASX Listing Rules provide that eligible issuers have capacity to complete placements without shareholder approval of up to a total of 25% of equity securities (being the ability to issue 15% of equity securities under ASX Listing Rule 7.1 and a further 10% placement capacity under ASX Listing Rule 7.1A).

The NZSX Listing Rules provide that issuers have capacity to complete placements without shareholder approval of up to a total of 20% of equity securities (under NZSX Listing Rule 7.3.5).

The Company wishes to align its capacity under the ASX Listing Rules and the NZSX Listing Rules, so that it is able to complete placements of up to 25% of its equity securities without shareholder approval.

Therefore, the resolution proposed seeks shareholder approval for the Company to have the capacity to issue an additional 5% of its equity securities under NZSX Listing Rule 7.3.1(a) (effectively increasing its total private placement capacity to 25%). Based on the number of shares currently on issue, the additional 5% would constitute 26,440,803 shares (being 5% of 528,816,064). In accordance with NZSX Listing Rule 7.3.1(a), a listed company may not issue any equity securities unless either the precise terms and conditions of the issue of those equity securities have been approved by an ordinary resolution of shareholders who hold the class of equity securities to be issued, or the issue is made in accordance with one of the modes of issue provided in NZSX Listing Rules 7.3.4 to 7.3.11.

The total number of equity securities to be issued is to be 5% of total equity securities in the Company, calculated on the same basis as the additional 10% of total equity securities authorised under resolution 4 (or, put another way, half of the total number of shares able to be issued under the 10% Placement Facility as specified in the Explanatory Note to resolution 4, above).

The Company anticipates that funds raised under the additional capacity, and under its existing capacity under NZSX Listing Rule 7.3.5, would be used to initiate underground bulk sampling and evaluation at New Talisman Mine in Karangahake (including mining and processing options, safety and environmental requirements and relevant consents) and for working capital.

The Company has not yet determined any specific party or parties to whom securities authorised under this resolution may be issued. The Company may issue such securities to Directors, Associated Persons of Directors or Employees, subject to complying with all applicable laws and the Listing Rules. If the Company was to issue any of the additional 5% of its equity securities authorised under this resolution to Directors, Associated Persons of Directors or Employees of the Company, then:

- Directors voting in favour of the resolution would sign a certificate that the participation of such Directors, Associated Persons of Directors or Employees in the issue is in the best interests of the Company and fair to holders of equity securities who are not receiving, or associated with those parties receiving, equity securities under the issue;
- The terms of issue to all persons would be the same;
- The level of participation by such Directors, Associated Persons of Directors or Employees would be determined according to criteria applying to all persons participating in the offer.

NZSX Listing Rule 7.5 and 9.2.1 impose certain restrictions on the Company's ability to issue shares. The Company is not seeking shareholder approval in relation to these restrictions (so the restrictions will continue to apply). Broadly, the Company will require shareholder approval if:

- there is a significant likelihood that the issue will result in a person (or group of associated persons) materially increasing their ability to control the Company and that person (or group of associated persons) already holds or controls the exercise of 1% of the votes attached to shares in the Company;
- the issue constitutes a "Material Transaction" with a "Related Party" (which includes a Director or executive officer of the Company or a holder of a relevant interest in 10% of the Company's ordinary shares or any associated person of them).

The precise terms and conditions of the proposal to issue equity securities (including the minimum issue, timeframe and price details) are as set out in the Explanatory Note to resolution 4 above.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution 5 by any Director of the Company and any Associated Person of a Director. However, the Company need not disregard a vote if:

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

## **Resolution 6 – Adopt Director and Employee Option Plan**

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of executive directors and employees of a high calibre, the Company has established the New Talisman Gold Mines Limited Option Plan.

The Plan will be used as part of remuneration planning for executive directors, directors and employees. Executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Resolution 6 seeks approval under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of Options under the Plan and the issue of Shares on exercise of the Options as an exception to ASX Listing Rule 7.1

The grant of Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Options are issued under an employee option plan approved by shareholders within three years before the date of issue.



If Resolution 6 is passed, the Company will have the ability to issue Options to eligible participants under the Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

No securities have yet been issued securities under this scheme.

The key terms of the proposal are:

- The Company proposes to issue up to 6,000,000 options to full time employees and up to 5,500,000 options to executive directors or non-executive directors under the Scheme.
- The options will be issued for nil consideration, will not be quoted and carry no voting or dividend rights (except as disclosed below).
- On exercise (including payment of the exercise price detailed below), each option will entitle the holder to one fully paid ordinary share in the Company. Shares issued on the exercise of options will rank equally in all respects with all other ordinary shares in the Company at the date of issue of the shares.
- The exercise price of the options will be an amount equal to the 20 day volume weighted average market price of ordinary shares in the Company at the time of issue of the options, increased by 10% per annum for each year from grant to exercise.
- The criteria that the Board will take into account when allocating options include: the employee / director's actual or potential contribution to the group, length of service and other matters the Board considers relevant.
- Participation of executive directors (and their associated persons) will be determined by criteria applying to employees generally.
- Any unexercised options lapse five years after the date of issue, within 30 days of the employee / director leaving the group or in certain other circumstances such as where the employee / director has acted dishonestly.
- Options will generally only be exercisable once they have vested. Typically, 50% of the options will vest 12 months after issue and the remaining 50% will vest 24 months after issue. The Board of directors of the Company has discretion to issue options with different vesting periods. Options also become exercisable where a person becomes the holder of a relevant interest in 50% or more of the voting shares in the Company or a takeover offer is served on the Company.
- The plan contains specific regimes dealing with bonus issues, rights offers and other reconstructions. In broad terms:
  - For a pro rata bonus issue of shares or other securities, the Company will, on the ultimate exercise of the option, issue to the holder the number of shares / securities they would have received if they had exercised their options earlier and participated in the bonus issue;
  - For a rights offer, if the right issue price is less than the market price, then the exercise price of the option is reduced in accordance with a specified formula to reflect the dilution which has occurred under the rights issue;
  - For a reconstruction, the Company will adjust the number of shares attaching to an option or the option exercise price in accordance with the Listing Rules.
- The Company and Board will have the discretion and power to amend the terms of the plan subject to the Listing Rules and provided that (subject to certain exceptions) the amendment does not materially reduce the rights of any participant in the plan.
- Details of any securities issued under this plan will be published in each annual report of the entity relating to a period in which securities have been issued and that approval for the issue of securities was gained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Director and Employee Option Plan after the resolution was approved and who were not named in the Notice of Meeting will not participate until approval is gained under ASX Listing Rule 10.14.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution 6 by any Director of the Company and any associate of a Director. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the express directions on the proxy form; or

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

## **Resolution 7 – Approve Issue of Securities to Directors under Director and Employee Option Plan**

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 person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

An exception to ASX Listing Rule 10.11 is set out in Listing Rule 10.12 (exception 4) which provides that ASX Listing Rule 10.11 does not apply to issued made with the approval of Shareholders under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must allow a director or their associates to acquire securities under an employee incentive plan with approval of shareholders and provided the Notice of Meeting complies with ASX Listing Rules 10.15 or 10.15A.

Resolution 7 seeks shareholder approval for the issue of up to 5,500,000 options to be issued to the directors James Murray McKee, Matthew Geoffrey Hill and Ian James Pringle under the Director and Employee Option Plan.

Issue of the options is subject to the passing of Resolution 6 and according to the terms and conditions of the Plan summarised in the Explanatory Notes.

Options will be issued to Directors under this plan no later than 12 months from the date of this meeting.

The key terms of the issue including issue price are set out in the Explanatory Notes to resolution 6 above.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution 7 by any Director of the Company and any associate of a Director. However, the Company need not disregard a vote if:

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

## **Resolution 8 – Increase Director Fees**

The Company seeks approval under NZSX Listing Rule 3.5.1(a) and ASX Listing Rule 10.17 to increase director fees from an aggregate of NZ\$96,000 per annum to an aggregate of NZ\$125,000 per annum.

The Board considers that it is reasonable and appropriate to seek an increase in fees in order to retain as Directors persons of high calibre in possession of the range of skills required in order to adequately meet the needs of the Company. As the Company progresses from explorer to developer / producer, differing and additional skill sets are required at the board level and the pool will need to be increased to ensure it attracts the highest calibre of candidates available.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution 8 by any Director of the Company and any associate of a Director. However, the Company need not disregard a vote if:

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

## **Glossary**

In these Explanatory Notes and the accompanying Notice of Annual Meeting, the following terms have the following meaning unless the context otherwise requires:

<b>Board</b>	Board of Directors
<b>Company</b>	New Talisman Gold Mines Limited ARBN 009 474 702
<b>Director</b>	A director of the Company
<b>VWAP</b>	Volume weighted average price

## PROXY FORM

### SECTION 1: SHAREHOLDER DETAILS (Please print clearly)

Full name: .....

Full address: .....

If shares are held jointly, enter details of other joint holders:

Full name: .....

Full address: .....

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### SECTION 2: APPOINTMENT OF PROXY (This section must be completed)

I appoint: Full name: .....

Full address: .....

OR

☐

*The Chairman of the meeting (mark with an "X") \**

as my proxy to exercise my vote at the Annual Meeting of the shareholders of the Company to be held on Thursday 19 September 2013 at the Jubilee Building, 545 Parnell Road, Parnell, Auckland, New Zealand, and at any adjournment of that meeting.

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### SECTION 3: VOTING INSTRUCTIONS

*(Tick the box that applies)*

**I direct my proxy to vote in the following manner:**

	For	Against	Abstain
(1) Re-elect James Murray McKee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Auditor Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Approve professional investor placement of 23 May 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Increase share issue capacity under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) Increase in share issue capacity under NZSX Listing Rule 7.3.1(a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6) Adopt Director and Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(7) Approve issue of securities to Directors under Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(8) Increase Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SIGNED BY EACH SHAREHOLDER NAMED IN SECTION 1**

**Date:**

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#### Notes

- 1 As a shareholder you may attend the meeting and vote, or you may appoint a proxy to attend the meeting. A proxy need not be a shareholder of the Company.

**\* The Chairman of the meeting is willing to act as proxy for any shareholder who may wish to appoint him for that purpose. If so, please indicate that in section 2 above.**

The Chairman of the meeting intends to vote undirected proxies in favour of resolution 2 and 3. The Chairman cannot vote undirected proxies in respect of any other resolution (see further below).

- 2 If you are joint holders of shares each of you must sign this proxy form. If you are a company this proxy form must be signed on behalf of the company by a person acting under the company's express or implied authority.
- 3 For this proxy form to be valid, you must complete it and produce it to the Company at the Company's Registered Office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand so as to ensure that it is received at least 48 hours before the meeting. If it has been signed under a power of attorney please send a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney with this proxy form.

- 4 If you return this form without directing the proxy how to vote on any particular matter, the proxy will vote as he or she thinks fit.
- 5 Under voting exclusion rules, the Company will disregard any votes cast on:
- resolutions 4 to 8 by any Director of the Company and any Associate Person of a Director, and
  - resolution 1 by James Murray McKee.

However, the Company need not disregard a vote if:

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

- 6 If you wish to vote by proxy you must complete the form and:

- produce it to the Company at its registered office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand;
- mail it to the Company at its registered office, Nathan House, 541 Parnell Road, Parnell, Auckland, New Zealand; or
- email it to [info@newtalisman.co.nz](mailto:info@newtalisman.co.nz),

in each case, so as to ensure that it is received at least 48 hours before the meeting.