

**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 Wednesday 10 September 2014 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 2014.

ITEM B – RESOLUTIONS

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

1 Director Re-election

To re-elect Ian James Pringle 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 Oswin Griffiths Carlton. This resolution is to be passed as an ordinary resolution.

3 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.

4 Increase in share issue capacity under NZX Main Board Listing Rule 7.3.1(a)

Subject to resolution 4 being passed, to approve, for all purposes (including NZX Main Board 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.

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
25 August 2014

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 2014 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 and 4 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 3 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

Ian James Pringle 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 NZX Main Board Listing Rules, the Board of the Company has determined that Ian James Pringle is an Independent Director. A brief biography of Dr Pringle is as follows:

Dr Ian Pringle BSc (Hons) PhD, MAIG, MAusIMM, MAICD

Non-executive (Independent) Director

Dr Ian Pringle has served on the New Talisman Gold Mines board for nearly 3 years since his appointment on 2 August 2011. Dr Pringle has a BSc (Hons) in geology and a PhD in geology from the University of Otago in New Zealand. An experienced industry consultant, he has a record of successful mineral project generation, exploration management and mine development in Australia, South East Asia and the South West Pacific. Dr Pringle was previously Managing Director of Geopacific Resources NL and Exploration Manager of Silver Standard Australia Ltd and Oxiana Resources NL. He is currently Managing Director of Broken Hill Prospecting Ltd (ASX:BPL), in which New Talisman Gold Mines holds a 20.29% interest.

Voting Exclusion: Under voting exclusion rules, the Company will disregard any votes cast on resolution 1 by Ian James Pringle. 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.

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 - 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 3 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 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 15%.

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
- 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
Current Variable A 644,606,217 ordinary shares	Number of Shares (10%)	64,460,622 ordinary shares	64,460,622 ordinary shares	64,460,622 ordinary shares
	Funds raised	AUD\$290,073	AUD\$580,146	AUD\$1,160,291
50% increase in current Variable A 966,909,325 ordinary shares	Number of Shares (10%)	96,690,933 ordinary shares	96,690,933 ordinary shares	96,690,933 ordinary shares
	Funds raised	AUD\$435,109	AUD\$870,218	AUD\$1,740,437
100% increase in current Variable A 1,289,212,434 ordinary shares	Number of Shares (10%)	128,921,243 ordinary shares	128,921,243 ordinary shares	128,921,243 ordinary shares
	Funds raised	AUD\$580,146	AUD\$1,160,291	AUD\$2,320,582

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 2 July 2014.

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. 10 September 2014) at which approval is obtained and expiring on the first to occur of the following:
 - The date which is 12 months after the date of the Annual Meeting at which approval is obtained (i.e. 10 September 2015); and

- 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 obtained approval under ASX Listing Rule 7.1A at its 2013 annual general meeting. The Company has not issued any shares pursuant to ASX Listing Rule 7.1A since the last annual meeting. During this period, the Company undertook a renounceable rights issue to existing shareholders, pursuant to which it issued 78,722,716 at NZ\$0.008 per share (representing 13.91% of shares on issue prior to the rights issue).

Voting Exclusion: The Company will, in accordance with ASX Listing Rule 14.11, disregard any votes cast in respect of this resolution 3 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 4 - Increase in share issue capacity under NZX Main Board 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 NZX Main Board Listing Rules provide that issuers have capacity to complete placements without shareholder approval of up to a total of 20% of equity securities (under NZX Main Board Listing Rule 7.3.5).

The Company wishes to align its capacity under the ASX Listing Rules and the NZX Main Board 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 NZX Main Board 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 32,230,311 shares (being 5% of 644,606,217). In accordance with NZX Main Board 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 NZX Main Board 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 3 (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 3, above).

The Company anticipates that funds raised under the additional capacity, and under its existing capacity under NZX Main Board 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.

NZX Main Board 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 3 above. Such equity securities will rank equally with other equity securities of the same class then on issue in the Company as to any future benefits.

Voting Exclusion: The Company will disregard any votes cast on this resolution 4 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. The Chairman cannot vote undirected proxies in respect of Resolution 4.

Glossary

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

Board	Board of Directors
Company	New Talisman Gold Mines Limited ARBN 009 474 702
Director	A director of the Company
VWAP	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:

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

I appoint: Full name:

Full address:

OR

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*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 Wednesday 10 September 2014 at the Jubilee Building, 545 Parnell Road, Parnell, Auckland, New Zealand, and at any adjournment of that meeting.

SECTION 3: VOTING INSTRUCTIONS

(Tick the box that applies)

I direct my proxy to vote in the following manner:	For	Against	Abstain	Proxy discretion
(1) Re-elect Ian James Pringle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Auditor Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Increase share issue capacity under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Increase in share issue capacity under NZX Main Board Listing Rule 7.3.1(a)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGNED BY EACH SHAREHOLDER NAMED IN SECTION 1

Date: _____

Notes

- 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 resolutions 1 to 3. The Chairman cannot vote undirected proxies in respect of resolution 4 (see further below).
- 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.
- 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.
- 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.
- Under voting exclusion rules, the Company will disregard any votes cast on:
 - resolution 1 by Ian James Pringle;

- resolution 3 by any 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 the resolution is passed; and
- resolution 4 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 (unless it is in relation to Resolution 4, in which case the Chairman cannot vote).

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,

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