



Remuneration Policy

Executive Directors and other senior executives

The Company's remuneration policy for executive directors and other senior executives is designed to promote superior performance and long term commitment to the Company. The main principles of the policy when considering remuneration are as follows:

- executive directors and key management personnel are motivated to pursue long term growth and success of the Company within an appropriate control framework;
- interests of key leadership are aligned with the long-term interests of the Company's shareholders; and
- there is a clear correlation between performance and remuneration.

The remuneration policy for executive directors and other senior executives has three main components; fixed remuneration, long term incentive and a potential discretionary bonus.

Fixed remuneration: Executive directors and other senior executives receive fixed remuneration in the form of a base salary (plus statutory superannuation) which is reviewed annually by the Remuneration Committee.

The review process includes a review of companywide and individual performance, comparative compensation in the market and internally, and, if appropriate, external advice to assist in its decision making.

Long term incentives: To align the interests of executives with the long term objectives of the Group and its shareholders, the Company's policy, having regard to the stage of development of its assets, is to issue share options at the complete discretion of the Board, subject to shareholder approval for directors.

The issue of share options as remuneration represents cost effective consideration to directors and key management personnel for their commitment and contribution to the Company and are used as a strategic tool to recruit and retain high calibre personnel.

Options issued during the year vest at various periods during the life of the options and value is only realised by directors and other senior executives upon growth of the Company's share price from the date of the grant of the options. Vesting conditions relating to the performance of the Company are not considered appropriate having regard to the stage of development of the Company's assets.

Potential discretionary bonus: A potential discretionary bonus may be paid to executive directors and other senior executives. Any potential bonus paid is at the discretion of the Remuneration Committee and will typically be made in recognition of contribution to the Company's performance and other significant efforts of executive directors and other senior executives in applicable and appropriate circumstances.

Non-executive directors

The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

The Company's non-executive directors receive fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Group's non-executive directors reflect the demands on, and responsibilities of, the directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non-executive directors with reference to market standards. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at general meeting.

Non-executive directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option. Options issued to non-executive directors are subject to relevant approval.

Talisman Mining Limited Executive and Employee Equity Plan

The Company has adopted an Executive and Employee Equity Plan (**EEEEP**). The purpose of the EEEP 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 the Directors and employees to achieve the long term objectives of the Company and improve the performance of the Company; and attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its Directors and employees.

Participants in the EEEP, are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Clawback policy

Under the EEEP, if the Board makes a determination that in its opinion an optionholder has 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 the Company (whether or not charged with an offence) or has done any act which brings the Company and its related bodies corporate or any one of them into disrepute, the options held by that optionholder will lapse.