



ASX ANNOUNCEMENT

*We find it. We prove it.
We make it possible*

3 May 2011

ABOUT CARPENTARIA:

Carpentaria is an exploration company focused on discovering base, precious metals and bulk commodities in eastern Australia. The company currently has interests in iron ore, tin, gold, copper and coal exploration projects

CARPENTARIA'S AIM:

With a strong geo-scientific team discover and build a strong cash flow generating mining operation.

DISCOVERIES TO DATE:

Hawsons Iron Project - NSW
Euriowie Tin Project - NSW

Capital Structure:

Ordinary Shares 94,171,301

Major Shareholders:

Conglin In't Invest' Group	11.11%
Giralia Resources	9.08%
Mr. Conglin Yue	3.29%
Management, Including	
Unlisted Options	9.47%

Financial

Cash and deposits on hand
A\$ 12,183,000

Level 6,
345 Ann Street
Brisbane Queensland 4000
PO Box 10919 Adelaide Street
Brisbane Queensland 4000
e-mail: info@capex.net.au

For further information contact:
Nick Sheard
Executive Chairman
Phone: 07 3220 2022

NOTICE OF MEETING

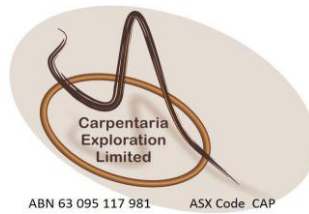
ASX Announcements Office,
Exchange Centre,
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Herewith is the Notice of Meeting and Proxy forms mailed to Shareholders in relation to a General meeting to be held, Tuesday 31 May 2011.

Yours sincerely

Chris Powell
Company Secretary



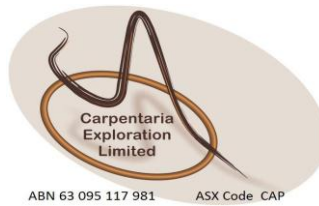
NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting: Tuesday 31 May 2011

Time of Meeting: 3:30 pm EST

Place of Meeting: Queensland Rugby Club, Level 1 RUGBY QUAY, 123 Eagle Street,
Brisbane, Queensland, 4000

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.



NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that the General Meeting (**General Meeting**) of Shareholders of Carpentaria Exploration Limited (**Company**) will be held at:

Place: Queensland Rugby Club, Level 1 RUGBY QUAY, 123 Eagle Street, Brisbane, Queensland, 4000

Date and time: 3:30 pm EST on Tuesday, 31 May 2011

AGENDA

BUSINESS

The business of the General Meeting will consist of:

SPECIAL BUSINESS

Resolution 1 : Replacement of constitution

To consider and, if thought fit, pass the following resolution as a **special resolution**:

"That, for the purposes of section 136(1)(b) of the Corporations Act 2001 (Cth), and for all other purposes, the constitution comprising the document tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification, be approved and adopted as the new constitution of the Company in substitution for and to the exclusion of the existing constitution which is repealed in its entirety."

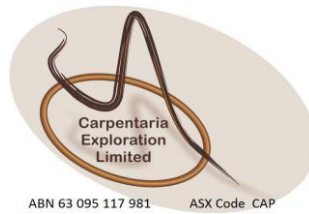
Resolution 2 : Authority to issue shares under the Company Employee Share Plan to Mr Nick Sheard

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

"That, pursuant to ASX Listing Rule 10.14, section 208 of the Corporations Act 2001 (Cth), and for all other purposes, the Directors be authorised to allot and issue up to 1,500,000 fully paid ordinary shares in the capital of the Company pursuant to the Company's Employee Share Plan to Mr Nick Sheard on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of General Meeting."

The Company will disregard any votes cast on Resolution 2 by the Directors and their associates. However, 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.



Resolution 3 : Authority to issue shares under the Company Employee Share Plan to Mr Stanley Macdonald

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

“That, pursuant to ASX Listing Rule 10.14, section 208 of the Corporations Act 2001 (Cth), and for all other purposes, the Directors be authorised to allot and issue up to 1,500,000 fully paid ordinary shares in the capital of the Company pursuant to the Company’s Employee Share Plan to Mr Stanley Macdonald on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of General Meeting.”

The Company will disregard any votes cast on Resolution 3 by the Directors and their associates. However, 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.

Resolution 4 : Authority to issue shares under the Company Employee Share Plan to Mr Robert Hair

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

“That, pursuant to ASX Listing Rule 10.14, section 208 of the Corporations Act 2001 (Cth), and for all other purposes, the Directors be authorised to allot and issue up to 1,500,000 fully paid ordinary shares in the capital of the Company pursuant to the Company’s Employee Share Plan to Mr Robert Hair on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of General Meeting.”

The Company will disregard any votes cast on Resolution 4 by the Directors and their associates. However, 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.

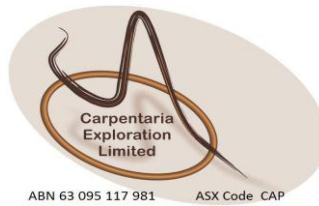
Resolution 5 : Authority to issue shares under the Company Employee Share Plan to Mr Mike Chester

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

“That, pursuant to ASX Listing Rule 10.14, section 208 of the Corporations Act 2001 (Cth), and for all other purposes, the Directors be authorised to allot and issue up to 1,500,000 fully paid ordinary shares in the capital of the Company pursuant to the Company’s Employee Share Plan to Mr Mike Chester on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of General Meeting.”

The Company will disregard any votes cast on Resolution 5 by the Directors and their associates. However, 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.

Resolution 6 : Section 195 approval

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

“That for the purposes of section 195(4) of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions contemplated in this Notice of General Meeting and the Explanatory Memorandum.”

OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Company's constitution.

Voting entitlements

For the purpose of determining an entitlement to vote at the General Meeting, a person will be recognised as a member if that person is registered as a holder of Company shares at 5:00 pm EST on 29 May 2011 (48 hours before the General Meeting).

Explanatory Memorandum

Further information in relation to these Resolutions is set out in the Explanatory Memorandum attached to this Notice of General Meeting.

The Explanatory Memorandum accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Proxies

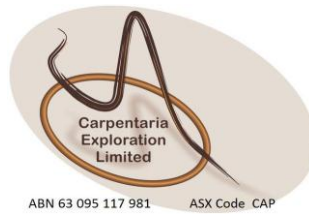
Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

BY ORDER OF THE BOARD

Chris Bynon-Powell
Company Secretary
5 April 2011



EXPLANATORY MEMORANDUM

SPECIAL BUSINESS

Resolution 1 – Adoption of new constitution

(a) Overview

The Board has reviewed the current constitution which was adopted upon incorporation on 17 November 2000.

The constitution which was adopted at that time included provisions appropriate for a listed public company but also recognised some historical provisions of the predecessor to the Corporations Act, the Corporations Law.

On reviewing the constitution, the Board considered that some provisions should be updated to reflect changes to the Corporations Act, the ASX Listing Rules and developments in corporate governance practice.

(b) Overview of regulatory approval requirements

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document.

Section 136(b) of the Corporations Act provides that a company may adopt a new constitution after registration if the company passes a special resolution adopting a constitution.

Given that the proposed amendments affect numerous provisions in the existing constitution, rather than amending the existing constitution, the Board proposes that a new constitution be adopted with effect on and from the date on which the special resolution is passed.

(c) Summary of material changes

A summary of the key differences between the old constitution and the proposed new constitution are set out below.

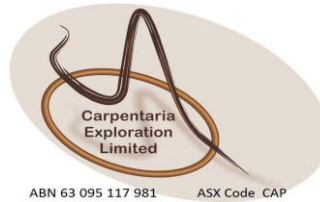
The proposed new constitution contains provisions commonly found in the constitutions of public companies limited by shares and listed on the ASX and is similar in many respects to the Company's existing constitution, including in respect of the matters to be dealt with by the Board and those matters which are subject to Shareholder approval.

A large number of the proposed modifications are administrative or relatively minor and the Board believes that it will not have a significant impact on Shareholders. Set out below are the key provisions that are substantially different to that of the existing constitution:

(i) Source of dividends

Previously the Corporations Act provided that a Company could only declare and pay dividends out of its profits. The Corporations Act has recently been amended to replace the "profits test" with a new solvency based test as set out in the new section 254T of the Corporations Act. This new section 254T provides that a Company may not declare dividends unless:

- A. its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the dividend payment;



- B. the payment of the dividend is fair and reasonable to the Company's Shareholders as a whole; and
- C. the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The proposed new constitution brings the dividend rules of the Company in line with these recent amendments to the Corporations Act by reference to the Corporations Act. Consequential amendments have also been made to other rules of the constitution.

(ii) Unmarketable parcels

Clause 31 of the proposed new constitution sets out a procedure for the Company in dealing with unmarketable parcels. ASX Listing Rule 15.13 provides that a company's constitution must not permit it to sell securities of a holder who has less than a marketable parcel of those shares unless the constitution provides that:

- A. the company may only do so once in any 12 month period;
- B. the company must notify the shareholder in writing of its intentions; and
- C. the shareholder must be given at least six weeks from the date the notice is sent in which to tell the company that the holder wishes to retain the holding.

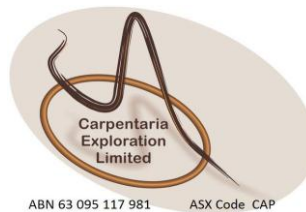
Clause 31 of the proposed new constitution complies with the requirements of ASX Listing Rule 15.13.

Briefly, clause 31 of the constitution provides that:

- A. the Company may sell an unmarketable parcel of Shares once in a 12 month period after giving at least six weeks notice to the holder of the unmarketable parcel;
- B. the holder of that unmarketable parcel has the option of notifying the Company that they wish to retain their unmarketable parcel of Shares;
- C. if a holder does not want to keep their unmarketable parcel of Shares, the Company may arrange for the sale of that unmarketable parcel; and
- D. the Company must pay all costs and expenses of the sale and disposal of the unmarketable parcel of shares.

(d) Directors' recommendations and interests

- (i) The Directors of the Company recommend that Shareholders approve the adoption of the proposed new constitution and vote in favour of Resolution 1.
- (ii) Each Director of the Company who is also a Shareholder of the Company intends to vote in favour of Resolution 1.



Resolutions 2, 3, 4 and 5 – Authority to issue of Shares under the Employee Share Plan to Directors

(a) Overview

The Company proposes to offer 6,000,000 ordinary shares to the directors of the Company (**Director Shares**) under the Company Employee Share Plan (**ESP**). The principal terms of the ESP are summarised in Schedule 1.

On 22 November 2010 approval was provided by Shareholders for the purposes of Exception 9 of Listing Rule 7.2 of the ASX Listing Rules, section 260C(4) of the Corporations Act and for all other purposes for the Company to administer and issue securities under the ESP on the terms and conditions set out in the explanatory memorandum issued to the Shareholders.

In essence, the approval allowed the Company to:

- (i) issue shares under the ESP without prior Shareholder approval for the next three years; and
- (ii) give financial assistance in connection with an acquisition of Shares in the Company, i.e. by way of the offer of loans to 'Eligible Employees' to finance the acquisition price of ESP shares under the terms of the ESP rules.

It should be noted that the resolutions passed on 22 November 2010 did not approve the issue of any Shares under the ESP to any director of the Company as shares cannot be issued to directors of the Company or their associates unless prior approval of shareholders is obtained in accordance with the ASX Listing Rules.

By way of Resolutions 2, 3, 4 and 5, it is proposed that the Director Shares be issued under the ESP as follows:

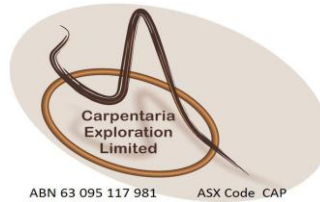
Name	Position	Number of ordinary shares under ESP
Mr Nick Sheard	Executive Director	1,500,000
Mr Stanley Macdonald	Non-Executive Director	1,500,000
Mr Robert Hair	Non-Executive Director	1,500,000
Mr Mike Chester	Non-Executive Director	1,500,000

The proposed offer of the Director Shares to the Directors is intended to:

- (i) provide an appropriate and adequate incentive;
- (ii) ensure that the Company may retain their services; and
- (iii) reinforce the commitment of the Directors to the Company.

The number of Director Shares proposed to be offered to the Directors:

- (i) reflects the level of commitment provided or to be provided by the Directors to the Company, taking into account the responsibilities and time commitments required of them; and
- (ii) reflects the value the Directors bring to the Board and to the enhancement of the Company and the level of commitment required by the Company from them.



The Board acknowledges the issue of shares under the ESP to Mr Macdonald, Mr Hair and Mr Chester and is contrary to Recommendation 8.2 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Director Shares to Mr Macdonald, Mr Hair and Mr Chester is reasonable in the circumstances. The Board considers that the issue of Director Shares pursuant to the ESP aligns the interests of Mr Macdonald, Mr Hair and Mr Chester with the interests of Shareholders.

(b) Overview of the regulatory approval requirements

Shareholder approval under Resolutions 2, 3, 4 and 5 is sought for the proposed issue and funding of Director Shares to the named Directors of the Company (or their nominees), for the purposes of:

- (i) Chapter 2E of the Corporations Act, which governs the giving of financial benefits to related parties (such as directors of a company); and
- (ii) ASX Listing Rule 10.14, which requires the issue of securities to a director of a company under an employee incentive scheme to be approved by the shareholders of the company by way of an ordinary resolution.

ASX Listing Rule requirements

ASX Listing Rule 10.14 provides that an entity must not permit a director to acquire securities under an employee incentive scheme without the approval of the holders of ordinary shares.

ASX Listing Rule 10.15 sets out the information that must be included in the notice of meeting provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 10.14.

Corporation Act requirements

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the issue of Director Shares) to a related party (which includes a director and former director) of the Company unless either:

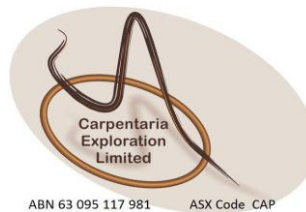
- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (ii) prior Shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, the Directors are related parties of the Company and the proposed issue of Director Shares to the Directors constitutes the giving of a financial benefit. As the nominated exceptions do not apply, Shareholder approval is required.

Section 219 of the Corporations Act sets out the information that must be included in the notice of meeting provided to shareholders for the purpose of obtaining shareholder approval pursuant to Chapter 2E of the Corporations Act.

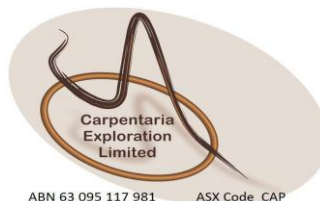
(c) Specific information required under Listing Rule 10.15 and section 219 of the Corporations Act

Shareholder approval is required under Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 for the issue of Director Shares to the Directors because each of them is a Director and each of them is therefore a related party of the Company.

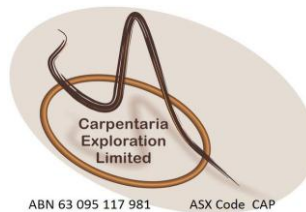


For the purposes of Listing Rule 10.15 and section 219 of the Corporations Act the following information is provided to Shareholders to allow Shareholders to assess the proposed issue of Director Shares.

No.	Listing Rule 10.15 and section 219 Corporations Act	Information	
(i)	Identity of the related parties and nature of the financial benefit	Directors are related parties of the Company and the proposed issue of Director Shares to the Directors (Mr Nick Sheard, Mr Stanley Macdonald, Mr Robert Hair and Mr Mike Chester) constitutes the giving of a financial benefit.	
(ii)	Maximum number of Director Shares that may be issued to the Directors:	Name	Number of ordinary Shares
		Mr Nick Sheard	1,500,000
		Mr Stanley Macdonald	1,500,000
		Mr Robert Hair	1,500,000
		Mr Mike Chester	1,500,000
		Total:	6,000,000
(iii)	Status of Director Shares:	The Director Shares to be issued are fully paid ordinary shares in the Company and shall rank pari passu with existing Shares. Each of the Directors will hold their Director Shares on escrow as follows:	
		Percentage of Director Shares to be escrowed	Escrow period
		50%	12 months
		50%	24 months
(iv)	The issue price of the Director Shares:	The Director Shares will be issued at the VWAP which Shares were traded on the ASX for the 10 days prior to the date the Shareholders approve the issue of the Director Shares at the General Meeting. The value of the Director Shares to be granted cannot be determined with certainty as this will depend on the VWAP of the Shares calculated for the 10 days prior to the date the Shareholders approve the issue of the Director Shares. However, based on the VWAP of Shares calculated over the 10 trading days prior to 1 April 2011, the Shares have an indicative value of 0.627 per Share. At the time of issue of the Director Shares, the Director Shares may have a higher or lower price. The actual price will be notified in the 3B lodged with the ASX for admission to quotation. The issue price of the Director Shares is to be funded by a limited recourse loan from the Company to each Director for its Director Shares. See Schedule 1 of this Notice for a summary of the terms of the loan. The table below sets out the indicative value per Director Share calculated over the 10 trading days prior to 1 April 2011 along with the indicative value of the limited recourse loan in respect to the Director Shares proposed to be issued.	



		Allottee	Indicative Value per Director Shares calculated over the 10 trading days prior to 1 April 2011	Number of Director Shares	Indicative Value of limited recourse loan
		Mr Nick Sheard	\$0.627	1,500,000	\$940,500.00
		Mr Stanley Macdonald	\$0.627	1,500,000	\$940,500.00
		Mr Robert Hair	\$0.627	1,500,000	\$940,500.00
		Mr Mike Chester	\$0.627	1,500,000	\$940,500.00
(v)	The terms of any loan in relation to the acquisition:	The material terms of the loan for the payment of the issue price of the Director Shares are detailed in Schedule 1 of this Notice. The financial benefit for any loan in relation to the issue price of the Director Shares to be issued under the ESP is an interest free loan for the subscription amount of the Director Shares.			
(vi)	Names of all directors or associates of directors who received shares under the ESP since the last approval including the number of shares received and the acquisition price for each share:	Nil			
(vii)	The names of all persons entitled to participate in the ESP:	Under the ESP only 'Eligible Employees' (as defined in Schedule 1 of this Notice) are entitled to participate in the ESP. Each of Mr Nick Sheard, Mr Stanley Macdonald, Mr Robert Hair and Mr Mike Chester have been determined to be 'Eligible Employees' for the purposes of the ESP.			
(viii)	The date the Company will issue the Director Shares:	The Company will issue the Director Shares no later than 12 months after the date of the Meeting.			
(ix)	Current capital structure:	As at the date of this Notice, the capital structure of the Company is as follows:			
		Capital			Number
		Ordinary shares			98,741,301
		Options			6,450,000
(x)	Capital structure after Resolutions 2, 3, 4 and 5 are approved:	If Shareholders approve Resolutions 2, 3, 4 and 5 contained in this Notice and all Director Shares are granted as contemplated by this Notice, the issued capital of the Company would be as follows:			



		Capital	Number		
		Ordinary shares	104,741,301		
		Options	6,450,000		
(xi)	Dilutionary effect:	If Shareholders approve the grant of the 6,000,000 Director Shares to the Directors the effect will be to dilute the shareholding of existing members by approximately 3.69% based on issued shares as at the date of this Explanatory Memorandum and 7.19% on a fully diluted basis.			
(xii)	Directors interest in the issued capital of the Company on a fully diluted basis as at the date of this Notice:	As at the date of this Notice, the Directors holdings in securities in the Company are as set out below. This represents 0.948% of the issued share capital of the Company on a fully diluted basis:			
		Director	Number of Shares held directly and indirectly	Number of Options held directly and indirectly	
		Mr Nick Sheard	300,000	2,000,000	
		Mr Stanley Macdonald	500,000	Nil	
		Mr Robert Hair	50,000	Nil	
		Mr Mike Chester	86,401	Nil	
(xiii)	Directors interest in the issued capital of the Company on a fully diluted basis if Resolutions 2, 3, 4 and 5 are approved:	If Shareholders approve Resolutions 2, 3, 4 and 5 contained in this Notice and all Director Shares are issued as contemplated by this Notice, The Directors will hold securities in the Company as set out below. This represents 6.62% of the issued share capital of the Company on a fully diluted basis:			
		Director	Number of Shares held directly and indirectly	Number of Options held directly and indirectly	
		Mr Nick Sheard	1,800,000	2,000,000	
		Mr Stanley Macdonald	2,000,000	Nil	
		Mr Robert Hair	1,550,000	Nil	
		Mr Mike Chester	1,586,401	Nil	
(xiv)	Current Director remuneration:	Details of the Director's remuneration for the year ended 30 June 2011 (based on information extracted from the Company's 2010 Annual Report) are as follows:			
		Director	Cash, salary and fees	Super-annuation	Total
		Mr Nick Sheard	154,772	19,863	174,625
		Mr Stanley Macdonald	30,000	2,700	32,700



		Mr Robert Hair	30,000	2,700	32,700
		Mr Mike Chester	30,000	2,700	32,700
(xv)	Estimated Director remuneration:	Details of the estimated remuneration payable to the Directors for the year beginning 1 July 2011 are as follows:			
		Director	Cash, salary and fees	Super-annuation	Total
		Mr Nick Sheard	280,000	25,200	305,200
		Mr Stanley Macdonald	60,000	5,400	65,400
		Mr Robert Hair	60,000	5,400	65,400
		Mr Mike Chester	60,000	5,400	65,400
(xvi)	Voting statement: exclusion	Voting exclusion statements are contained in the Notice.			

(d) Any other information

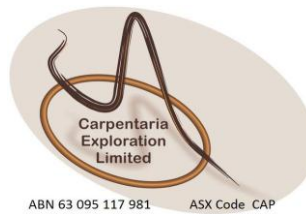
- (i) In respect to Resolution 2, neither the Board (other than Mr Nick Sheard) nor the Company is aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2, other than as stated in this Explanatory Memorandum.
- (ii) In respect to Resolution 3, neither the Board (other than Mr Stanley Macdonald) nor the Company is aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2, other than as stated in this Explanatory Memorandum.
- (iii) In respect to Resolution 4, neither the Board (other than Mr Robert Hair) nor the Company is aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2, other than as stated in this Explanatory Memorandum.
- (iv) In respect to Resolution 5, neither the Board (other than Mr Mike Chester) nor the Company is aware of any other information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2, other than as stated in this Explanatory Memorandum.

(e) Directors' recommendations and interests

As each of Mr Nick Sheard, Mr Stanley Macdonald, Mr Robert Hair and Mr Mike Chester have a material personal interest in Resolutions 2, 3, 4 and 5 respectively under which the Director Shares will be allocated, each of them believe that it is inappropriate to make a recommendation in respect to Resolutions 2, 3, 4 and 5.

Resolution 6– Section 195 approval

(a) Overview



Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered. Some of the Directors may have a material personal interest in the outcome of Resolutions 2, 3, 4 and 5.

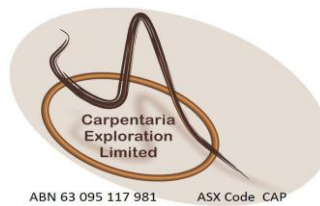
In the absence of this Resolution 7, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 2, 3, 4 and 5.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve upon.

Resolution 6 is an ordinary resolution. Resolution 6 does not take effect unless Resolutions 2, 3, 4, and 5 in the Notice are passed.

(b) Directors' recommendations and interests

As each of Mr Nick Sheard, Mr Stanley Macdonald, Mr Robert Hair and Mr Mike Chester have an interest in Resolutions 2, 3, 4 and 5 respectively under which the Director Shares will be allocated, each of them believe that it is inappropriate to make a recommendation in respect to Resolution 6.



GLOSSARY OF TERMS

In this Explanatory Memorandum the following expressions have the following meanings:

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means the Australian Securities Exchange operated by ASX Limited.

"**Board**" means the board of Directors of the Company.

"**Company**" or "**Carpentaria**" means Carpentaria Exploration Limited ACN 095 117 981.

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

"**Corporations Law**" means the predecessor to the Corporations Act.

"**Directors**" mean the directors of Carpentaria from time to time.

"**Director Shares**" mean those Shares proposed to be issued to Nick Sheard, Stanley MacDonald, Robert Hair and Mike Chester.

"**Eligible Employee**" means an officer, employee or contractor of, or consultant to, the Company determined to be an 'eligible employee' pursuant to the terms of the ESP.

"**ESP**" means the Employee Share Plan of the Company dated 20 August 2007.

"**EST**" means Eastern Standard Time, being the time that applies in Brisbane, Queensland.

"**Explanatory Memorandum**" means the explanatory memorandum that accompanies and forms part of this Notice.

"**Listing Rules**" means the Listing Rules of ASX.

"**Meeting**" or "**General Meeting**" means the general meeting of Shareholders of Carpentaria convened by this Notice.

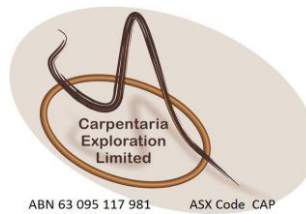
"**Notice**" or "**Notice of General Meeting**" means the notice of general meeting which accompanies this Explanatory Memorandum.

"**Resolution**" means a resolution referred to in the Notice.

"**Share**" means an ordinary share in the Company.

"**Shareholder**" means a Company shareholder.

"**VWAP**" means the volume weighted average price.



Schedule 1

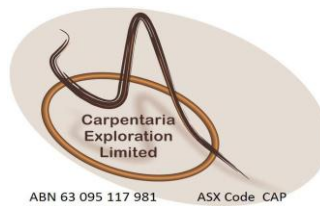
Summary of the terms of the ESP

(a) Overview

- (i) The ESP was adopted by the Company on 20 August 2007.
- (ii) The main purpose of the ESP is to provide an additional incentive to those persons determined by the Board to be an 'Eligible Employee' (being directors and other officers, employees, contractors to and consultants of the Company and its subsidiaries) to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its directors and other officers, employees, contractors and consultants for their efforts.

(b) General

- (i) The Company will take reasonable steps to ensure that the number of Shares issued under the ESP (**Plan Shares**) when aggregated with any shares the subject of offers or invitations under any employee share schemes and any shares issued during the previous five years pursuant to employee share schemes, does not exceed 10% of the total number of shares on issue as at the time of the relevant offer (in accordance with the terms of the ESP).
- (ii) Plan Shares will be listed for quotation on ASX and all other securities exchanges listing the share at that time.
- (iii) Plan Shares issued will rank pari passu in all respects with the Company's existing Shares.
- (iv) The Board Committee will administer the ESP and the Board has general powers to amend the ESP Rules from time to time in accordance with the ASX Listing Rules.
- (v) The Board Committee administering the ESP will determine participation in the ESP having regard to factors such as seniority, length of service, record of employment, potential contribution and any other matters which the Board considers relevant. Such participation (by way of an issue of an invitation inviting an application for options) may be subject to the satisfaction of corporate or personal goals.
- (vi) Subject to the ESP Rules and the ASX Listing Rules, the company may issue invitations to Eligible Employees. Once an invitation is accepted the Company will issue the number of Plan Shares applied for and a share certificate for them.
- (vii) Except insofar as is necessary to comply with the provisions of an employment contract or other contract approved by the Board whereby executive or technical services are provided to the Company, the issue price for each Employee Share will be not less than:
 - A. (if there was at least one transaction in the Shares on ASX during the 10 business day trading period immediately before the date of the invitation to take up Plan Shares) the price determined by VWAP determination of the Shares on ASX during that period; or
 - B. (if there were no transactions in the Shares on ASX during the 10 business day trading period immediately before the date of the invitation to take up Plan Shares) the last price at which an offer was made on ASX to purchase a Share.



(b) Offer of loans to Eligible Employees

To assist Eligible Employees to participate in the ESP, the Company offers loans to Eligible Employees to finance the acquisition price of the Plan Shares on the following terms:

(i) Company discretion

The Company will have the discretion to determine whether to offer a loan and also to determine how much the employee should subscribe using their own funds and how much of the total purchase price will be made available by a loan.

(ii) Nature of the loan

The principal amount outstanding under loans made by the Company will be interest free. The loans will be of a limited recourse nature such that the Company will accept in full satisfaction of repayment of a loan the amount of the market value of the Plan Shares at the time the loan is due to be repaid (less any transaction costs relating to the disposal of the shares) in the event that the market value of the Plan Shares is less than the amount of the loan outstanding. The loan is to be repaid within such period as is specified by the Board Committee at the time of making the invitation.

(iii) Rights and entitlements

From the date Plan Shares are acquired under the ESP, employees will have full entitlements to all dividends and bonus shares, and voting rights, although, unless otherwise determined by the Board, the amount of any cash dividend will be applied against repayment of any loan which may have been made available to assist the acquisition of the Plan Shares.

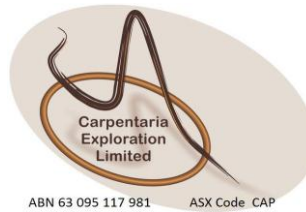
(iv) Restrictions on disposal of Plan Shares

A. An Eligible Employee may not sell or otherwise deal with an Employee Share until the loan amount in respect of that Employee Share has been repaid and until the expiry of the qualifying period in respect of the Plan Shares, if any, that may be imposed by the Board and set out in the invitation, and the Company:

- will retain the Share certificate (if any) and an executed Share transfer form in respect of the Plan Shares;
- may apply a holding lock; and
- may refuse to register a transfer of Plan Shares,

until the loan amount has been repaid and any applicable qualifying periods have passed. The Company will have a lien over any Plan Shares in relation to which a loan remains outstanding.

B. If an Eligible Employee wishes to sell any Plan Shares prior to repayment in full of the loan amount and prior to the expiry of any qualifying period, then the Eligible Employee may give written notice to the Company requesting the Company to sell the relevant Plan Shares. In the absolute discretion of the Board Committee, in the case

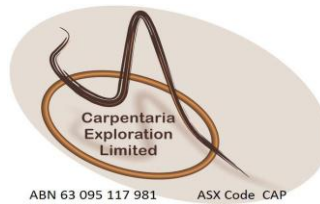


of hardship or otherwise, and provided the Board Committee is of the opinion that the proceeds from the sale of the Plan Shares are reasonably likely to exceed the amount outstanding in relation to the loan, the Company may, within 30 days after receipt of such a notice, arrange for the sale of the Plan Shares and apply the proceeds of the sale in repayment of the loan (together with reasonable expenses).

(v) Repayment of loan upon ceasing to be an Eligible Employee

If, prior to the repayment in full of the loan by an Eligible Employee, the Eligible Employee dies, becomes bankrupt or ceases to be an Eligible Employee, then the Eligible Employee (or his or personal representative) must elect within 7 days by written notice, between one of the following (and if no election is made the first is deemed to apply):

- A. to have Company sell on ASX, or place, the relevant Plan Shares and apply the proceeds of the sale in repayment of the loan (together with reasonable expenses); or
- B. to repay the loan and, upon repayment in full of the loan, have the relevant Plan Shares fully vested in their name. If this election is made then the loan must be repaid within 12 months in the event of the death, bankruptcy, retirement or retrenchment or within one month in the event that the Eligible Employee resigns, is terminated or otherwise ceases to be an Eligible Employee.



PROXY FORM – APPOINTMENT OF PROXY

GENERAL MEETING

I/We

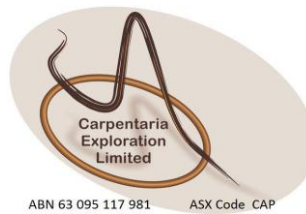
being a member of Carpentaria Exploration Limited entitled to attend and vote at the Meeting, hereby appoint:

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's Nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting of Carpentaria Exploration Limited to be held at 3:30 pm EST on Tuesday 31 May at the Queensland Rugby Club, Level 1 RUGBY QUAY, 123 Eagle Street, Brisbane, Queensland, 4000 and at any adjournment of that meeting. If no directions are given, the Chairman will vote in favour of all of the Resolutions.

Voting directions to your proxy – please mark ☒ to indicate your directions.

	For	Against	Abstain*
Resolution 1. Replacement of constitution	☐	☐	☐
Resolution 2. Authority to issue shares under the Company Employee Share Plan to Mr Nick Sheard	☐	☐	☐
Resolution 3. Authority to issue shares under the Company Employee Share Plan to Mr Stanley Macdonald	☐	☐	☐
Resolution 4. Authority to issue shares under the Company Employee Share Plan to Mr Robert Hair	☐	☐	☐
Resolution 5. Authority to issue shares under the Company Employee Share Plan to Mr Mike Chester	☐	☐	☐
Resolution 6. Section 195 approval	☐	☐	☐



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on that item 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 the Chair of the 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 a resolution, please place a mark in the box.*

☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions 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 the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.*

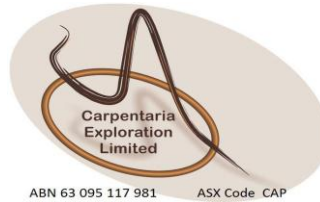
Dated this day of 2011

Signatures: Individuals and joint holders.

Companies (affix common seal if appropriate)

Signature
Signature
Signature

Director
Director/Company Secretary
Sole Director/Company Secretary Director



Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on their behalf.

Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A proxy need not be a member of the Company.

In the case of joint holders, signatures are required by the first named and one other joint holder.

3. Corporate shareholders should comply with the execution requirements as 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:

- two 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 Law, a document must appear to have been executed in accordance with section 129(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 confirm 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.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. For the purpose of regulation 7.11.37 of the Corporations Regulations, shares in the Company will be taken to be held by the persons who are registered holders at 5:00pm EST on 29 May 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.
7. To be effective, this proxy (and the Power of Attorney, if any, under which it is signed or a notorially certified copy thereof) must be lodged at the office of the Company, Level 6, 345 Ann Street, Brisbane Queensland 4000, or sent by facsimile to (07) 3220 1291 or by email to info@capex.net.au not less than forty eight (48) business hours before the time for holding the General Meeting.