

30 October 2012



CHAIRMAN'S LETTER TO SHAREHOLDERS

YOUR BOARD OF CARPENTARIA NEEDS YOUR VOTE:

Vote **IN FAVOUR OF** all resolutions for the **Adjourned Annual General Meeting**
Vote **AGAINST** all resolutions for the **Extraordinary General Meeting** requisitioned
by Silvergate

PLEASE READ AND ACT ON THIS IMPORTANT INFORMATION

Key Points:

- The current Board has outstanding experience and expertise with a successful track record
- Silvergate's proposal risks shareholder value. It may be viewed as an attempt at seizing control of the Company, without having to make a takeover offer to all shareholders
- Should Silvergate wish to control the Company I believe they should pay a fair price to all shareholders
- Silvergate's interest in BMG and the Hawsons Project would create a conflict of interest for its nominated representatives on your Board
- Silvergate's motives have **NOT** been sufficiently explained, nor has it provided any substantive reasons why the requisitioned Directors are not satisfactorily fulfilling their roles
- The current Board has a majority of independent Directors, as recommended by the ASX Corporate Governance Council. This would not be the case if two Silvergate nominees are appointed
- I believe that allowing the current Board to pursue its strategy is the best way for all shareholders to gain wealth from the Company

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Dear Shareholder

Your Company, Carpentaria Exploration Limited, is subject to a proposal to remove two highly accomplished sitting Board members and replace them with two nominees of shareholder Silvergate Capital Pty Ltd (Silvergate). This letter explains recent events and possible consequences for your Company.

On October 10th, 2012, Silvergate issued Carpentaria with a Requisition for an Extraordinary General Meeting of Shareholders to remove current Directors - Dr Neil Williams and Mr Paul Cholakos and replace them with their nominees, Mr Wilson Cheung and Ms Linda Lau.

The Notice of Extraordinary General Meeting is enclosed, together with a Notice of Adjourned Annual General Meeting and the meetings will be held consecutively. I strongly encourage you to read both notices in their entirety.

At the Annual General Meeting held on October 18th, 2012 shareholders were asked to vote on the election and re-election of Directors Dr Neil Williams, Mr Paul Cholakos and Mr Bin Cai. Given Silvergate's Requisition Notice, the Board considered it likely that Silvergate would have voted against these Directors. This could have left our Company with just two or possibly three Directors in the short term.

To avoid this, and importantly, to allow shareholders sufficient time to consider the associated corporate governance issues and the ability of a non-independent Board to prosecute its strategic objectives fairly and impartially for the benefit of all shareholders, I adjourned the meeting with support from the Board.

Who are Silvergate, what do they propose and why?

According to ASIC records, Silvergate is wholly owned by Ample Source International BVI (ASI), which is based in Hong Kong. As stated in an *Australian Financial Review* article dated August 3rd, 2012, ASI is owned by Wilson Cheung and is a shareholder in Bonython Metals Group (BMG), holder of a 40 per cent share in the Hawsons Iron Project Joint Venture Agreement (JVA).

BMG is currently in liquidation and its share in the JVA is being offered for sale. Carpentaria holds the majority 60 per cent interest in the JVA. The JVA provided protection for Carpentaria by way of a first right of refusal over the acquisition of the BMG share should BMG fail to pay the agreed \$25 million cash to move to 51 per cent, as was the case.

Silvergate recently acquired shares in Carpentaria on-market, with a notice to the ASX on October 17th stating its interest as 20,441,722 shares, amounting to 19.29 per cent of the total issued capital of the Company.

In August, at Silvergate's request, Carpentaria agreed to appoint a Silvergate nominee Director to the Board, however, Silvergate then declined the invitation and later requested two Board seats.

As noted in Silvergate's Member Statement, Carpentaria at first refused the request for two Boards seats because this would have created a Board of seven, which I considered too large for a company our size.

Silvergate then suggested the removal of independent Directors Dr Williams and Mr Cholakos, to accommodate their wishes.

Carpentaria's Board recently attempted to resolve this issue by offering two new seats to Silvergate and accept that a large Board of seven, while not ideal, would be workable with three independent Directors and three nominees. However this offer was rejected by Silvergate.

Given Silvergate was initially satisfied with two seats on a Board of seven, I cannot understand the motives for Silvergate's subsequent rejection and believe Shareholders should expect Silvergate to explain why this position is now not acceptable to them.

Risk to shareholders

There are significant implications associated with Silvergate's proposal.

Its interest in BMG and the Hawsons Project would create a conflict of interest for its nominated representatives on your Board. This means that for many of the decisions which the board will be required to make in the coming months, Silvergate's conflict of interest will be real and present.

The Corporations Act states that directors with a real or potential conflict of interest must disclose this interest and step aside from all matters to be discussed and decisions made in relation to those interests.

Silvergate's nominees would not therefore be effective board members while this matter is before the Board and the removal of the two incumbent Directors would result in only Mr Bin Cai, Mr Hair and me, the Chairman, being able to make decisions in this matter – a less than ideal situation for you, the shareholders.

However, by voting for the current Board, even with the addition of the two Silvergate directors, there would be sufficient board input to ensure the best decisions for all shareholders.

In addition, it is of great concern to me that Silvergate's proposal will, if successful, result in our Company having a Board of five directors with a majority of three nominees Mr Cheung, Ms Lau and Mr Cai, that represent approximately 34% of shareholders and only one independent Director, Mr Hair. This is clearly an unsatisfactory governance position and unusual for a publicly listed ASX company.

The ASX Corporate Governance Council's Principles and Recommendations state that the majority of the Board should be independent Directors, as is currently the case, to ensure good corporate governance and that decisions are made in the best interests of all shareholders.

This objective is achieved only if shareholders elect Dr Williams and Mr Cholakos, re-elect Mr Cai and reject the Silvergate nominees. Carpentaria's Board would then maintain its majority of three independent

Directors. The independents would comprise Mr Hair, Dr Williams and Mr Cholakos, with Mr Sheard and Mr Cai not considered independent.

I am also very concerned that Silvergate's insistence on two Board seats at the expense of Dr Williams and Mr Cholakos could result in a minority shareholder having a disproportionate say in the proceedings of the Board.

It could reasonably be argued that Silvergate's conduct may also be viewed as an attempt at seizing control of the Company, without having to make a takeover offer to all shareholders. Should Silvergate wish to control the Company I believe they should pay a fair price to all shareholders for this control.

Why the existing Board should be supported and Silvergate's Resolutions rejected

Carpentaria has been listed on the ASX since late 2007, and already has two significant resources including the discovery of the flagship \$3.2 billion Hawsons Iron Project near Broken Hill (Project). Carpentaria's management and Board of Directors have been working both to add value to the project and to realise its value for all shareholders. I believe that allowing the current Board to pursue its strategy is the best way for all shareholders to gain wealth from this very valuable asset.

Carpentaria has made good progress and is in advanced discussions with a number of parties regarding the development of Hawsons. This progress has been achieved in a difficult economic environment and in spite of the consequences of BMG's liquidation and its election not to continue in the Joint Venture.

Much of the credit for this lies with the Board which demonstrated great teamwork and commitment during this time and can also be attributed to the great potential of the Project to make large profits.

The current Board will proceed with the project in the best interests of all shareholders and does not intend to sell your rights at a bargain price. The Board believes the Project is very valuable and its objective has been, and is, to reward shareholders for their patience through the uncertainty caused by the internal shareholders' dispute at BMG and its subsequent liquidation.

The appointments of Dr Williams (Australia's head geoscientist for 15 years) and Mr Cholakos (current direct experience delivering very large resource projects) were carefully considered and the Company was very fortunate in securing their acceptance. Both add considerable, but differing skills to the Board, which will be vital in the coming years as the Company moves from exploration to mining.

Further information concerning the background of both these Directors, who each have distinguished track records in industry and government, is provided at the end of this letter.

In addition, this Board is proud that, unlike many explorers, we have not had to go back to our shareholders for more funds and have not diluted our shareholders through placements to new investors, thereby protecting the value of your shares.

What you can do

For the reasons discussed I recommend you vote in accordance with the voting instructions in this letter.

These are critical times in our corporate history and I urge you to carefully consider your vote. Carpentaria has excellent growth prospects due to the efforts of the current Board and management and we are determined to continue delivering further shareholder value.

Attached is a proxy form for voting at the Adjourned Annual General Meeting but note, if you have already voted and do not wish to change your vote then your earlier vote still stands. However, please also note that you will still need to vote on the Extraordinary General Meeting and the Proxy Form is also enclosed.

If you have any queries regarding these developments or need assistance with the proxy forms, please call the Shareholder Information Line on 1300 560 339.

I look forward to receiving your vote of confidence in our Board and to reaffirming Carpentaria's plans for continued success.

Yours Sincerely



Nick Sheard
Executive Chairman

Carpentaria Directors Subject to Election

Dr Neil Williams, Non-Executive Director

Recently retired as Chief Executive Officer of the Australian Government's geoscience agency, Geoscience Australia, Dr Williams has considerable experience in the resources industry, academia and at the highest level in the Federal Public Service. He obtained his PhD from Yale University in the United States and 17 years ago was appointed head of Geoscience Australia.

With a staff of over 700, his department was responsible for mapping the whole continent and unlocking not only mineral wealth but also oil, gas and coal.

In his role, Dr Williams was Australia's most senior geoscience adviser and worked with Federal Ministers from both sides of politics. This access at the federal level will be very important in coming years as approvals are required for Carpentaria's Hawsons project.

Dr Williams also has important connections at the highest levels of the profession internationally, having recently served as President of the 34th International Geological Congress in Brisbane.

Mr Paul Cholakos, Non-Executive Director

Mr Paul Cholakos has had more than 25 years industry experience with an outstanding track record. His project management, team building and business skills are shown by his success in leading multiple project teams for the construction and evaluation of major oil and gas and mining projects.

Mr Cholakos currently serves as Executive General Manager, Project Development of major Australian oil and gas company Oil Search, where he has led and managed project teams for the construction of major brownfields developments. These skills will certainly help power Carpentaria forward as we strive to build our projects.

These two new Directors add to the strength of our existing Board, including independent Director Mr Bob Hair, who brings 23 years of experience at the corporate level in the resources sector, as an ex-barrister and currently Managing Director of Ferrum Crescent Limited, a South African iron company listed on ASX, the JSE and the London Stock Exchange.

Mr Bin Cai, who represents Conglin Group, has had considerable international business experience, particularly in China. This is of immense value to Carpentaria, given China's growing demand for resources.

Finally, Executive Chairman Nick Sheard has had a long career in the international mining industry, including managing global exploration at MIM and then Inco, before starting Carpentaria with the assistance of our shareholders.

Ends



CARPENTARIA EXPLORATION LIMITED ADJOURNED ANNUAL GENERAL MEETING

The Carpentaria Exploration Limited Chairman

RECOMMENDS THAT YOU VOTE AS SET OUT BELOW

HOW TO VOTE

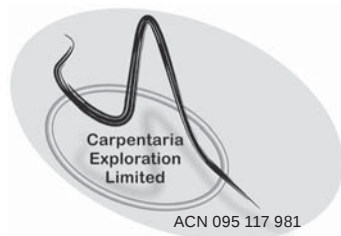
PLEASE NOTE: THERE IS NO NEED TO VOTE AGAIN IF YOU VOTED FOR THE ORIGINAL AGM AND YOU DO NOT WISH TO CHANGE YOUR VOTE

Resolutions

	For	Against	Abstain		For	Against	Abstain
1 Adoption of Remuneration Report	☒	☐	☐	7 Approval of grant of options under the Employee Option Plan (EOP) to Mr Paul Cholakas	☒	☐	☐
2 Election of Director – Dr Neil Williams	☒	☐	☐	8 Ratification of prior issue of ordinary shares to Maosen Australia Pty Ltd	☒	☐	☐
3 Election of Director - Mr Paul Cholakas	☒	☐	☐	9 Approval to increase total amount limit payable to non-executive Directors	☒	☐	☐
4 Re-election of Director - Mr Bin Cai	☒	☐	☐	10 Approval of 10% placement facility	☒	☐	☐
5 Approval of grant of options under the Employee Option Plan (EOP) to Mr Bin Cai	☒	☐	☐	11 Appointment of Auditor	☒	☐	☐
6 Approval of grant of options under the Employee Option Plan (EOP) to Dr Neil Williams	☒	☐	☐	12 Section 195 approval	☒	☐	☐

PLEASE ENSURE IF YOU ARE VOTING THAT YOU SIGN AND DATE YOUR COMPLETED PROXY FORM

SHAREHOLDERS INFORMATION LINE: 1300 560 339



LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:

Carpentaria Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 **Overseas:** +61 2 8280 7454

PLEASE NOTE: THERE IS NO NEED TO VOTE AGAIN IF YOU VOTED FOR THE ORIGINAL AGM AND YOU DO NOT WISH TO CHANGE YOUR VOTE

ADJOURNED ANNUAL GENERAL MEETING

SHAREHOLDER VOTING FORM

I/We being a member(s) of Carpentaria Exploration Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10:00am (Brisbane time) on Friday, 30 November 2012, at 175 Elizabeth Street, Brisbane, Queensland, 4000** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel. **The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.**

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2

VOTING DIRECTIONS

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	☐	☐	☐	7 Approval of grant of options under the Employee Option Plan (EOP) to Mr Paul Cholakos	☐	☐	☐
2 Election of Director - Dr Neil Williams	☐	☐	☐	8 Ratification of prior issue of ordinary shares to Maosen Australia Pty Ltd	☐	☐	☐
3 Election of Director - Mr Paul Cholakos	☐	☐	☐	9 Approval to increase total amount limit payable to non-executive Director's	☐	☐	☐
4 Re-election of Director - Mr Bin Cai	☐	☐	☐	10 Approval of 10% placement facility	☐	☐	☐
5 Approval of grant of options under the Employee Option Plan (EOP) to Mr Bin Cai	☐	☐	☐	11 Appointment of Auditor	☐	☐	☐
6 Approval of grant of options under the Employee Option Plan (EOP) to Dr Neil Williams	☐	☐	☐	12 Section 195 approval	☐	☐	☐

STEP 3

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman 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 Resolutions 5, 6, 7 and 9 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Resolution and that votes cast by him/her for that Resolution, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolutions 5, 6, 7 and 9 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 5, 6, 7 and 9.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CAP PRX202R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Brisbane time) on Wednesday, 28 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Carpentaria Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

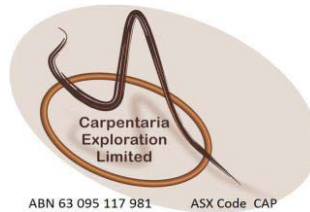
+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**



NOTICE OF ADJOURNED ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

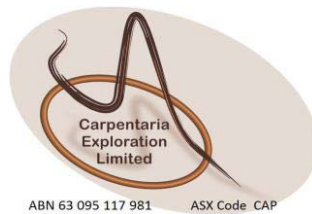
Date of Meeting: Thursday, Friday 30 November 2012

Time of Meeting: 10.00am EST

Place of Meeting: The Queensland Irish Association Club, 175 Elizabeth Street Brisbane, Queensland, 4000

This Notice of Adjourned Annual 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.

Entitlement to vote at the Adjourned Annual General Meeting will be determined by reference to your Carpentaria Exploration Limited shareholding at 10.00 am Australian Eastern Standard Time on Wednesday 28 November 2012. If you sold or transferred all your shares in Carpentaria Exploration Limited so that you will no longer be on the share register at 10.00 am on Wednesday 28 November 2012, please send this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

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

Place: The Queensland Irish Association Club, 175 Elizabeth Street Brisbane Queensland, 4000

Date: 10.00am EST on Friday 30th November 2012.

Members are advised that the Adjourned Annual General Meeting is a continuation of the Original Annual General Meeting which commenced on 18 October 2012. Accordingly this Notice of Adjourned Annual General Meeting states the business of the Adjourned Annual General Meeting in the same terms as the original Notice of Annual General Meeting.

AGENDA

BUSINESS

The business of the Meeting will consist of:

ORDINARY BUSINESS

Agenda Item 1 - Financial statements and reports

To receive and consider the Annual Report, which includes the Directors' Report, Auditor's Reports and Financial Report for the year ending 30 June 2012.

Agenda Item 2 - Resolutions

Resolution 1 : Adoption of Remuneration Report

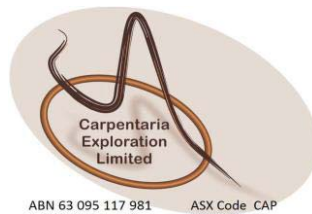
To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for all purposes, Shareholders adopt the Remuneration Report for the financial year ended 30 June 2012 as disclosed in the Directors' Report for the year ending 30 June 2012."

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

In accordance with section 250R of the Corporations Act, a vote on this resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.



Resolution 2: Election of Director

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

"That Dr Neil Williams having been appointed as a Director of Carpentaria Exploration Limited under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company."

Resolution 3: Election of Director

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

"That Mr Paul Cholakos having been appointed as a Director of Carpentaria Exploration Limited under the Company's Constitution by resolution of the Board of Directors, being eligible, offers himself for election, be elected as a Director of the Company."

Resolution 4: Re-election of Director

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

"That Mr Bin Cai, who retires as a Director of Carpentaria Exploration Limited by rotation, pursuant to the Constitution and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

Resolution 5: Approval of grant of options under the Employee Option Plan (EOP) to Mr Bin Cai

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 grant up to 500,000 options pursuant to the Company's Employee Option Plan (EOP) to Mr Bin Cai and, upon exercise of those options, the acquisition of the ordinary shares underlying those options, in accordance with the terms of the EOP and on the terms specified in the accompanying Explanatory Memorandum."

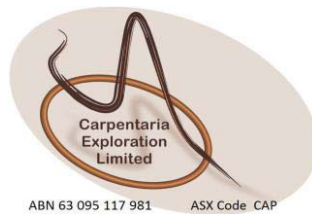
The Company will disregard any votes cast on this resolution by the Directors and their associates. However, the Company need not disregard a vote if:

- 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: Approval of grant of options under the Employee Option Plan (EOP) to Dr Neil Williams

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 grant up to 500,000 options pursuant to the Company's Employee Option Plan (EOP) to Dr Neil Williams and, upon exercise of those options, the acquisition of the ordinary shares underlying those options, in accordance with the terms of the EOP and on the terms specified in the accompanying Explanatory Memorandum."



The Company will disregard any votes cast on this resolution 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 7: Approval of grant of options under the Employee Option Plan (EOP) to Mr Paul Cholakos

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 grant up to 500,000 options pursuant to the Company's Employee Option Plan (EOP) to Mr Paul Cholakos and, upon exercise of those options, the acquisition of the ordinary shares underlying those options, in accordance with the terms of the EOP and on the terms specified in the accompanying Explanatory Memorandum."

The Company will disregard any votes cast on this resolution 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 8: Ratification of prior issue of ordinary shares to Maosen Australia Pty Ltd

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

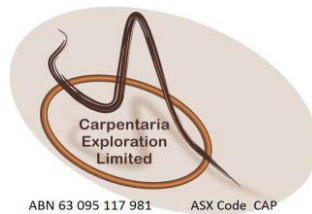
"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue and allotment of 200,000 fully paid ordinary shares to Maosen Australia Pty Ltd, paid as consideration for the renewal of exploration licence under Farm-in Joint Venture Agreement on EL 3998 by the Company as specified in, on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a person who participated in the issue, Maosen Australia Pty Ltd and associate or associates 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 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 9: Approval to increase total amount limit payable to non-executive Directors

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



"That, for the purposes of Listing Rule 10.17, the Company Constitution and for all other purposes, Shareholders approve an increase of the aggregate non-executive remuneration limit from \$220,000 to \$450,000 which may be divided among those non-executive in the manner determined by the Board of the Company from time to time on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by Directors and any of 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 10: Approval of 10% placement facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2) over a 12 month period on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue of the Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. 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 11: Appointment of Auditor

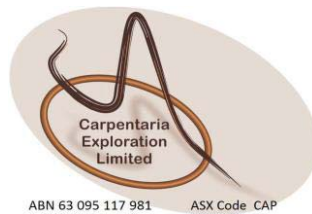
To consider and, if thought fit, pass the following resolution as a **special resolution**

"That, for the purposes of section 327D of the Corporations Act and for all other purposes, approval is given for the Directors to appoint BDO Audit Pty Ltd as auditor of the Company, having been nominated by a Shareholder and consented in writing to act in the capacity of auditor."

Resolution 12: 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 10.00am on (48 hours before the Adjourned Annual General Meeting) Wednesday, 28 November 2012.

Explanatory Memorandum

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

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

Proxies

A member of the Company entitled to attend and vote at the Adjourned Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the member. A proxy need not be a member of the Company.

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

A proxy form accompanies this Notice of Adjourned Annual General Meeting.

This proxy form is the same as that which accompanied the Original Notice of Annual General Meeting. By its terms, an appointment of a proxy made using this proxy form will, if valid and effective, apply for the purposes of the Adjourned Annual General Meeting.

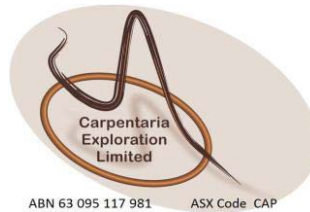
Proxy forms must be received by Link Market Services no later than 10.00am on (48 hours before the Adjourned Annual General Meeting) Wednesday, 28 November 2012.

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

Previous proxy appointments

You do not need to complete and lodge a new proxy form for the Adjourned Annual General Meeting if you have already sent a valid proxy form in one of the ways specified in the Original Notice of Annual General Meeting, that proxy form has been received by the Company and you do not wish to revoke or change that proxy appointment, either in relation to the identity of the proxy or the voting directions, if any, recorded on the proxy form.

A valid proxy form sent by a member who is eligible to vote at the Adjourned Annual General Meeting which is received by Link Market Services no later than 10.00am on Wednesday, 28 November 2012 for the Adjourned Annual General Meeting including a proxy form received prior to or after the proxy lodgement deadline for the Original Annual General Meeting which commenced on 18 October 2012, will be effective for the Adjourned Annual General Meeting if it is not revoked by the member in one of the ways specified below:



- (a) sending a signed written notice of revocation of your proxy appointment (including your name and address as set out in the enclosed proxy form) to Link Market Services in one of the ways specified below, so that it is received before any vote is given by your proxy at the Adjourned Annual General Meeting;
- (b) completing and sending a new proxy form in one of the ways specified below, so that it is received by Link Market Services by no later than 10.00am on Wednesday, 28 November 2012

Proxy appointments

You may appoint a proxy to vote for you at the Adjourned Annual General Meeting even if you did not appoint a proxy to vote for you at the Original Annual General Meeting which commenced on 18 October 2012.

Proxy Forms may be lodged using the reply paid envelope or:

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

By mail:

Carpentaria Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

By fax:

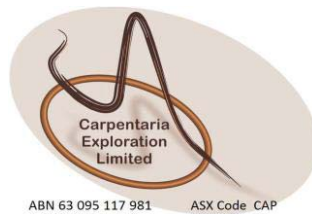
+61 2 9287 0309

By hand:

Delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

BY ORDER OF THE BOARD

Chris Bynon-Powell
Company Secretary
29 October 2012



EXPLANATORY MEMORANDUM

ORDINARY BUSINESS

Agenda Item 1 – Financial statements and reports

The Annual Report for the year ending 30 June 2012 which includes the Directors' Reports, the Auditor's Report and the Financial Report (which includes the financial statements and directors' declaration) is tabled for information of Shareholders but does not require any formal resolution.

Agenda Item 2 – Resolutions

Resolution 1 – Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2012 is set out in the Directors' Report on pages 30 to 35 of the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company.

The Corporations Act at section 250R (2) requires that a resolution that the Remuneration Report of the Company be adopted must be put to the vote (**Remuneration Report Resolution**). The vote on the Remuneration Report Resolution is advisory only and does not bind the Company.

However, as a consequence of changes to the Corporations Act (effective July 2011) contained in Part 2G.2, division 9, if at least 25% of the votes cast on the resolution are voted against the adoption of the Remuneration Report at the meeting, then:

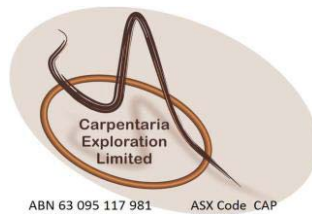
- (a) if comments are made on the Remuneration Report at the AGM, the Company's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reason for this; and
- (b) if at the next AGM, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report are against such adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting be called to consider the election of directors of the Company (**Spill Resolution**). If a Spill Resolution is passed, all of the directors, other than the managing director, will cease to hold office at the subsequent general meeting, unless re-elected at that meeting.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting.

Resolutions 2, 3 and 4– Director elections

Requisition Notice received from Silvergate and offer by Carpentaria of Board appointments

On 10 October 2012, Carpentaria received a notice (**Requisition Notice**) from one of its shareholders, Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust (**Silvergate**), advising of its intention to move resolutions relating to the removal of Dr Neil Williams and Mr Paul Cholakos and the appointment of Ms Linda Lau and Mr Wilson Cheung as new Company directors



(Proposed Resolutions) and a request that the directors of the Company call and arrange to hold a general meeting **(Requisitioned Meeting)**.

The Proposed Resolutions are contained in the Notice of Extraordinary General Meeting which accompanies this Notice of Adjourned Annual General Meeting. The Extraordinary General Meeting is to be convened immediately after the conclusion of the Adjourned Annual General Meeting.

The Directors wish to advise Shareholders that following receipt of the Requisition Notice from Silvergate, the directors invited Ms Linda Lau and Mr Wilson Cheung to join the Board provided they arranged for Silvergate to withdraw its Requisition Notice and dispense with the requirement to hold the Extraordinary General Meeting.

Silvergate rejected the invitations to Ms Linda Lau and Mr Wilson Cheung to join the Board.

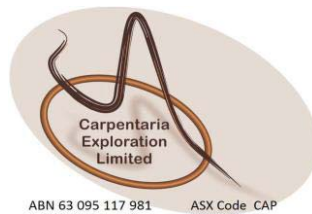
oting on resolutions and

Whilst the resolutions for the removal of Dr Neil Williams and Mr Paul Cholakos and the appointment of Ms Linda Lau and Mr Wilson Cheung are the subject of the Extraordinary General Meeting, it is **vital that each of the three Carpentaria directors up for election and re-election are approved in the Adjourned Annual General Meeting**. Following such approval, Dr Neil Williams and Mr Paul Cholakos will then be subject to the removal resolutions at the Extraordinary General Meeting.

irector recommendations

Carpentaria recommends that Shareholders vote in favour of the election and re-election of Dr Neil Williams, Mr Paul Cholakos and Mr Bin Cai for the following reasons:

- (a) The recent appointments of Dr Williams and Mr Cholakos and the appointment of Mr Bin Cai were carefully considered and the Company was very fortunate in securing their acceptance. Both add considerable, but differing skills, to the Board, which will be vital in the coming years as the Company moves from exploration to mining.
- (b) In the event Dr Williams and Mr Cholakos are not appointed elected at the Adjourned Annual General Meeting and Silvergate's nominees are appointed at the Extraordinary General Meeting, this will result in Carpentaria having a Board with three nominees representing approximately 34% of shareholders, just a single independent Director and myself as Executive Chairman.
- (c) Should shareholders elect Dr Williams and Mr Cholakos and re-elect Mr Cai at this Adjourned Annual General Meeting and vote against all resolutions at the Extraordinary General Meeting (i.e. the removal of Dr Williams and Mr Cholakos and appointment of Ms Linda Lau and Mr Wilson Cheung) Carpentaria's Board would maintain its majority of three independent Directors. The independents would comprise Mr Hair, Dr Williams and Mr Cholakos, with Mr Sheard and Mr Cai not considered independent.
- (d) Carpentaria has been listed for only a short time on the ASX, since late 2007, and has already made two discoveries, including the flagship \$3.2 billion Hawsons Iron Project near Broken Hill. Carpentaria's management and Board of Directors have been working both to add value to the project and to realise its value for all shareholders.



- (e) Carpentaria has made good progress and is in advanced discussions with a number of parties. The Company will proceed with the project in the best interests of all shareholders and not sell its rights at a bargain price.

This progress has been achieved in the short time since May this year when some clarity was provided by decisions in relation to BMG and BMG's election to not continue in the Joint Venture, and in spite of recent global market conditions.

- (f) The Board has been keen to ensure that it achieves the best possible deal with regard to the Hawsons Project which will secure funding for the Bankable Feasibility Study and reward shareholders for their patience through the uncertainty caused by the internal shareholders dispute at BMG and its subsequent liquidation. Both events which were out of our Company's control.
- (g) The current Board has considerable experience and expertise, and this has been enhanced in the past year as part of our goal to become a mid-tier mining company.

Information on the background and expertise of each of Dr Neil Williams, Mr Paul Cholakos and Mr Bin Cai are detailed below.

Resolution 2 – Election of Director – Dr Neil Williams

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Dr Neil Williams was appointed as a Director of the Company on 1 January 2012 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

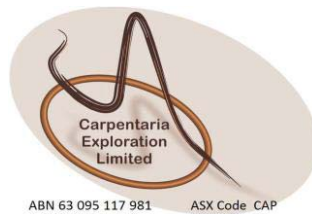
In 2011 Neil retired as Chief Executive Officer of the Australian government's geoscience agency, Geoscience Australia, Dr Williams has had a distinguished career spanning all aspects of minerals exploration, both in Australia and internationally.

Neil has successfully led Australia's national geoscience effort for 15 years.

Before joining the Australian public service in 1991, Neil spent 10 years in the mineral exploration industry with MIM Holding driving MIM's international exploration efforts where he held several senior positions, including Chief Geologist – Exploration.

Commencing his public service career at the Bureau of Mineral Resources, Dr Williams became the longest-serving CEO of Geoscience Australia, leading its transformation into an agency delivering state-of-the-art geoscience research, products and services to both government and industry and with an annual budget of \$169 million and 750 staff.

Dr Williams has won numerous Australian and international awards in his field. He has also had a distinguished academic career, currently serving as an Honorary Professorial Fellow at the University of Wollongong, as well as a number of other industry and management bodies, including the Queensland Exploration Council and President of the 34th International Geological Congress. Neil is also a member of Carpentaria's Audit and Remuneration Committees.



The Board (excluding Dr Neil Williams) recommends that shareholders vote in favour of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Election of Director – Mr Paul Cholakos

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting and is then eligible for re-election.

Mr Paul Cholakos was appointed as a Director of the Company on 2 April 2012 by resolution of the Board of Directors and being eligible, has offered himself for re-election as a Director.

Paul holds Master of Business Administration and Bachelor of Engineering degrees and has 25 years of resources industry experience, successfully managing complex development projects for leading oil and gas and diversified mining companies. Paul adds significant expertise to Carpentaria's Board.

Mr Nick Sheard, Executive Chairman of Carpentaria comments that: *"Paul's project management, team building and business skills are exemplary as shown by his success in leading multiple project teams for the construction and evaluation of oil and gas and mining projects worth billions of dollars,"*

"Having negotiated multi-billion dollar international energy deals, driven operations at a major gold mine and worked at projects across Australia, Central, North and South America and Papua New Guinea as an exceptional business brain, it demonstrated technical and strategic expertise."

Mr Cholakos currently serves as Executive General Manager, Project Development of major Australian oil and gas company Oil Search, where he has led and managed project teams for the construction of major brownfields developments.

He also has considerable experience in the Americas, having been the chief operating officer of a junior exploration company in South America and having led exploration/early stage development projects in Argentina, Chile and the Dominican Republic.

His career commenced in Queensland, working as an underground miner for MIM Holdings at Mount Isa Mines, where he also served in roles including business analyst and mine planning engineer. This included the position of operations manager and mine superintendent at the Tick Hill Gold Mine, with annual production of 150,000 ounces of gold. Mr Cholakos was educated at the University of Queensland, where he holds Master of Business Administration and Bachelor of Engineering degrees.

Paul currently serves as Executive General Manager, Project Development of major Australian oil and gas company Oil Search Limited (ASX:OSH).

Paul is also Chairman of Carpentaria's Remuneration Committee and a member of the Audit Committee.

The Board (excluding Mr Paul Cholakos) recommends that shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

Resolution 4 – Re-election of Director – Mr Bin Cai

Pursuant to both the Listing Rules and the Constitution, Directors must retire by rotation at least once every three years. Mr Bin Cai retires as a director of the Company and offers himself for re-election.



Mr Cai, who represents Conglin Group, has had considerable international business experience particularly in China. This is of immense value to Carpentaria given China's growing demand for resources.

Further details of Bin Cai's background and experience are contained in the Company's Annual Report which accompanies this Explanatory Memorandum.

The Board (excluding Mr Bin Cai) recommends that shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

Resolutions 5, 6 and 7– Approval of grant of options to each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos

(a) Purpose of Resolutions

Resolutions 5, 6 and 7 are sought to approve the grant of options to certain Directors.

(a) Overview

The Company proposes to grant 1,500,000 options to acquire ordinary shares to certain directors of the Company (**Employee Options**) under the Company Employee Option Plan (**EOP**). The principal terms of the EOP 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 EOP on the terms and conditions set out in the explanatory memorandum issued to the Shareholders.

In essence, the approval allowed the Company to issue options under the EOP without prior Shareholder approval for the next three years.

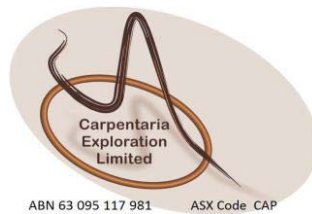
It should be noted that the resolutions passed on 22 November 2010 did not approve the issue of any options under the EOP to any director of the Company as options cannot be issued to directors of the Company or their associates unless prior approval of shareholders is obtained in accordance with the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

By way of Resolutions 5, 6 and 7, it is proposed that the Employee Options be issued under the ESP as follows:

Name	Position	Number of Employee Options under EOP
Mr Bin Cai	Non-Executive Director	500,000
Dr Neil Williams	Non-Executive Director	500,000
Mr Paul Cholakos	Non-Executive Director	500,000

The proposed grant of Employee Options 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 those Directors to the Company.

The number of Employee Options proposed to be granted to the Directors reflects:

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

The Board acknowledges the issue of Employee Options under the EOP to Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos and is contrary to Recommendation 8.2 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of Employee Options to Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos is reasonable in the circumstances. The Board considers that the issue of Employee Options pursuant to the EOP aligns the interests of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos with the interests of Shareholders.

(b) Overview of the regulatory approval requirements

Shareholder approval under Resolutions 5, 6 and 7 is sought for the proposed issue and funding of Employee Options 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.

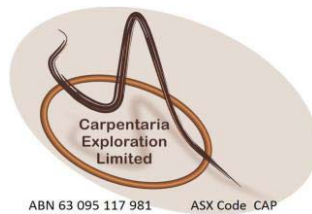
ASX Listing Rule 10.15 sets out the information that must be included in the notice of meeting provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 10.14.

Corporation Act requirements

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the issue of Employee Options) 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 Employee Options 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 Employee Options to the named Directors because each of them is a Director and each of them is therefore a related party of the Company.

Principal terms

The principal terms of the options to be granted to each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos are as follows:

- (i) There is no issue price for the Employee Options.
- (ii) The exercise price of the Employee Options will be the amount equivalent to a 43% premium to the Volume-Weighted Average Price (**VWAP**) over the 20 Business days preceding the date of the Original Notice of Annual General Meeting, being [\$0.444] per Employee Option.
- (iii) The Employee Options will expire after three years

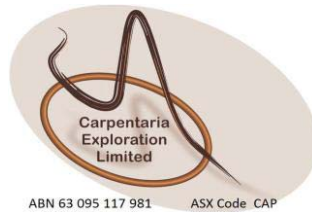
The Employee Options will not be quoted on ASX.

Subject to approval of shareholders of the Company, the Employee Options proposed to be granted to each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos are anticipated to be issued within 1 month of the date of the Annual General Meeting, but in any event, no later than 12 months after the date of the Meeting.

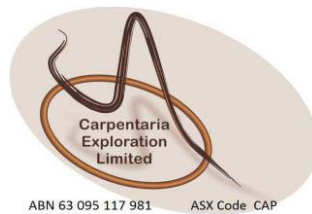
Listing Rule 10.15 and section 219 of the Corporations Act

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 Employee Options.

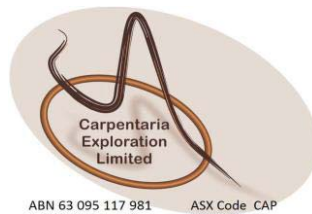
No.	Listing Rule 10.15 and section 219 Corporations Act	Information	
(i)	Identity of the related parties and nature of the financial benefit	Directors are related parties of the Company and the proposed issue of Employee Options to the Directors (Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos) constitutes the giving of a financial benefit.	
(ii)	Maximum number of Employee Options that may be granted to the Directors:	Name	Number of Employee Options
		Mr Bin Cai	500,000
		Dr Neil Williams	500,000
		Mr Paul Cholakos	500,000
		Total:	1,500,000



(iii)	Status of Employee Options:	The Employee Options proposed to be granted to the Directors shall rank pari passu with other options to be issued under the EOP with the exception of vesting conditions and the exercise price. If exercised, the shares to be issued will be fully paid ordinary shares in the Company and shall rank pari passu with existing Shares.
(iv)	The issue price of the Employee Options:	There is no issue price for the Employee Options. The exercise price for the Employee Options is the amount that is equivalent a to 43% premium to the VWAP over the 20 Business days preceding the date of the Original Notice of Annual General Meeting, being \$[0.444] per Employee Option.
(v)	Valuation of the Employee Options	The Directors attribute a value to the Employee Options as at the date of this notice of \$0.0762c per Employee Option, based upon the following considerations: (a) Valuation methodology is based on using a binomial option pricing model. (b) On the basis of the Employee Options being valued at \$0.0762c per Employee Option, the implied "value" to be received by each Directors is \$38,100.
(vi)	Date of grant, expiry and exercise period of Employee Options:	Details of the grant date, expiry date and exercise periods of the Employee Options to be granted to the Directors are set out below. Grant Date and Expiry Date <i>Grant:</i> The Employee Options will be granted on the date on which the Board upon the recommendation of the Committee resolves to grant the Employee Option (Grant Date), being the date resolutions 5, 6 and 7 are approved by Shareholders. <i>Expiry:</i> The Employee Options will expire at the end of the Exercise Period (detailed below). Exercise Period The Exercise Period is the period commencing on the Grant Date but ending on the day prior to the third anniversary of its Grant Date.
(vii)	The terms of any loan in relation to the acquisition:	N/A
(viii)	Names of all directors or associates of directors who received options under the EOP since the last approval including the number of options received and the acquisition price for each option:	Nil
(ix)	The names of all persons	Under the EOP only 'Eligible Employees' (as defined in Schedule 1 of



	entitled to participate in the EOP:	this Notice) are entitled to participate in the EOP. Each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos has been determined to be ‘Eligible Employees’ for the purposes of the EOP.		
(x)	The date the Company will issue the Employee Options:	The Company will issue the Employee Options no later than 12 months after the date of the Meeting.		
(xi)	Current capital structure:	As at the date of this Notice, the capital structure of the Company is as follows:		
		Capital		Number
		Ordinary shares		105,991,301
		Options		6,500,000
(xii)	Capital structure after Resolutions 5, 6 and 7 are approved:	If Shareholders approve Resolutions 5, 6 and 7 contained in this Notice and all Employee Options are granted as contemplated by this Notice, the issued capital of the Company would be as follows:		
		Capital		Number
		Ordinary shares		105,991,301
		Options		8,000,000
(xiii)	Dilutionary effect:	If Shareholders approve the grant of the 1,500,000 Employee Options to the Directors the effect will be to dilute the shareholding of existing members by approximately 0% based on issued shares as at the date of this Explanatory Memorandum and 1.32% on a fully diluted basis.		
(xiv)	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 9.25% 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 Bin Cai	10,479,000	NIL
		Dr Neil Williams	NIL	NIL
		Mr Paul Cholakos	NIL	NIL
(xv)	Directors interest in the issued capital of the Company on a fully diluted basis if Resolutions 5, 6 and 7 are approved and the Employee Options are granted:	If Shareholders approve Resolutions 5, 6 and 7 contained in this Notice and all Employee Options are issued as contemplated by this Notice, The Directors will hold securities in the Company as set out below. This represents 10.44% of the issued share capital of the Company on a fully diluted basis:		
		Director	Number of Shares held directly and indirectly	Number of Employee Options held directly and indirectly
		Mr Bin Cai	10,479,000	500,000
		Dr Neil Williams	NIL	500,000



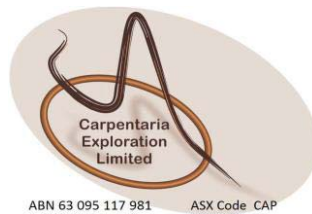
		Mr Paul Cholakos	NIL	500,000	
(xvi)	Current Director remuneration:	Details of the Director's remuneration for the year ended 30 June 2012 (based on information extracted from the Company's 2012 Annual Report) are as follows:			
		Director	Cash, salary and fees	Super-annuation	Total
		Mr Bin Cai	\$40,000	\$3,600	\$43,600
		Dr Neil Williams	\$20,000	\$1,800	\$21,800
		Mr Paul Cholakos	\$10,000	\$ 900	\$10,900
(xvii)	Estimated Director remuneration:	Details of the estimated remuneration payable to the Directors for the year beginning 1 July 2013 are as follows:			
		Director	Cash, salary and fees	Super-annuation	Total
		Mr Bin Cai	\$40,000	\$3,600	\$43,600
		Dr Neil Williams	\$40,000	\$3,600	\$43,600
		Mr Paul Cholakos	\$40,000	\$3,600	\$43,600
(xviii)	Voting exclusion statement:	Voting exclusion statements are contained in the Notice.			

(d) Any other information

- (i) In respect to Resolution 5, neither the Board (other than Mr Bin Cai) 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 Resolution 5, other than as stated in this Explanatory Memorandum.
- (ii) In respect to Resolution 6, neither the Board (other than Dr Neil Williams) 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 Resolution 6, other than as stated in this Explanatory Memorandum.
- (iii) In respect to Resolution 7, neither the Board (other than Mr Paul Cholakos) 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 Resolution 7, other than as stated in this Explanatory Memorandum.

(e) Directors' recommendations and interests

As each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos have a material personal interest in Resolutions 5, 6 and 7 respectively under which the Employee Options will be allocated, each of them believe that it is inappropriate to make a recommendation in respect to Resolutions 5, 6 and 7.



The Board (excluding Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos) recommends that Shareholders vote in favour of Resolutions 5, 6 and 7.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolutions 5, 6 and 7.

Resolution 8 – Ratification of Share Issue to Maosen Australia Pty Ltd ACN 100 294 200

(a) Purpose of Resolution

Resolution 8 is sought to approve the prior issue of 200,000 shares so that the Company retains capacity to issue up to a full 15% of its issued capital, if required, in the next 12 months without shareholder approval.

On 2 March 2012 the Company announced it had carried out a placement of 200,000 new ordinary shares. The issue was part of the consideration for the renewal under Farm-in Joint Venture Agreement on EL 3998.

(b) Overview of regulatory approval requirements

The Directors are restricted by Listing Rule 7.1 from issuing new securities in the Company which would dilute the interests of existing Shareholders, to a maximum of 15% of the issued capital of the Company in any 12 month period (**15% limit**) without Shareholder approval.

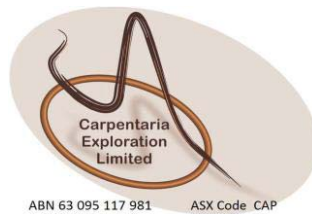
Listing Rule 7.4 allows Directors to seek approval of the Shareholders to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1.

The issue of Shares described in Resolution 4 was made without Shareholder approval as the issue did not exceed the 15% limit. The Directors now seek Shareholder approval of the issue pursuant to Listing Rule 7.4.

(c) Specific information

Listing Rule 7.5 requires certain information to accompany a Notice of General Meeting in relation to approval sought under Listing Rule 7.4. This information is set out below:

Listing Rule 7.5 requirement	Information
Name of allottee:	Maosen Australia Pty Ltd ACN 100 294 200
Date of issue :	2 March 2012
Total number of securities allotted:	200,000 ordinary shares
The issue price of the securities:	\$0.35c
Terms of issue of the securities:	Ordinary fully paid shares ranking equally with all other fully paid ordinary shares of the Company
The use (or intended use) of funds	Consideration for renewal of exploration licence under Farm-in Joint Venture Agreement on EL 3998
Other:	The issue of the ordinary shares when made did not breach Listing Rule 7.1.



Voting exclusion statement:	Voting exclusion statements are contained in the Notice.
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(d) Directors' recommendations and interests

The Directors of the Company recommend that Shareholders vote in favour of Resolution 8.

Each Director of the Company who is also a Shareholder of the Company and who is not otherwise restricted from voting, intends to vote in favour of Resolution 8.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 8.

Resolution 9 – Approval to increase total amount limit payable to non-executive Directors'

(a) Purpose of Resolution

The purpose of Resolution 9 is to obtain Shareholder approval for an increase in the level of non-executive directors' fees.

(b) The Constitution and the Listing Rules

The Company's Constitution provides that non-executive directors' may be collectively paid as remuneration for their services a fixed sum not exceeding an aggregate maximum as determined by the Company in general meeting. Currently, the fixed sum payable to non-executive directors is \$220,000.

Listing Rule 10.17 prohibits a company increasing the amount of fees it pays to its directors unless the increase is approved by shareholders.

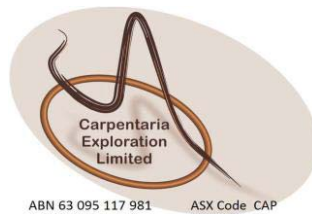
(c) Increase in the level of non-executive Director Fees

Presently the four (4) paid non-executive directors of the Company receive an aggregate sum of \$174,000 per annum. It is proposed that the total maximum amount payable by the Company each year to non-executive directors (**Fee Pool**) be set at an aggregate amount of \$450,000.

Therefore, if Shareholders pass this resolution, the amount of \$220,000 fixed as the aggregate annual amount Fee Pool payable to non-executive directors will increase by \$230,000 to a maximum annual aggregate of \$450,000.

The Company's Constitution allows the directors to divide the total aggregate amount between themselves in such manner and proportion as they may from time to time agree. Whilst the Company does not necessarily anticipate that it will utilise the full amount of the \$450,000 in the next financial year, the Company considers that the amount is appropriate in ensuring that the Company has the flexibility to appoint an additional non-executive Director(s) should the need arise.

The aggregate sum of \$450,000 has been determined by the non-executive Directors having regard to market-competitive remuneration levels required to attract, retain and fairly reward non-executive directors, and to enable non-executive Directors to increase remuneration levels over time without frequent reference of the Fee Pool to Shareholders for approval.



(d) Directors' recommendations and interests

As the Directors have a material personal interest in the outcome of Resolution 9 they make no recommendation to Shareholders concerning this resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 9.

Resolution 10 – Approval of 10% placement facility

(a) Purpose of resolution

The purpose of Resolution 10 is to authorise the Directors to issue a further 10% of its issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

This effectively gives Directors a 25% placement capacity less that part of its placement capacity not available under Listing Rule 7.1.

(b) General information

Listing Rule 7.1A enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c)(iii) below).

As disclosed in the Company's Annual Report, the Company continues actively seeking to acquire new resources assets and other investments. The Company may use the 10% Placement Facility to acquire new resource assets or investments.

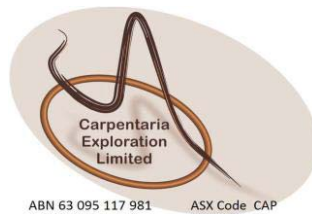
(c) Description of Listing Rule 7.1A

(i) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(ii) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.



The Company, as at the date of the Notice, has on issue one class of Equity Securities, namely Shares.

(iii) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

- A* is the number of shares on issue 12 months before the date of issue or agreement:
- (A)* plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (B)* plus the number of partly paid shares that became fully paid in the 12 months;
 - (C)* plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - (D)* less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

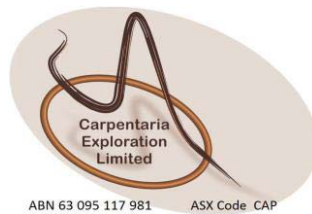
E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(iv) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 105,991,301 Shares and therefore has a capacity to issue:

- (A)* 26,297,825 Equity Securities under Listing Rule 7.1; and
- (B)* subject to Shareholder approval being sought under Resolution 10 Equity Securities under Listing Rule 7.1A.



The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c)(iii) (above).

(v) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (A) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (B) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.

(vi) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (A) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (B) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

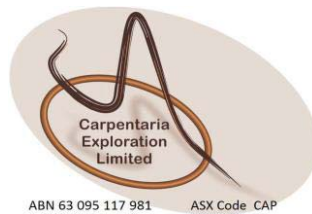
or such longer period if allowed by the ASX (**10% Placement Period**).

(e) Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

- (i) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (A) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (B) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.
- (ii) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table.

There is a risk that:



- (A) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the General Meeting; and
- (B) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

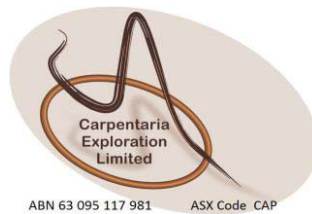
which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (A) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (B) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.13 50% decrease in Issue Price	\$0.26 Issue Price	\$0.39 50% increase in Issue Price
Current Variable A 105,991,301 Shares	10% Voting Dilution	10,599,130	10,599,130	10,599,130
	Funds raised	\$1,377,887	\$2,755,774	\$4,133,661
50% increase in current Variable A 158,986,952 Shares	10% Voting Dilution	15,898,695	15,898,695	15,898,695
	Funds raised	\$2,066,830	\$4,133,661	\$6,200,491
100% increase in current Variable A 211,982,602 Shares	10% Voting Dilution	21,198,260	21,198,260	21,198,260
	Funds raised	\$2,755,774	\$5,511,548	\$8,267,321



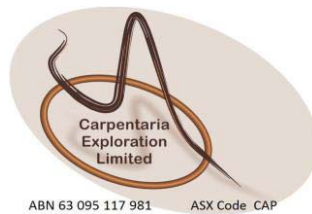
The table has been prepared on the following assumptions:

- * The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - * No options are exercised into Shares before the date of the issue of the Equity Securities.
 - * The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - * The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - * The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - * The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - * The issue price is \$0.26 being the closing price of the Shares on ASX on 25 October 2012, being the date the Notice of Adjourned Annual General Meeting was lodged with ASIC.
- (iii) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (iv) The Company may seek to issue the Equity Securities for the following purposes:
- (A) non-cash consideration for the acquisition of the new resources assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (B) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or other investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time 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:

- (A) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (B) the effect of the issue of the Equity Securities on the control of the Company;



- (C) the financial situation and solvency of the Company; and
- (D) 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 but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

If the Company is successful in acquiring new resources assets or investments, it may be that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (v) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (vi) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

(d) Directors' recommendations and interests

The Directors of the Company believe that Resolution 10 is in the best interests of the Company and recommend that Shareholders vote in favour of this Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 10.

Resolution 11 – Appointment of Auditor

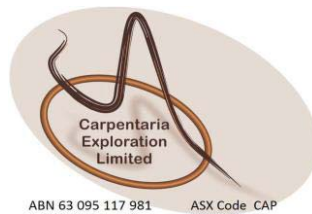
(a) Overview

BDO East Coast Partnership (formerly PKF East Coast Practice) has tendered its resignation as auditor to the Company and it has advised the Company that it has applied to ASIC for consent to resign.

The Company proposes, subject to ASIC consenting to the resignation of BDO East Coast Partnership, to appoint BDO Audit Pty Ltd as the auditor of the Company. In accordance with section 328B(1) of the Corporations Act 2001 (Cth), notice in writing nominating BDO Audit Pty Ltd as auditor has been given to the Company by a Shareholder. A copy of this notice is shown in Schedule 2 to this Explanatory Memorandum.

The Company's expectation was that ASIC's consent would be forthcoming prior to the date of the Original Annual General Meeting. ASIC's consent was received on 24 September 2012 and is subject to the requisite resolution being passed at the AGM or any adjourned AGM.

Accordingly, Resolution 11 seeks Shareholder approval to the appointment of BDO Audit Pty Ltd of Level 18, 300 Queen Street, Brisbane, Queensland 4000 to the office of auditor of the Company subject to ASIC's consent to the resignation of BDO East Coast Partnership. BDO Audit Pty Ltd has consented in writing to its appointment.



If this Resolution is passed, the appointment of BDO Audit Pty Ltd as the Company's auditor will take effect at the close of the Meeting or upon receipt of ASIC's consent to the resignation of BDO East Coast Partnership, whichever is the latter.

(b) Directors' recommendations and interests

The Directors of the Company believe that Resolution 11 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 11.

Resolution 12 – 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 5, 6 and 7.

In the absence of this Resolution 11, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 5, 6 and 7.

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

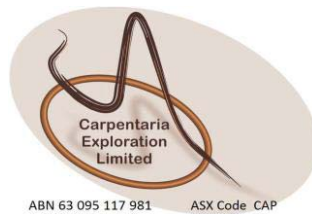
Resolution 12 is an ordinary resolution. Resolution 6 does not take effect unless Resolutions 5, 6 and 7 in the Notice are passed.

(b) Directors' recommendations and interests

As each of Mr Bin Cai, Dr Neil Williams and Mr Paul Cholakos have an interest in Resolutions 5, 6 and 7 respectively under which the Employee Options will be allocated each of them and the remaining directors believe that it is inappropriate to make a recommendation in respect to Resolution 12.

The Directors of the Company (with the exception of Bin Cai, Dr Neil Williams and Mr Paul Cholakos) recommend that Shareholders vote in favour of Resolution 12.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 12.



GLOSSARY OF TERMS

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

"\$" means Australian Dollars.

"**10% Placement Facility**" has the meaning given in the Explanatory Memorandum for Resolution 10.

"**10% Placement Period**" has the meaning given in the Explanatory Memorandum for Resolution 10.

"**Adjourned Meeting**" or "**Adjourned Annual General Meeting**" means the adjourned annual general meeting of shareholders of Carpentaria convened by this Notice.

"**Annual Report**" means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2012.

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

"**ASX**" means Australian Securities Exchange Limited.

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

"**Closely Related Party**" means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

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

"**Constitution**" means the Company's constitution from time to time.

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

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

"**Eligible Employee**" means an employee of the Company determined to be an 'eligible employee pursuant to the terms of the EOP.

"**Employee Options**" means options issued pursuant to the terms of the EOP.

"**Employee Options**" means options issued pursuant to the terms of the EOP.

"**EOP**" means the Employee Option Plan of the Company, a summary of which is contained in Schedule 1.

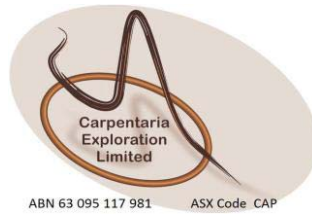
"**EST**" means Eastern Standard Time, being the time that applies in Brisbane, Queensland.

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

"**Key Management Personnel**" means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

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



"Original Notice of Annual General Meeting" means the original notice of annual general meeting for the General Meeting to originally be held on 18 October 2012.

"Original Annual General Meeting" means the 2012 annual general meeting of the Company held on 18 October 2012 and then adjourned to be reconvened pursuant to the Notice of Adjourned Annual General Meeting.

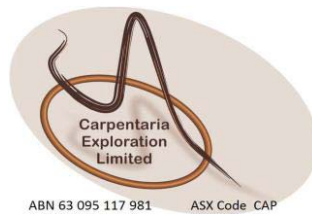
"Resolution" means a resolution referred to in the Notice.

"Share" means an ordinary share in the Company.

"Shareholder" means a Company shareholder.

"Trading Day" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"VWAP" means the volume weighted average price.



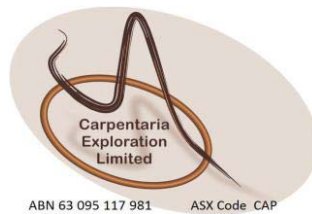
Schedule 1 – Summary of the terms of the EOP

(a) Overview

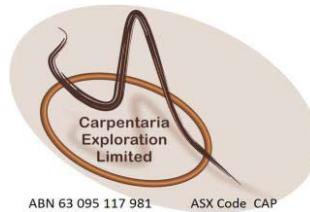
- (i) The EOP was adopted by the Company on 20 August 2007.
- (ii) The main purpose of the EOP is to provide an additional incentive to those persons determined by the Board to be an 'Eligible Employee' (being directors and other officers, employees, contractors to and consultants of the Company and 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.

(a) General

- (i) The Company will take reasonable steps to ensure that the number of Options issued under the EOP (**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 EOP).
- (ii) The Board Committee will administer the EOP and the Board has general powers to amend the EOP Rules from time to time.
- (iii) The Board Committee administering the EOP will determine participation in the EOP having regard to factors such as seniority, length of service, record of employment and potential contribution. 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.
- (iv) Once an invitation is accepted the Company will issue the number of Employee Options applied for and an option certificate for them.
- (v) Each Employee Option entitles the holder of those Employee Option (**Option holder**), on exercise, to 1 Share.
- (vi) There is no issue price for the Employee Options. The exercise price for the Employee Option will be such price as determined by the Board Committee (in its discretion) being not less than:
 - A. (if there was at least one transaction in the Shares on ASX during the 10 business day period immediately before the date of the invitation to take up Employee Options) the VWAP determination for that period; or
 - B. (if there were no transactions in the Shares on ASX during the 10 business day period immediately before the date of the invitation to take up Employee Options) the last price at which an offer was made on ASX to purchase a Share.
- (vii) The expiry date for an Employee Option is the date determined by the Board Committee at the time of issue, which will be no later than 10 years from the date of issue.
- (viii) Shares issued as a result of the exercise of any Employee Options will rank equally in all respects with Shares.



- (ix) Employee Options may not be transferred other than with the prior written approval of the Board Committee.
- (x) Quotation of Employee Options on the ASX will not be sought. However, the Company will apply to the ASX for official quotation of Shares issued on the exercise of Employee Options.
- (xi) An Employee Option may only be exercised by written notice to the Company together with payment in full (unless other arrangements have been approved by the Board Committee). An Employee Option may be exercised at any time after that Employee Option has vested and any other conditions imposed by the Board on exercise satisfied and before it lapses. The Board may determine the vesting period and any condition on exercise (if any).
- (xii) An Employee Option will lapse upon the expiry date (being 10 years from the grant date or such shorter period specified by the Board Committee) or one month after the Option holder ceases to be an Eligible Person (though if the holder ceases to be an Eligible Person by reason of retirement or retrenchment, bankruptcy or death, not until twelve months after such event).
- (xiii) There are no participating rights or entitlements inherent in the Employee Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options. However, the Company will ensure that Option holders will be given such notice period determined by the ASX Listing Rules to determine whether to exercise their Employee Options so as to participate in any bonus or entitlement issue.
- (xiv) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Employee Options, the number of Employee Options to which each Option holder is entitled or the exercise price of his or her Employee Options, or both, or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.



Schedule 2 – Nomination of Auditor

Silvergate Capital Pty Ltd
Level 32, 1 Market Street
Sydney NSW 2000

29th August 2012

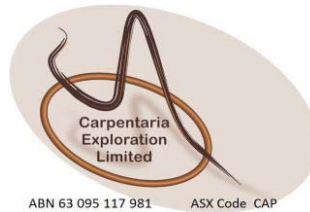
The Directors
Carpentaria Exploration Limited
Level 6, 345 Ann Street
Brisbane QLD 4000

Dear Directors,

The undersigned being a member of Carpentaria Exploration Limited hereby nominates BDO Audit Pty Ltd for appointment as auditor of the company at the forthcoming annual general meeting.

Yours faithfully

Edward McCormack
Director, Silvergate Capital



NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

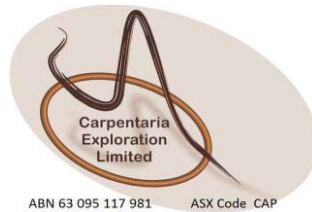
Date of Meeting: 30 November 2012

Time of Meeting: 11.30am EST (or as soon after that time as the Adjourned Annual General Meeting of the Company, scheduled to commence at 10.00am EST on that day, has been concluded or adjourned)

Place of Meeting: The Queensland Irish Association Club, 175 Elizabeth Street, Brisbane, Queensland

This Notice of Extraordinary 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.

The Chairman recommends that Shareholders should vote “NO” to all resolutions.



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (**General Meeting**) of Shareholders of Carpentaria Exploration Limited (**Company**) will be held on 30 November 2012 at the Queensland Irish Association Club, 175 Elizabeth Street, Brisbane, Queensland commencing at 11.30am (EST), or as soon after that time as the Adjourned Annual General Meeting of the Company, scheduled to commence at 10.00am on that day, has been concluded or adjourned.

An Explanatory Memorandum accompanies and forms part of this Notice of General Meeting. The Explanatory Memorandum provides additional information to shareholders on matters to be considered at the General Meeting and should be read in its entirety.

Place: The Queensland Irish Association Club, 175 Elizabeth Street, Brisbane, Queensland
Date: 30 November 2012
Time: 11.30am (or as soon after that time as the Adjourned Annual General Meeting of the Company, scheduled to commence at 10.00am EST on that day, has been concluded or adjourned)

BUSINESS

The business of the General Meeting will consist of:

BUSINESS

Agenda Item 1 – Requisition Notice

To consider the Requisition Notice given by Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust to requisition the Company to hold the General Meeting.

Agenda Item 2 – Ordinary Resolutions

Resolution 1 : Election of Director

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

"That Ms Linda Lau be and is appointed a director of the Company, with immediate effect."

Resolution 2 : Election of Director

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

"That Mr Wilson Cheung be and is appointed a director of the Company, with immediate effect."

Resolution 3 : Removal of Director

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



"That Mr Neil Williams be and is removed from his office as a director of the Company, with immediate effect."

Resolution 4 : Removal of Director

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

"That Mr Paul Cholas be and is removed from his office as a director of the Company, with immediate effect."

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 11.30am on Wednesday 28 November 2012 (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.

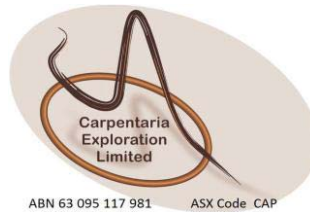
The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

Proxy Forms may be lodged using the reply paid envelope or:

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

by mail:

Carpentaria Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:
+61 2 9287 0309

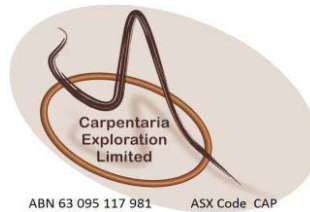
by hand:
Delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

IMPORTANT NOTE:

Resolutions 1 to 4 have been proposed by Silvergate Capital Pty Limited as a requisitioning shareholder under 249D of the Corporations Act pursuant to which this meeting has been convened. Resolutions 1 to 4 have not been endorsed by and are not supported by the Board. The Chairman has set out his recommendations in relation to Resolutions 1 to 4 in the Explanatory Memorandum.

BY ORDER OF THE BOARD

Chris Bynon-Powell
Company Secretary
29 October 2012



EXPLANATORY MEMORANDUM

ORDINARY BUSINESS

1. Agenda Item 1 – Requisition Notice

(a) Requisition Notice

Shareholders of the Company with at least 5% of the votes that may be cast at a general meeting have the right under the Corporations Act to request the directors of the Company to call and arrange to hold a general meeting.

Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust (**Silvergate**) is a member of the Company with at least 5% of the votes that may be cast at a general meeting and may requisition the directors to call a general meeting.

On 10 October 2012, Silvergate gave notice requisitioning the Directors to call and arrange to hold the General Meeting to consider the proposed resolutions to remove Dr Neil Williams and Mr Paul Cholakos as directors and appoint Ms Linda Lau and Mr Wilson Cheung as nominee directors (**Requisition Notice**).

Subsequently, the Directors invited Ms Linda Lau and Mr Wilson Cheung to join the Board provided they arranged for Silvergate to withdraw its Requisition Notice and dispense with the requirement to hold the General Meeting.

Silvergate rejected the invitations for Ms Linda Lau and Mr Wilson Cheung to join the Board. Consequently, this General Meeting must be called by the Directors of the Company in addition to the Annual General Meeting which is to be held immediately prior to the Extraordinary General Meeting.

The Chairman recommends that the Shareholders reject all of the proposed resolutions to be considered at this Extraordinary General Meeting.

(b) Member's Statement

In addition to the Requisition Notice, Silvergate has requested the Company give to all of its Shareholders a statement (**Member's Statement**) about the proposed resolutions set out in the Requisition Notice.

Silvergate may make such a request as it holds more than 5% of the votes that may be cast at a general meeting of the Company. The Company is required by the Corporations Act to distribute the Member's Statement.

The Member's Statement is attached to this Notice of General Meeting at **Schedule 1**.



Agenda Item 2 – Resolutions

(a) Statement of the Chairman regarding resolutions 1 to 2 (resolutions proposed by Requisitioning Shareholder)

The Board does not support the appointment of the new directors. The Chairman recommends that Shareholders vote AGAINST the resolutions for the reasons set out below. The Chairman of the meeting intends to vote undirected proxies against Resolutions 1 and 2.

The reasons given by Silvergate for the proposed resolutions are as follows:

- (i) Silvergate has had recent discussions with Carpentaria regarding the appointment of Mr Cheung and Ms Lau to the Board.

These discussions did not result in the decision to appoint Mr Cheung and Ms Lau to the Board on the basis that it was considered that a seven person board would be excessive for a company of Carpentaria's size.

- (iii) Silvergate has taken Carpentaria's comments regarding the size of the Carpentaria Board into account and as a result will ask Shareholders to vote on the resolutions to remove Dr Neil Williams and Mr Paul Cholakos from the Board.

The Board believe that there are a number of issues with the reasons proposed for electing the new directors and for removing Dr Williams and Mr Cholakos. Namely:

- (i) The current Board is concerned about the motives of Silvergate in requisitioning the General Meeting. Not long after the Company was served with the Requisition Notice from Silvergate, the Board met and decided that although it considered a Board of seven to be large for a Company of Carpentaria's size and stage of development, that it would offer two board seats to Mr Cheung and Ms Lau on the proviso that they withdraw the Requisition Notice. The Board made this offer in order to avoid the expense of holding a General Meeting so soon after the Annual General Meeting and because it considers that Dr Williams and Mr Cholakos bring valuable expertise, experience and value to the Company which it does not want to lose. This offer was rejected by Silvergate.
- (ii) If the resolutions proposed by Silvergate are passed, the Board will consist of three nominees, one independent and one executive director. The current Board is concerned that the interests of Silvergate might prevail at the expense of what may otherwise be in the best interests of the Company and its other shareholders.
- (iii) If the new directors were to be elected, they may ask the Board of Directors to consider and support the sale of the BMG Joint Venture Interest in the Hawsons Iron Project (**Project**) to Silvergate (subject to disclosing their interests in Silvergate and being absent from any discussions if so required as a matter of law). The Board has previously had discussions with Silvergate regarding the Project and the Joint Venture arrangements and continues to work to ensure that maximum value and benefit to shareholders is obtained through proper management and handling of the BMG Joint Venture Interest. The Board believes it may be constrained in its search for a new and optimal joint venture partner (with the requisite technical and financial capability) due to a conflict of interest should the proposed Silvergate nominee directors be elected.



- (iv) If the resolutions are passed, the Board of the Company will not comply with the ASX Corporate Governance Principles and Recommendations 2nd edition both in relation to independence of the board and the audit committee. Where a company does not meet these guidelines, the company must provide a reason why it does not, and why shareholders are not disadvantaged.

(b) Statement of the Chairman regarding Resolutions 3 to 4 that Dr Neil Williams and Mr Paul Cholakos be removed as Directors

The Board does not support the removal of Dr Williams and Mr Cholakos. The Chairman recommends that Shareholders vote AGAINST the resolutions for the reasons set out below. The Chairman of the meeting intends to vote undirected proxies against Resolutions 3 and 4.

Silvergate gives no reasons why Dr Williams and Mr Cholakos should be removed, they have simply referred to earlier discussions held with Carpentaria during which the Board indicated it felt that a Board of seven would be large for a company such as Carpentaria. Silvergate has not suggested that the current Directors are not satisfactorily meeting their duties, nor that the Company's performance has in any way been affected by their positions.

Each of the Directors play an important role within the Company, not least the non-executive and independent directors being Dr Williams and Mr Cholakos.

Dr Neil Williams was appointed as a director of the Company on 1 January 2012 by resolution of the board of Directors. He is also a member of Carpentaria's Audit and Remuneration Committees.

The resume of Dr Neil Williams is as follows:

- Recently retired as Chief Executive Officer of the Australian government's geoscience agency, Geoscience Australia, Dr Williams has had a distinguished career spanning all aspects of minerals exploration, both in Australia and internationally, including serving as Chief Geologist for MIM.
- Dr Williams has won numerous Australian and international awards in his field. He has also had a distinguished academic career, currently serving as an Honorary Professorial Fellow at the University of Wollongong, as well as a number of other industry and management bodies, including the Queensland Exploration Council and President of the 34th International Geological Congress.
- Dr Williams has had considerable experience both in the resources industry and the highest level in the Federal Government. He obtained his PhD from Yale and joined MIM as the Chief Geologist and from there about 17 years ago left to become the head of Geoscience Australia, effectively our federal Geological Survey.
- With a staff of over 700, Neil's department was responsible for mapping the whole continent and unlocking not only mineral wealth but also oil, gas and coal.
- He was the most geoscientific senior adviser to the Federal Government and accordingly has a large Government contact base. In his role, he also networked with many other global geological entities and has been President of the US based Economic Geologist Society and recently was the President of 34th International Geological Congress held here in Brisbane in



August, which attracted over 6,000 geoscientists.

Mr Paul Cholakos was appointed as a director of the Company on 2 April 2012 by resolution of the Board. The Board invited Mr Cholakos to join the board on the basis of his established credentials in industry.

Mr Cholakos' key credentials include:

- 25 years of resources industry experience, successfully managing complex development projects for leading oil and gas and diversified mining companies. His project management, team building and business skills are shown by his success in leading multiple project teams for the construction and evaluation of major oil and gas and mining projects.;
- holder of a Master of Business Administration and a Bachelor of Engineering degrees;
- service as Executive General Manager, Project Development of major Australian oil and gas company Oil Search Limited (ASX:OSH);
- current Chairman of Carpentaria's Remuneration Committee and a member of the Audit Committee.
- He has negotiated multi-billion dollar international energy deals, driven operations at a major gold mine and worked at projects across Australia, Central, North and South America and Papua New Guinea.
- He has an exceptional commercial record with demonstrated technical and strategic expertise. Paul currently serves as Executive General Manager, Project Development of major Australian oil and gas company Oil Search, where he has led and managed project teams for the construction of major brownfields developments.



GLOSSARY OF TERMS

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

"**ASX**" means Australian Securities Exchange 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)*.

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

"**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.

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

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

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

"**Share**" means an ordinary share in the Company and "**Shares**" means more than one Share.

"**Shareholder**" means a Company shareholder and "**Shareholders**" means all of the Company shareholders.

Schedule 1

Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust

Member's statement

Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust (**Silvergate**) has formally requested that the directors of Carpentaria Exploration Limited ABN 63 095 117 981 (**Carpentaria**) call and arrange a general meeting of shareholders. The directors of Carpentaria must call the meeting within 21 days of receipt of Silvergate's request and the meeting must be held within 2 months of the date Silvergate's request is received.

This statement relates to the resolutions proposed to be dealt with at that meeting.

Silvergate

Silvergate owns 18,855,987 ordinary shares in Carpentaria which amounts to approximately 17.9% of the issued capital of Carpentaria.

Proposal

Silvergate has formally requested the appointment of Mr Wilson Cheung and Ms Linda Lau to the Carpentaria Board and the removal of Dr Neil Williams and Mr Paul Cholakos as directors of Carpentaria.

Mr Cheung is currently the Chairman and CEO of Dejin Resources Group Company Limited, a mainboard listed company in Hong Kong. He has substantial experience both managing listed companies, but also in the operations of resource projects generally. He is a CPA and brings more than 15 years of experience in the fields of audit, business development, corporate finance and financial management.

Ms Lau has more than 20 years' experience in the resource industry and has developed, over that time, an almost unique relationship with Chinese Steel Mills. She has worked with buyers at the highest level and would bring those relationships to Carpentaria.

The formal request to hold a meeting follows recent discussions between Carpentaria and Silvergate regarding the appointment of Mr Cheung and Ms Lau to the Carpentaria Board. Those discussions did not result in a decision to appoint Mr Cheung and Ms Lau to the Carpentaria Board on the basis that a 7 person board is excessive for a company of Carpentaria's size. Silvergate has taken Carpentaria's comments regarding the size of the Carpentaria Board into account and, as a result, will ask shareholders to vote on resolutions to remove Dr Neil Williams and Mr Paul Cholakos from the Board.

Recommendation

Silvergate strongly recommends that members vote in favour of each of the proposed resolutions

Yours Sincerely,



Edward McCormack

Director
Silvergate Capital Pty Ltd

9.10.12



CARPENTARIA EXPLORATION LIMITED EXTRAORDINARY GENERAL MEETING

The Carpentaria Exploration Limited Chairman

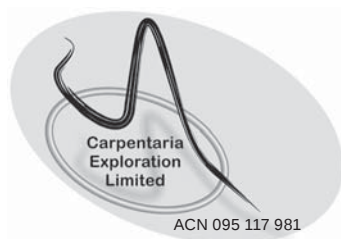
RECOMMENDS THAT YOU VOTE AS SET OUT BELOW

HOW TO VOTE

	For	Against	Abstain
Resolution 1 Election of Director – Ms Linda Lau	☐	☒	☐
Resolution 2 Election of Director – Mr Wilson Cheung	☐	☒	☐
Resolution 3 Removal of Director – Dr Neil Williams	☐	☒	☐
Resolution 4 Removal of Director – Mr Paul Cholakos	☐	☒	☐

PLEASE ENSURE IF YOU ARE VOTING THAT YOU SIGN AND DATE YOUR COMPLETED PROXY FORM

SHAREHOLDERS INFORMATION LINE: 1300 560 339



LODGE YOUR VOTE

**ONLINE****www.linkmarketservices.com.au****By mail:**

Carpentaria Exploration Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

**By fax: +61 2 9287 0309****All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7454**

**THIS FORM RELATES TO EXTRAORDINARY GENERAL MEETING
PLEASE ENSURE YOU VOTE
This is separate to the Annual General Meeting**

SHAREHOLDER VOTING FORM

I/We being a member(s) of Carpentaria Exploration Limited and entitled to attend and vote hereby appoint:

STEP 1**APPOINT A PROXY**☐

**the Chairman
of the Meeting
(mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at **11:30am on Friday, 30 November 2012, at 175 Elizabeth Street, Brisbane, Queensland, 4000** and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies against all items of business

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an **X**

STEP 2**VOTING DIRECTIONS****Resolution 1**

Election of Director - Ms Linda Lau

For	Against	Abstain*
☐	☐	☐

Resolution 2

Election of Director - Mr Wilson Cheung

☐	☐	☐
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Resolution 3

Removal of Director - Dr Neil Williams

☐	☐	☐
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Resolution 4

Removal of Director - Mr Paul Cholakos

☐	☐	☐
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3**SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED**

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CAP PRX201

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business – Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:30am on Wednesday, 28 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

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C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Extraordinary General Meeting, please bring this form with you.
This will assist in registering your attendance.**