



# ASX Announcement

7 October 2014

The Manager  
ASX Announcements Office  
ASX Limited  
Exchange Centre  
Level 4 20 Bridge Street  
SYDNEY, NSW 2000

Dear Shareholders,

## **Notice of General Meetings, Requisitioned and Annual**

In accordance with Listing Rule 14.1 please find the following:

- Chairman's Letter to Shareholders.
- Notice of Meeting for Annual General Meeting to be held at 11:00am, 10 November 2014.
- Notice of Meeting for the Requisitioned General Meeting requested by Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust on 16 September 2014. To be held immediately following the Annual General Meeting.

**Chris J Powell**  
Company Secretary / CFO  
Carpentaria Exploration Limited  
+61 7 3220 2022  
[chris.powell@capex.net.au](mailto:chris.powell@capex.net.au)

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7 October 2014

**To:**  
**All CARPENTARIA EXPLORATION Ltd.**  
**Shareholders**  
**(CAP:ASX)**



## **CHAIRMAN'S LETTER TO SHAREHOLDERS**

**The Independence of Carpentaria Exploration's Board is Once Again Under Threat**

**Vote IN FAVOUR OF all resolutions for the Annual General Meeting and  
Vote AGAINST all resolutions for the Requisitioned General Meeting  
requisitioned by Silvergate to protect your investment**

### **Why Carpentaria Needs Your Vote:**

- If Silvergate succeeds in putting its nominees on the Board we believe it will have gained effective control of your Company without having to offer all shareholders an appropriate price for that control.
- Your current Board has extensive leadership, commercial, legal and geo-scientific experience in the resources industry, including the successful delivery of major development projects and completion of major commercial transactions. Silvergate's two nominees have between them only one year's experience as Directors of an ASX Listed Company and they have not offered any credible reasons why their skills and experience are superior to those of the existing Board.
- Silvergate's interests are not aligned with other shareholders. Having invested circa \$24 million in the Hawsons project against \$8 million in the Company, its focus is on gaining access to value in the joint venture rather than committing to building value in Carpentaria for all shareholders.
- Your current Board has a track record of sound capital management and demonstrably acting at all times in the interests of all shareholders.
- If Silvergate succeeds in putting their nominees on the Board, the Company will not comply with the governance standards recommended by ASX and ASIC that are designed to protect all shareholders. Consistent with these standards, three out of five directors on the Carpentaria Board are independent. Silvergate is proposing a smaller Board of three directors, a majority of whom will not be considered independent.

### **CONNECT WITH US:**

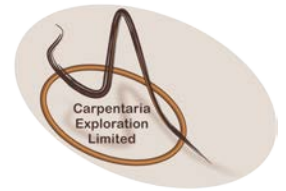


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- **The Carpentaria Board of Directors strongly opposes Silvergate's resolutions and recommends you vote against each of their resolutions in order to protect your investment.**

## **PLEASE READ AND ACT ON THE FOLLOWING INFORMATION**

Dear Shareholder,

I am writing on behalf of the Board to seek your support and provide important information in relation to Silvergate Capital's ('Silvergate') action in requisitioning a General Meeting ('Meeting') of shareholders which will be held immediately following the Annual General Meeting ('AGM') on 10 November 2014. The Notices of Meeting for both the AGM and the Requisitioned General Meeting ('Meeting') are attached.

At this Meeting, Silvergate intends to obtain effective control of Carpentaria Exploration Limited ('Carpentaria' or 'Company') and the Hawsons Iron Project by seeking the removal of four of the five current Directors including me, Dr Neil Williams, Mr Bob Hair, Mr Paul Cholakos and Managing Director Mr Quentin Hill. They have nominated two candidates, Ms Linda Lau and Mr Malcolm Northey.

I cannot emphasise too strongly how important your vote will be at this Meeting in continuing to ensure that your Board remains independent and that decisions are made in the best interests of **ALL** shareholders.

Silvergate is one of Carpentaria's major shareholders and, as you will be aware, this is the **third time** that it has requisitioned a General Meeting to remove two or more of the Board directors in less than two years. The reasons given by Silvergate lack credibility and in some instances misrepresent the facts.

In this letter I set out the facts and update you on the steps taken by this Board to progress the Hawsons Iron Project and ensure our costs are being tightly managed to reflect the challenging environment currently facing all resources companies.

Importantly, this meeting is not really about the size of the Board, its skill set and experience or commitment to prudent management of the Company's cash position. It is about a shareholder with an 18% interest in the Company and a recently earned-in 40% interest in the Hawsons Iron joint venture, attempting to take effective control of the Board and the Company without offering an appropriate price for that control.

### ***Silvergate and Pure Metals Interests are not aligned with Carpentaria Shareholders***

Silvergate is wholly owned by Ample Source International (ASI) which is also the controlling shareholder in Pure Metals. ASI has over the past five years invested circa \$24m in the Hawsons Iron project and less than \$8m in its 18% stake in Carpentaria. Its strongest financial commitment is therefore to the joint venture, a relationship that ASI fought hard to preserve following the liquidation of the original joint venture in 2013.

The board is accordingly very conscious that ASI's interest in Carpentaria via Silvergate is more about gaining access to the value in the joint venture than the long term commitment to building shareholder value in the company.



Therefore there is a strong misalignment of interests between Carpentaria's major shareholder, Silvergate and all other shareholders. Maintaining an independent board will ensure that ASI, via Silvergate, will not make decisions that ultimately reflect their interests as opposed to maximising the return for all shareholders.

***What your Board has delivered since the last requisitioned Meeting in March 2013***

Over the past 18 months we have focused on developing a productive working relationship with Pure Metals (the successful bidder for the rights to 40% in the Hawsons Iron joint venture acquired from the liquidator of BMG Pty Ltd), a company closely associated with Silvergate.

In March 2013 your Board negotiated an agreement with Pure Metals whereby the two companies would work together to continue the Hawsons Bankable Feasibility Study (BFS) and to secure a development partner for the Hawsons Iron Project. In June 2013 Pure Metals took over management of the joint venture during the earn-in period for its 40% share. In June this year Carpentaria resumed management control of the project, as agreed with Pure Metals, and has continued to target those activities which will drive the project forward.

Carpentaria continued to undertake targeted exploration activities as part of its mandate with shareholders to identify new opportunities for growth and build on its success with Hawsons. However, earlier this year the Board and management reviewed the Company's strategy in light of ongoing market uncertainty in the resource sector. As a consequence, first steps were taken to transition the Company away from exploration activities to that of a resources company dedicated to the targeted development of its best asset, the Hawsons Iron Project.

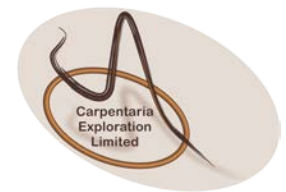
The Company is able to do this from a position of financial strength because of your Board's history of strong capital and cash management, demonstrated by the low number of shares on issue and strong cash balance deep into a cyclical downturn. This position is in large part a result of the March 2013 deal your Board made with Pure Metals in the lead up to another requisitioned meeting by Silvergate. The Board secured reimbursement of \$3.8 million and an additional \$5 million in project investment. This allows the Company to make choices on the targeted progress of the Hawsons Iron Project and build a platform for growth.

This is a clear example of what is at risk if Silvergate [Pure Metals] has effective control over the Board.

The Board of Carpentaria is focused on maintaining the Company's financial strength in the medium term and currently has a balance of cash and equivalent of over \$4,500,000. The sharpening of our focus on the Hawsons Iron Project and the associated targeted cost reductions will allow for a significant decrease in expenditure and ongoing costs.

***The extended weakness in the resources sector and collapse in the iron ore price***

Silvergate asserts that the loss of shareholder wealth over the past 24 months is due to significant errors of judgment by the Board. It has little to say about the depressed market for resource stocks, with exploration companies and those exposed to the iron ore price particularly impacted. Carpentaria has suffered, along with others in this sector, but it is disingenuous to ignore the impact of global shifts in the price for iron ore and other base metals and attribute the fall in its share price directly to the judgment of the Board.



This Board has been responsive to the changing climate. In 2014 it has presided over a significant restructure to the Company which has reduced its annual cost base by 30%, focused development expenditure on the Company's best asset, and reduced the size of the Board from six to five. In addition plans are approved and in place to reduce Board remuneration in the current financial year, with each non-executive Director electing to reduce their annual compensation by \$10,000 each, including the Managing Director. This will result in total board remuneration falling by more than a third.

We agree with Silvergate that prudent management of cash reserves is paramount in this investment climate, but doing nothing is not an option either if the Hawsons Iron Project is to be developed and a partner secured.

### ***Access to Project Funding for the Hawsons Iron Project***

Silvergate argues that their representation on the Board will increase the prospect of a transaction and that the existing Board does not have the ability to bring additional funding to the Hawsons Iron Project.

In March 2013 Silvergate's beneficial owner, Wilson Cheung, was publicly invited to join the Board. The same offer had been made on numerous occasions. Your Board has continued to offer Silvergate a Board position, including as late as last month. However, we can only conclude that "meaningful representation" for Silvergate means control of the Board.

Silvergate also stated that the nature of the joint venture contributes to its difficulty raising project funding. Carpentaria recognises that further project investment from Pure Metals is positive for the project and has offered to renegotiate elements of the joint venture that may be restrictive. Pure Metals has, so far, shown no interest in this offer.

Your Board has always responded to Silvergate's approaches with an open door, indicating that if they have a commercial transaction of benefit to all shareholders, then they should present it to the Board for assessment. In over 2 years, they have not been able to do so.

Silvergate make reference to a decision by the Board in 2012 to reject separate funding and offtake proposals brokered by them as unforgivable. The proposal from Silvergate that was put to the Board in 2012 was presented at the same time as it suggested it could requisition a General Meeting to take effective control of the Company. Under these circumstances the Board still chose to assess the proposal on its merits but ultimately rejected it on the basis of value and risk. Silvergate, as suggested, called a General Meeting in November 2012 to replace the independent directors on the Board with their own nominees who would be more inclined to approve its proposal. As history records, shareholders overwhelmingly supported the Board.

This example, and that of the second Requisitioned General Meeting, called for March 2013, both serve to highlight the lengths to which Silvergate will go to improve its commercial position over others and should not be forgotten when considering Silvergate's latest proposal. This General Meeting is in all respects a rerun of the 2012 General Meeting and we do not believe that Silvergate interests are any more aligned with minority shareholders now than they were then.



## **Conclusion**

Shareholders need an independent Board to protect their interests. While Silvergate argues that it is the most likely party to bring funding to the project, it has had many years to bring additional participants to the project on fair terms and has not delivered. Silvergate make no promises now. However, Carpentaria remains open to reviewing any commercial proposition Silvergate brings to it and encourages it to do so.

We strongly believe that, should Silvergate prevail, your investment would be controlled by a shareholder with less than 20% of the issued shares and a strong conflict of interest as the Hawsons Project joint venture partner. In our view this represents a significant risk to your investment.

The Board will continue to evaluate market conditions and its current focus is to build a solid platform for further investment in the Hawsons Iron Project, which it believes can become a long term producer of premium iron concentrate, securing a place in this growing part of the market.

I urge you to vote against each of the proposed Silvergate resolutions and support the continued independence of the current Board which remains committed to acting in the best interests of all shareholders.

If you have any queries regarding the Meeting, the recommendations or need assistance with the proxy form, please call the Shareholder Information Line on 1300 560 339.

A handwritten signature in black ink, reading "Neil Williams". The signature is written in a cursive, flowing style. The first name "Neil" is written in a larger, more prominent script than the last name "Williams".

**Dr Neil Williams**

## **NOTICE OF REQUISITIONED GENERAL MEETING AND EXPLANATORY MEMORANDUM**

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**Date of Meeting:** Monday 10 November 2014

**Time of Meeting:** 12:30pm EST (or as soon after that time as the Annual General Meeting of the Company, scheduled to commence at 11:00am EST on 10 November 2014, has been concluded or adjourned)

**Place of Meeting:** The Endeavour 1 Room, Christies Building 320 Adelaide Street Brisbane QLD 4000

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This Notice of Requisitioned 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 Directors recommend that Shareholders vote  
AGAINST all resolutions the subject of this General Meeting**

**SHAREHOLDERS INFORMATION LINE: 1300 560 339**

## NOTICE OF REQUISITIONED GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a Requisitioned General Meeting (**General Meeting**) of Shareholders of Carpentaria Exploration Limited (**Company**) will be held on Monday, 10 November 2014 at the Endeavour 1 Room, Christies Building 320 Adelaide Street Brisbane QLD 4000.

The General Meeting will commence at 12:30pm. (or as soon after that time as the Annual General Meeting of the Company, scheduled to commence at 11:00m EST 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.

**Date of Meeting:** Monday, 10 November 2014

**Time of Meeting:** 12:30 pm (or as soon after that time as the Annual General Meeting of the Company, scheduled to commence at 11:00m EST on that day, has been concluded or adjourned)

**Place of Meeting:** The Endeavour 1 Room, Christies Building 320 Adelaide Street Brisbane

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### BUSINESS

The business of the General Meeting will consist of:

#### **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 – Resolutions**

##### **Resolution 1: Election of Director**

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

*"That Ms Linda Lau 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 Malcolm Northey 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 Robert William Hair 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 Dr Neil Williams is removed from his office as a director of the Company, with immediate effect."*



### **Resolution 5: Removal of Director**

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

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

### **Resolution 6: Removal of Director**

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

*"That Mr Quentin Hill is removed from his office as a director of the Company, with immediate effect."*

## **ADMINISTRATIVE ISSUES**

### **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 12:30pm on Saturday, 8 November 2014.

### **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 in the following ways:

#### **through Link's website:**

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).

**Please note:** when you vote online your HIN/SRN pre-fix may be the letter 'I' and not the number 1.

#### **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:**

Doc ID 212185813/v1

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

**IMPORTANT NOTE:**

**Resolutions 1 to 6 have been proposed by Silvergate Capital Pty Limited as trustee for the Silvergate Capital Unit Trust as a requisitioning shareholder under 249D of the Corporations Act pursuant to which this meeting has been convened.**

**Resolutions 1 to 6 have not been endorsed by and are not supported by the Directors. The Directors have set out their recommendations in relation to Resolutions 1 to 6 in the Explanatory Memorandum.**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Chris Bynon-Powell', with a stylized flourish at the end.

Chris Bynon-Powell  
Company Secretary  
7 October 2014

# EXPLANATORY MEMORANDUM

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## ORDINARY BUSINESS

This is the Explanatory Memorandum to the Requisitioned Notice of Meeting. There are two items on the agenda:

### Agenda Item 1 – Requisition Notice:

The explanatory notes detail the nature of the Requisition Notice including:

- the background to the previous requisition notices;
- a review of Silvergate's reasons for issuing the requisition notice;
- the Directors' rebuttal of Silvergate's reasons; and
- the corporate governance issues that would arise if all resolutions put by Silvergate are passed.

### Agenda Item 2 – Proposed Resolutions:

The explanatory notes provide the Directors' reasons in relation to each resolution including:

- reasons why Silvergate's nominee Directors should not be appointed to the Board; and
- reasons why the existing Board does not need to change.

<b>The Directors encourage Shareholders to review the notes in this Explanatory Memorandum.</b>
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## Commonly Used Terms

Commonly used terms in the Explanatory Memorandum are defined below.

**\$** means Australian Dollars.

**ASI** means Ample Source International BVICN 157638 (a company incorporated in Hong Kong).

**ASX Governance Principles** means the 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations.

**Board** means the board of directors of the Company from time to time.

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

**Directors** means all the directors of the Company.

**Member's Statement** means the statement of Silvergate attached at Schedule 1.

**Pure Metals** means Pure Metals Pty Ltd ACN 151 066 321.

**Requisition Notice** means the notice to requisition the Directors to hold the General Meeting to consider the Resolutions dated 16 September 2014.

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

**Shareholders** mean shareholders in the Company.

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

**Silvergate nominee Directors** means Ms Linda Lau and Mr Malcolm Northey who have been proposed by Silvergate to be directors of the Company pursuant to the Requisition Notice.

**Silvergate Parties** means ASI, Pure Metals and Silvergate.

**IMPORTANT NOTE:**

Silvergate's reasons for requisitioning the General Meeting are set out in the Member's Statement attached to this Notice of Meeting at Schedule 1. The Directors outline their reasons why Shareholders should vote against Resolutions 1 to 6 in the Explanatory Memorandum.

The Company encourages Shareholders to review the material contained in this document, including the Member's Statement, and form their own view regarding how to vote at the requisitioned General Meeting. If Shareholders have any doubt as to how to vote, the Company recommends that Shareholders obtain independent advice from their advisers before voting.

## 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. Eligible shareholders may requisition the Company in such a manner on more than one occasion.

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 16 September 2014, Silvergate provided the Company with the Requisition Notice. Consequently, this General Meeting must be called by the Directors of the Company in addition to the Annual General Meeting that is to be held immediately prior to the Requisitioned General Meeting.

**This is the third time that Silvergate has requisitioned a general meeting to remove two or more of the Board in less than two years. Such requisitioning has occurred in circumstances where both Silvergate's previous nominees and Silvergate's beneficial owner (being Mr Wilson Cheung) have rejected numerous prior invitations from the Board to become a director of the Company.**

<p><b>The Directors recommend that Shareholders vote AGAINST Resolutions 1 to 6.</b></p>
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### (b) First Requisition Notice

Shareholders will recall that Silvergate requisitioned the Directors for the first time on 10 October 2012 to call and hold an extraordinary general meeting regarding the election of Silvergate's nominee directors to the Board. That general meeting was held on 30 November 2012 (**November Requisitioned Meeting**).

In order to minimise the cost and expense associated with holding the November Requisitioned Meeting, the Board invited Silvergate's nominee directors to join the Board. Those proposed nominee directors rejected the invitation to join the Board. Notwithstanding, the November Requisitioned Meeting was required to be held pursuant to the Corporations Act.

Shareholders subsequently voted AGAINST all of the resolutions moved by Silvergate at the November Requisitioned Meeting. The following table shows the number of votes passed by Shareholders at that meeting:

General Meeting held 30 November 2012 – Vote Results	FOR	AGAINST	ABSTAIN	TOTAL VOTES	% Listed Securities
ELECTION OF DIRECTOR – MS LINDA LAU	36,602,753	41,389,148	275,177	77,991,901	72.2%
ELECTION OF DIRECTOR – MR WILSON CHEUNG	36,697,880	41,294,708	274,490	77,992,588	72.2%

General Meeting held 30 November 2012 – Vote Results	FOR	AGAINST	ABSTAIN	TOTAL VOTES	% Listed Securities
REMOVAL OF DIRECTOR – DR NEIL WILLIAMS	36,516,756	41,539,3222	211,000	78,056,078	72.3%
REMOVAL OF DIRECTOR – MR PAUL CHOLAKOS	36,503,995	41,552,803	211,000	78,056,078	72.3%

Nearly 80% of the Company's shares were voted on the day and, if we exclude the votes cast by the two major shareholders, two-thirds of our register took the trouble to vote and vote in support of the Chairman's recommendations.

**(c) Second Requisition Notice**

Shareholders will recall that Silvergate requisitioned the Directors for the second time on 12 February 2013 to call and hold an extraordinary general meeting regarding the election of Silvergate's nominee directors to the Board. That general meeting was scheduled to be held on 27 March 2013 but was cancelled on 27 March 2013 as a result of the Company entering into a conditional binding terms sheet with Pure Metals for the progression of the Hawsons Bankable Feasibility Study and Hawsons Iron Project, the terms of which (among other things):

- required Pure Metals to procure Silvergate to withdraw its requisition notice dated 12 February 2013; and
- allowed Silvergate to nominate a director to join the Board.

**(d) Developments since March 2013**

In accordance with the terms of the agreement negotiated by your Board, from June 2013 to June 2014 Pure Metals took over management of the Hawsons Iron Project joint venture for the 40% interest earn-in period as permitted under the joint venture agreement.

In June 2014 the Company resumed management control of the project, as agreed with Pure Metals, and has continued to focus on those activities which will provide a platform for further investment including infrastructure certainty and progressing project approvals.

Earlier this year the Board and management reviewed the Company's strategy in light of ongoing market uncertainty regarding the resource sector. As a consequence the first steps were taken to transition the company away from exploration activities to that of a resources company dedicated to the targeted development of its best asset, the Hawsons Iron Project.

**(e) 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 can make this 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**.

The Directors do not adopt or support any of the representations made in the Member's Statement.

(f) **Silvergate's Motivations and Reasons**

The reasons given by Silvergate in its Member's Statement for the proposed resolutions may be summarised as follows:

- Reason 1:** The Board consists of directors with skills that are redundant for the current stage of the Company's development.
- Reason 2:** The Board has made decisions which (in Silvergate's opinion) are destroying shareholder value.
- Reason 3:** Silvergate needs representation at the Company board level to progress the Hawsons Project.
- Reason 4:** the Company's cash position means the board should consist of no more than three directors.

The reasons given by Silvergate lack credibility and in some instances misrepresent the facts. The Directors' responses to Silvergate's Member's Statement are as follows.

**Reason 1: The Board consists of directors with skills that are redundant for the current stage of the Company's development**

The Board, together with senior management of the Company, has the skills and experience necessary to develop the Hawsons Iron Project. Refer to Agenda Item 2 below for brief resumes in relation to each Director. These detail each Director's extensive experience and how they contribute to the Board.

The current Board is eminently well-qualified and experienced. All of our Directors bring a wealth of, development, operational and commercial experience and skill to the Board's deliberations. Their collective experience consists of over 100 years of resource industry experience, which is not only unusual and extraordinarily beneficial for the Company, given its market capitalisation, but also vital to ensure that commercialisation of the Hawsons Iron Project is done most effectively on behalf of all Shareholders.

**The Directors note that the Board is eminently well-qualified and experienced and reducing the Board numbers to Mr Cai and the Silvergate nominee Directors will not result in a more skilled and experienced Board.**

The current Board has experience managing all aspects of development projects ranging in size from \$100 million to in excess of \$1 billion.

The Board members proposed by Silvergate have, to the Board's knowledge, between them only one year's experience as directors of ASX listed companies.

**Reason 2: The Board has made decisions which (in Silvergate's opinion) are destroying shareholder value**

Although Silvergate believes that the loss of shareholder wealth over the past 24 months is due to significant errors of judgment by the Board, it does not mention the depressed market for resource stocks, which has particularly impacted on exploration companies and those exposed to the price of iron ore.

While the Company's share price has suffered as a result of these market forces (along with the share price of other companies in this sector), it is disingenuous to ignore the impact of global shifts in the price for iron ore and other base metals and attribute the performance of the Company's share price solely to the judgement of the board.

The proposal from Silvergate that was put to the Board in 2012 was presented at the same time as Silvergate threatened to requisition a general meeting to take effective control of the Company. Under these circumstances the Board still chose to assess the proposal on its merits but ultimately rejected it on the basis of value and risk.

Your Board has always responded to Silvergate's approaches with an open door, indicating that if Silvergate has a commercial transaction of benefit to all shareholders, Silvergate should present it to the Board for assessment. In over two years, they have not been able to do so.

**Reason 3: Silvergate needs representation at the Company board level to progress the Hawsons Project.**

The following table details the dates on which Silvergate's beneficial owner, Wilson Cheung, or other directors nominated by Silvergate in its previous requisition notices, have been formally invited to join the Board:

August 2012	Offer of one Board Seat - declined
May 2013	Permitted one board seat under the new Joint Venture - declined
September 2014	Offer of one Board seat.- declined

Each time an invitation to join the Board has been extended to Silvergate's representatives, **it has been rejected.**

Silvergate has not:

- provided substantial explanations as to why representation on the Board is required by them to progress the Hawsons Iron project;
- explained why, if Silvergate requires such representation, its nominees have previously rejected offers by the Board to become a director of the Company; and
- specified how it will attract funding to the Hawsons Iron project once it obtains representation on the Board.

Over the past two years, your Board has attempted on numerous occasions to accommodate Silvergate's desire to have representation on the Board however Silvergate's actions to date indicate to the Board that Silvergate is only interested in obtaining a controlling interest on the Company's board.

**Reason 4: the Company's cash position means the board should consist of no more than three directors.**

We agree with Silvergate that prudent management of cash reserves is paramount in this current investment climate and the Board has been responsive in this regard.

In 2014 the Board presided over a significant restructure of the Company that has reduced its annual cost base by approximately 30%, focused development expenditure on the Company's best asset and reduced the size of the Board from 6 to 5 members.

In addition, plans are approved and in place to reduce Board remuneration in the current financial year, which each non-executive Director electing to reduce their annual compensation from \$40,000 to \$30,000. This will result in total board remuneration falling by more than a third. In contrast, Silvergate:

- has not advised how it intends to preserve the Company's cash reserves if its nominees are appointed to the Company's board; and
- has adversely impacted the Company's cash position by issuing three requisition notices in less than two years, all of which have required the Company to incur significant expense in subsequently calling and holding the general meetings.

The Board has sought to reduce Silvergate's adverse impact on the Company's cash position by (where possible) holding the requisitioned general meeting at the same time as the Company's annual general meeting.



**(g) Corporate governance issues that would arise if all resolutions put by Silvergate are passed**

If Resolutions 1 to 6 are passed, the Board of the Company will not comply with the ASX Governance Principles, both in relation to independence of the board and the audit committee.

The Board proposed by Silvergate will consist of Ms Lau, Mr Northey and Mr Cai. Mr Cai is an existing nominee director of a shareholder and does not meet the ASX Governance Principles to be classified as an independent director. While the Board cannot comment on Mr Northey's relationship with Silvergate it notes that ASX considers that a director should only be characterised and described as an independent director if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders generally.

ASX further considers that examples of interests, positions, associations and relationships that might cause doubts about the independence of a director include if the director has close family ties with any person who (among other things) is a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company.

Ms Lau has close family ties with a person who is associated with a substantial shareholder of the Company as her daughter is married to Mr Edward McCormack, who is the sole director and secretary of Silvergate and who is also a Director of the Hawsons Iron joint venture partner Pure Metals.

The appointment of Ms Lau, as a nominee of Silvergate, will accordingly result in two out of a total of three directors on the Board not being considered independent.

In relation to the audit committee, the ASX Governance Principles state the committee should be structured so that it:

- (a) consists only of non-executive directors;
- (b) consists of a majority of independent directors;
- (c) is chaired by an independent chair, who is not chair of the Board; and
- (d) has at least three members.

The Board proposed by Silvergate will not be able to form an audit committee which will comply with the ASX Governance Principles.

Where a company does not meet these guidelines, the company must provide a reason why it does not, and why Shareholders are not disadvantaged. Silvergate has not provided any such reasons.

In addition to these issues, if Silvergate succeeds in passing Resolutions 1 to 6, Ms Lau could potentially have a material personal interest in one or more matters discussed by the Board that relate to the Hawsons Iron joint venture going forward. If this is the case, she may have to excuse herself from Board discussions regarding the particular matter relating to the Hawsons Iron joint venture.

This means that any Board decisions pertaining to the Hawsons Iron joint venture may need to be made by only two people, one of which, to the company's knowledge, has no ASX listed company experience. By contrast your existing Board has been and will continue to be committed to acting in the best interests of all shareholders in matters relating to the joint venture.

<p><b>The Directors recommend AGAINST passing Resolutions 1 to 6 due to the corporate governance issues that will arise and the perceived control and influence the Silvergate Parties will have over the Hawsons Iron Project.</b></p>
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## **2. Agenda Item 2 – Resolutions**

### **(a) Statement of the Chairman regarding Resolutions 1 to 2 that Ms Lau and Mr Northey be appointed directors of the Company**

The Directors do not support the appointment of Ms Lau and Mr Northey as new directors.

The Directors recommend that Shareholders vote **AGAINST** Resolutions 1 and 2 for the reasons set out above in Agenda Item 1.

The Chairman of the meeting intends to vote undirected proxies against Resolutions 1 and 2.

### **(b) Statement of the Chairman regarding Resolutions 3 to 6 that Mr Hill, Mr Hair, Dr Williams and Mr Cholakos be removed as directors**

#### **Overview**

The Directors do not support the removal of Mr Hill, Mr Hair, Dr Williams or Mr Cholakos.

The Directors recommend 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 to 6.

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

Shareholders will recall that they voted in favour of electing Dr Williams and Mr Cholakos at a general meeting held on 30 November 2012 and voted in favour of electing Mr Hair at a general meeting held on 18 October 2013. In the Chairman's opinion, no material events have occurred since the last general meeting to warrant the removal of the Directors from office.

#### **Brief resumes**

Short resumes of each Director the subject of Resolutions 3 to 6 are provided below and the Board invites Shareholders to consider the substantial and exceptional experience that these Directors bring to the Company.

#### **Mr Robert William Hair**

Robert is a long standing Director of the Company and has significant Australian and international legal and commercial experience in several major mining and exploration companies, including a number of years as General Manager Commercial and CFO of a successful ASX-listed exploration company and as Managing Director and non-executive Director of several resource companies listed on ASX and other stock exchanges. He is currently Company Secretary of Ferrum Crescent Limited, which is listed on ASX, AIM and JSE.

Bob made commercial, legal and organisational contributions to development of the giant Alumbra copper mine in Argentina.

**Dr Neil Williams**

Dr Williams brings to the Company the benefit of a distinguished career covering all aspects of mineral exploration, both in Australia and internationally, including serving as Chief Geologist for MIM and most recently as head of Geoscience Australia, Australia's peak Geoscience organisation. He is a leading member of the resource community and brings to the Board an extraordinary level of knowledge and experience.

Dr Williams oversaw the 'on time on budget' delivery of a \$120 million government construction project and made geological contributions to the development of the McArthur River Zinc Mine in the Northern Territory.

**Mr Paul Cholakos**

Paul has over 30 years of resources industry experience including managing complex development projects for leading oil and gas and diversified mining companies. He also has extensive commercial expertise, including joint venture, unitisation and government negotiations, as well as experience in both production and business development roles.

Paul joined Oil Search in 2010, to assist in the execution of Oil Search's 2010 Strategic Review. In 2011, Paul was appointed EGM, Project Development.

In his current role with Oil Search, as Executive General Manager, Operations Mr Cholakos directly manages the Company's 10% interest in the Exxon multi-billion dollar PNG LNG project in partnership with ExxonMobil.

**Mr Quentin Hill**

Quentin is geologist with 18 years experience in a range of commodities across Australia, Quentin has held technical positions with leading mining companies and in government.

Quentin was Carpentaria's Senior Geologist when the Company listed on the ASX in 2007 and was integral in the discovery and subsequent development of the Hawsons Iron project due to his involvement in implementing the successful resource drilling programme and in finalising the joint venture negotiations.

Quentin was appointed Managing Director of the Company in September 2013 and is now responsible for driving the development of the Hawsons Iron Project.



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## CARPENTARIA EXPLORATION LTD REQUISITIONED GENERAL MEETING 10 November 2014

*The Board of Carpentaria Exploration Limited*

**RECOMMENDS THAT YOU VOTE AS SET OUT BELOW**

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# HOW TO VOTE

**Resolution 1: Election of Director**

*"That Ms Linda Lau be appointed as a director of the Company with effect from the close of the meeting."*

For	Against	Abstain
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Resolution 2: Election of Director**

*"That Mr Malcolm Northey be appointed as a director of the Company with effect from the close of the meeting."*

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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**Resolution 3: Removal of Director**

*"That Mr Quentin Hill be removed from office as a director of the Company with effect from the close of the meeting."*

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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**Resolution 4: Removal of Director**

*"That Mr Robert Hair be removed from office as a director of the Company with effect from the close of the meeting."*

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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**Resolution 5: Removal of Director**

*"That, Dr Neil Williams be removed from office as a director of the Company with effect from the close of the meeting."*

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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**Resolution 6: Removal of Director**

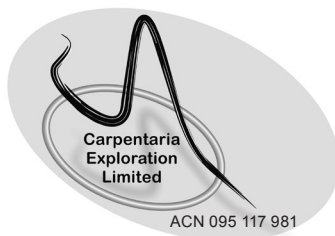
*"That, Mr Paul Cholakos be removed from office as a director of the Company with effect from the close of the meeting."*

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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**PLEASE ENSURE IF YOU ARE VOTING THAT YOU SIGN AND DATE YOUR COMPLETED PROXY FORM  
OR GO ON\_LINE AS PER PROCEDURE ON REVERSE OF PROXY FORM**

**SHAREHOLDERS INFORMATION LINE: 1300 560 339**



## LODGE YOUR VOTE



ONLINE

[www.linkmarketservices.com.au](http://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: +61 1300 554 474



X99999999999

## PROXY 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.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Requisitioned General Meeting of the Company to be held at 12:30pm on Monday, 10 November 2014 in the Endeavour 1 Room, Christies Building, 320 Adelaide Street, Brisbane QLD 4000 (the Meeting) and at any postponement or adjournment 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 ☒

## STEP 2

## VOTING DIRECTIONS

## Resolution 1

Election of Director - Ms Linda Lau

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Resolution 4

Removal of Director - Mr Robert Hair

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Resolution 2

Election of Director - Mr Malcolm Northey

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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## Resolution 5

Removal of Director - Dr Neil Williams

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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## Resolution 3

Removal of Director - Mr Quentin Hill

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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## Resolution 6

Removal of Director - Mr Paul Cholakos

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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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 PRX402

## 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:

- 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; and
- 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 or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### 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 **12:30pm on Saturday, 8 November 2014**, 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](http://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).

Please note: when you vote online your HIN/SRN pre-fix may be the alpha character I not a numerical 1.



**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, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

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

# Request to distribute a member's statement under section 249P of the *Corporations Act 2001* (Cth)

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To: Carpentaria Exploration Limited ABN 63 095 117 981 (**Company**)  
Level 6, 345 Ann Street  
BRISBANE QLD 4000

This request is made by Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust (**Silvergate**), a member of the Company with at least 5% of the votes that may be cast at a general meeting of the Company.

Pursuant to section 249P of the *Corporations Act 2001* (Cth) (**Corporations Act**), Silvergate requests that the Company give to all its members the statement contained in the Annexure about the proposed resolution set out in the request by Silvergate that the directors of the Company call and arrange to hold a general meeting under section 249D of the Corporations Act, given to the Company on or around the date of this request.

Dated: 12-9-14

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

  
Signature of Edward McCormack who signs  
in the capacity of sole secretary and sole  
director



Silvergate Capital Pty Ltd  
ACN 158 538 580  
as trustee for the Silvergate Capital Unit Trust  
Member's statement for requisitioned meeting

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Silvergate Capital Pty Ltd ACN 158 538 580 as trustee for the Silvergate Capital Unit Trust (**Silvergate**) has requested that the directors of Carpentaria Exploration Limited ABN 63 095 117 981 (**Carpentaria**) call a general meeting of shareholders to consider the removal of four directors and the appointment of two new directors. The directors must call the meeting within 21 days and hold it 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 is long-term shareholder and has voting power of 17.97% in Carpentaria. It is wholly owned by Ample Source International (**ASI**), which is also the controlling shareholder in Pure Metals Pty Ltd, Carpentaria's joint venture partner in the Hawsons Project.

## Proposal

Silvergate is increasingly concerned with Carpentaria's share price performance and believes that unless change is effected, shareholders face the real prospect of the decline in the company's share price continuing unabated.

Silvergate is therefore proposing to remove as directors Mr Quentin Hill, Mr Bob Hair, Mr Paul Cholakas and Dr Neil Williams (**Requisitioned Directors**) and replace them with Linda Lau and Malcolm Northey.

Mr. Malcolm Northey has over 50 years of international engineering, project management and project director experience and has been closely involved in all aspects of project development including project financing, engineering, procurement, construction and commissioning. Malcolm's previous roles include Manager Australian Operations with Fluor, Project Director for the Yanacocha Gold Mine and Stanwell Magnesium Projects with Fluor, Project Director for CITIC Pacific Mine Management magnetite project and GVK/Hancock's Alpha Coal Project. He has also held executive director roles in private and listed companies including Managing Director of Signet Engineering. Malcolm holds a Bachelor of Engineering, a Bachelor of Commerce and Law, is an alumni of the Harvard Business School and is a Member of the Australian Institute of Company Directors.

Ms. Linda Lau served as a Senior Consultant and Executive for major Australian and international corporations and in particular resources and mining companies. Ms Lau has unique qualifications and experience in commercial and corporate practice in Australia and China and has been an Australian citizen for forty five years. She is an Independent Non-Executive Director of GBM Gold Ltd. Ms. Lau has a Bachelor of Arts Asian Studies and a Diploma of Business communications.

## Reasons for proposal

- 1 Changes at Carpentaria mean the heavily technically focused make-up of the Board is now unnecessary for the company to achieve its objectives. Carpentaria has moved into a development phase and Silvergate wants people on the Board who place the company in the best



position to raise the funding it needs for the development of the Hawsons Project. There is no reason to retain directors whose skill-set does not support the current objectives of the company.

- 2 Silvergate's view is that the four Requisitioned Directors have served on a Board or in Management that has, through significant errors of judgment, contributed directly to the extensive erosion of shareholders' wealth we have all experienced over the last 24 months. From our perspective, the Board's decision to turn down ASI's proposal in 2012 to bring a consortium of Steel Mills into a 3-way joint venture arrangement was unforgivable. ASI was also able to offer Carpentaria a memorandum of understanding (**MOU**) with a Chinese Steel Mill for a long term offtake for product of the Hawsons Project. This too was rejected. Some 24 months later ASI / Pure Metals is now being asked by Carpentaria if the same Steel Mill is interested in signing an MOU regarding a long term offtake arrangement. In order to protect and promote our own interests, whether that be through Pure Metals' joint venture interest or via our shareholding in Carpentaria, we are now at a point where having no meaningful representation at Board level in Carpentaria makes raising project funding impossible. This is a result of the nature of the joint venture, but also the decisions of the Board in the past. We are of the view that our representation on the board will increase the prospects of a transaction involving Hawsons that will benefit all Carpentaria shareholders. We are entirely aligned with Carpentaria's shareholders and what we want to see is the value of our investment, and yours, to appreciate. We do not believe the existing Board has the ability to bring additional funding to the Project and we are firmly of the view that we are the most likely party to do so.
- 3 The Board is too large. Survival, in particular the preservation of cash, is paramount in the prevailing market conditions. Since January 2012 the company has spent ~\$14,400,000 and shareholders have almost nothing to show for it. This Board has overseen this spend and must be accountable to shareholders for the lack of results. The company's market capitalisation, cash balance and scope of its operations do not support nor justify paying directors' fees to a Board of five directors. Alternative remuneration simply means dilution of shareholder interests which, given the performance of the company, is not an acceptable outcome for shareholders.

**In summary:**

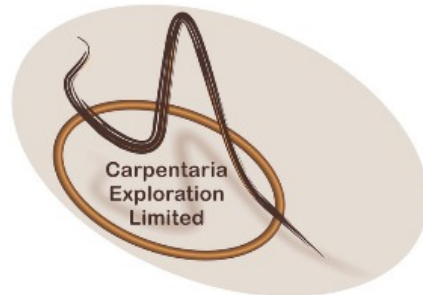
- **the Board consists of directors with skills that are redundant for the current stage of Carpentaria's development**
- **the Board has made decisions which we think are destroying shareholder value**
- **Silvergate needs representation at the Carpentaria board level to progress the Hawsons Project**
- **the company's cash position means the board should consist of no more than three directors**

Silvergate strongly recommends that members vote in favour of each of the proposed resolutions and install Silvergate's nominees to the board. We think these actions will deliver a positive outcome for all of Carpentaria shareholders.

Yours sincerely,



Edward McCormack  
Director  
Silvergate Capital Pty Ltd



ABN: 63 095 117 981 - ASX Code: CAP

7 October 2014

Dear Shareholder,

Please find enclosed the Carpentaria Exploration Ltd (ASX:CAP) Notice of Annual General Meeting to be held at The Endeavour 1 Room, Christies Building, 320 Adelaide Street, Brisbane QLD 4000 on Monday, 10 November 2014 at 11.00am EST

To view or download a copy of the Annual Report please go to our website <http://www.carpentariaex.com.au> to the announcements tab, then Annual Report where you will see the 2014 copy of the accounts.

You are able to lodge your proxy vote(s) on-line, please go to the LINK Market Services website Home Page [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) then the INVESTOR CENTRE and follow the prompts, this process is also shown on the attached Proxy Form.

**PLEASE NOTE:** if you are going to vote on-line the pre-fix of your SRN/HIN maybe the letter "I" not a numeric 1

If you have problems accessing any of these services, please contact our share registry, Link Market Services on 1300 554 474 or +1300 554 474 (overseas), or; contact the Company Secretary (CAP) on +61 7 3220 2022.

Thank you for your continued support of Carpentaria Exploration Limited and for your consideration of the proposed resolutions.

Yours faithfully

Chris Powell  
Company Secretary/CFO  
Exploration Limited (ASX Code: CAP)  
Phone: 07 3220 2022 Mobile: 0432 800 016



## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

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**Date of Meeting: Monday, 10 November 2014**

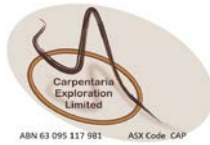
**Time of Meeting: 11.00am EST**

**Place of Meeting:** The Endeavour 1 Room, Christies Building, 320 Adelaide Street, Brisbane QLD 4000

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**This Notice of 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 Annual General Meeting will be determined by reference to your Carpentaria Exploration Limited shareholding at 11:00 am Australian Eastern Standard Time on Saturday 8 November 2014. If you sold or transferred all your shares in Carpentaria Exploration Limited so that you will no longer be on the share register at 11:00 am on Saturday 8 November 2014, 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 ANNUAL GENERAL MEETING

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

Place: The Endeavour 1 Room, Christies Building, 320 Adelaide Street, Brisbane QLD 4000

Date: 11.00am EST on Monday, 10 November 2014.

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### AGENDA

#### BUSINESS

The business of the Meeting will consist of:

#### ORDINARY BUSINESS

##### Agenda Item 1 - Financial statements and reports

To receive and consider the Company's Annual Report, which comprises the directors' report, auditor's report and financial report for the year ending 30 June 2014.

##### Agenda Item 2 - Resolutions

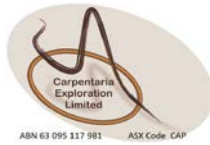
##### Resolution 1 : Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an **advisory resolution** in accordance with section 250R of the Corporations Act:

*"That for all purposes, Shareholders adopt the remuneration report for the financial year ended 30 June 2014 as disclosed in the directors' report for the year ending 30 June 2014."*

Please note that in accordance with section 250R of the Corporations Act:

- (a) subject to (b), a vote on this resolution must not be cast (in any capacity) 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;
- (b) a person described in (a) may cast a vote on this resolution as a proxy if the vote is not cast on behalf of a person described in (a) and either:
  - (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or
  - (ii) the person is the Chair voting an undirected proxy that expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel; and
- (c) the vote on this resolution is advisory only, and does not bind the Directors or the Company.



## Resolution 2: Re-election of Director

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

*"That Mr Quentin Hill, having been appointed as a Director of the Company under the Company's Constitution by resolution of the Board of Directors and who retires as a Director of the Company in accordance with the Constitution of the Company, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."*

## Resolution 3: Re-election of Director

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

*"That Dr Neil Williams, who retires as a Director of the Company in accordance with ASX Listing Rule 14.4 and the Constitution of the Company, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."*

## Resolution 4: 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."*

## Resolution 5: Change of Company Name

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

*"That in accordance with section 157(1)(a) of the Corporations Act, the name of the Company be changed from 'Carpentaria Exploration Limited' to 'Carpentaria Resources Limited.'"*

## 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 Annual General Meeting, a person will be recognised as a member if that person is registered as a holder of Company shares at 11.00am on Saturday 8 November 2014.

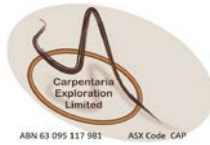
## VOTING EXCLUSION STATEMENT

### ***Voting exclusion on Resolution 1***

A vote may not be cast (in any capacity) on Resolution 1 by or on behalf of:

- Key Management Personnel of the Company (including Directors), details of whose remuneration are disclosed in the remuneration report; or
- An associate of those persons.





However, a vote may be cast on Resolution 1 by a member of the Key Management Personnel or an associate of the Key Management Personnel, if the vote is cast as a proxy appointed in writing which specifies the way in which the proxy is to vote on Resolution 1, and the vote is not cast on behalf of a member of the Key Management Personnel or a closely related party to a member of the Key Management Personnel.

#### ***Voting exclusion on Resolution 4***

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 equity securities 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 Chair 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.

#### **EXPLANATORY MEMORANDUM**

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

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

#### **PROXIES**

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- A member of the Company entitled to attend and vote at the 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 in accordance with section 249X(3) of the Corporations Act. Fractions are disregarded.
- A corporation may elect to appoint a representative, rather than a proxy, in accordance with the Corporations Act. In this case, the Company will require written proof of the representative's appointment, which must be lodged with or presented to the Company prior to the meeting.

A proxy form accompanies this Notice of Annual General Meeting.

Proxy forms must be received by Link Market Services no later than 11:00am on Saturday 8 November 2014.

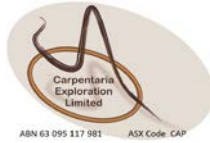
The enclosed proxy form provides further details on appointing proxies.

#### ***Lodgement of Proxy Forms***

Proxy Forms may be lodged:

**By mail:**  
Carpentaria Exploration Limited

**By fax:**  
+61 2 9287 0309



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

**By Link website:**

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).

**Please note:** when you vote online your HIN/SRN pre-fix may be the letter I and not the number 1.

**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

# EXPLANATORY MEMORANDUM

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## ORDINARY BUSINESS

### Agenda Item 1 – Financial statements and reports

The Annual Report for the year ending 30 June 2014, which includes the directors' report, 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**

Section 250R(2) of the Corporations Act 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.

The remuneration report of the Company for the financial year ending 30 June 2014 is set out in the directors' report on pages 11 to 17 of the 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.

#### **Consequences**

Changes to the Corporations Act (effective July 2011) contained in Part 2G.2, division 9, have implemented the following rules:

- (i) 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;
- (ii) if a company's remuneration report receives a 'no' vote of 25% or more of all votes cast at two consecutive annual general meetings (the 'two strikes' policy), a spill resolution must be put at the second annual general meeting requiring shareholders to vote on whether the Company must hold another general meeting to consider spilling the Board. If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the spill meeting must be held within 90 days; and
- (iii) at the spill meeting, those individuals who were directors when the remuneration report was considered at the most recent annual general meeting will be required to stand for re-election. If, at the spill meeting, all of the directors are removed, the remaining positions will be filled by those three directors with the highest percentage of votes in their favour.

Such an event would have a significant impact on the Company and severely interrupt the Company's strategy and (potentially) its market value.

The Directors believe that the Company's remuneration policies and structures are appropriate relative to the size of the Company, its business and strategic objectives and market practice.

A reasonable opportunity will be given for the discussion of the remuneration report at the meeting.



## **Resolutions 2 and 3 – Re-election of Directors**

### **Requisition Notice received from Silvergate**

On 16 September 2014, the Company 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, Mr Robert William Hair, Mr Paul Cholakos and Mr Quentin Hill and the appointment of Ms Linda Lau and Mr Malcolm Northey 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 Requisitioned General Meeting which accompanies this Notice of Annual General Meeting. The Requisitioned General Meeting is to be convened immediately after the conclusion of the Annual General Meeting.

The Directors wish to advise Shareholders that this is the third time in less than two years that Silvergate has requisitioned a general meeting for the purposes of removing incumbent Company directors and appointing its representatives as new Company directors.

This has occurred in circumstances where both **Silvergate's previous nominees and Silvergate's beneficial owner, Wilson Cheung, have rejected numerous prior invitations from the Board to become a Director**, even though acceptance of such invitations would have minimised the cost and expense associated with each previous requisitioned meeting.

### **Voting on Resolutions**

Whilst the resolutions for the removal of Dr Neil Williams, Mr Robert William Hair, Mr Paul Cholakos and Mr Quentin Hill and the appointment of Ms Linda Lau and Mr Malcolm Northey are the subject of the Requisitioned General Meeting, **it is vital that each of the two Company directors up for re-election are approved in the Annual General Meeting**. Following such approval, Dr Neil Williams, Mr Robert William Hair, Mr Paul Cholakos and Mr Quentin Hill will then be subject to the removal resolutions at the Requisitioned General Meeting.

### **Director recommendations**

The Company recommends that Shareholders vote in favour of the re-election of Dr Neil Williams and Mr Quentin Hill for the following reasons:

- (a) Mr Hill and Dr Williams add considerable but differing skills to the Board, which will be vital in the coming years as the Company continues to transition from exploration activities to development of its key asset, the Hawsons Iron Project;
- (b) Should Shareholders not re-elect Mr Hill and Dr Williams at this Annual General Meeting and vote in favour of all resolutions at the Requisitioned General Meeting (i.e. the removal of Dr Neil Williams, Mr Robert William Hair, Mr Paul Cholakos and Mr Quentin Hill and the appointment of Ms Linda Lau and Mr Malcolm Northey), the Company will have a Board with a majority of non-independent directors representing approximately 30% of shareholders, with Ms Linda Lau and Mr Cai not considered independent. The Board is unable to comment on Mr Northey's relationship with Silvergate;
- (c) Should Shareholders re-elect Mr Hill and Dr Williams at this Annual General Meeting and vote against all resolutions at the Requisitioned General Meeting (i.e. the removal of Dr Neil Williams, Mr Robert William Hair, Mr Paul Cholakos and Mr Quentin Hill and the appointment of Ms Linda Lau and Mr Malcolm Northey), the Company's Board would maintain its majority of three independent directors. The independents would comprise Dr Neil Williams, Mr William Hair and Mr Paul Cholakos, with Mr Quentin Hill and Mr Bin Cai not considered independent; and

- (d) The current Board has no material personal interest with respect to the Hawsons Iron Project joint venture with Pure Metals. Of the directors nominated by Silvergate, Ms Linda Lau could potentially have a material personal interest in one or more matters discussed by the Board that relate to the joint venture going forward. If this is the case, she may have to excuse herself from Board discussions regarding the particular matter relating to the joint venture and decisions relating to the joint venture would only be made by Mr Cai and Mr Northey, the latter of whom has (to the Board's knowledge) no previous experience as a director of an ASX listed company.

## **Resolution 2 – Re-Election of Director – Mr Quentin Hill**

The Constitution and the Corporations Act require that any Director appointed by the Directors holds office only until the next Annual General Meeting, at which point they must retire and are then eligible for re-election.

Mr Quentin Hill was appointed as a Director of the Company on 1 September 2013 by resolution of the Board of Directors, retires as a director of the Company and being eligible, offers himself for re-election as a Director.

Relevant details of Mr Quentin Hill's background and experience are as follows:

- he is a geologist with 18 years experience in a range of commodities across Australia and has held technical positions with leading mining companies and in government
- he was Carpentaria's Senior Geologist when the Company listed on the ASX in 2007 and was integral in the discovery and subsequent development of the Hawsons Iron Project due to his involvement in implementing the successful resource drilling programme and finalising the joint venture negotiations.
- he was appointed Managing Director of the Company in September 2013 and is now responsible for driving the development of the Hawsons Iron Project

### **Directors' recommendations and interests**

The Directors (excluding Mr Quentin Hill) recommend you vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

## **Resolution 3 – Re-election of Director – Dr Neil Williams**

Pursuant to the ASX Listing Rules and the Constitution, Directors must retire by rotation at least once every three years. Dr Neil Williams retires as a director of the Company and being eligible, offers himself for re-election as a Director.

Relevant details of Dr Neil Williams' background and experience are as follows:

- Dr Williams brings to the Company the benefit of a distinguished career covering all aspects of mineral exploration, both in Australia and internationally, including serving as Chief Geologist for MIM and most recently as head of Geoscience Australia, Australia's peak Geoscience organisation. He is a leading member of the resource community and brings to the Board an extraordinary level of knowledge and experience.
- Dr Williams oversaw the 'on time on budget' delivery of a \$120 million government construction project and made geological contributions to the development of the McArthur River Zinc Mine in the Northern Territory.

### **Directors' recommendations and interests**

The Directors (excluding Dr Neil Williams) recommend you vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

## **Resolution 4 – Approval of 10% placement facility**

### **(a) Purpose of resolution**

The purpose of Resolution 4 is to authorise the Directors to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company 15% placement capacity under Listing Rule 7.1.

This effectively gives the Company 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 their 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 that eligible entity's 15% placement capacity under Listing Rule 7.1.

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

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 may use the 10% Placement Facility to acquire new resource assets or investments potentially related to the development of the Hawsons Iron Project.

### **(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.

#### **(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 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 eligible entity to issue Equity Securities under Listing Rule 7.1A is in addition to that eligible entity's 15% placement capacity under Listing Rule 7.1.

In October 2013 the Company issued 8,615,740 shares under the 15% placement facility and in December 2013 the Company issued 3,481,006 shares under a rights issue.

At the date of this Notice, the Company has on issue 123,887,777 Shares.

As at the date of this Notice of Annual General Meeting and assuming no additional placement of new shares after the date of this Notice of Annual General Meeting, the Company therefore has a capacity to issue:

- (a) 18,061,016 Equity Securities under Listing Rule 7.1; and
- (b) subject to Shareholder approval being sought under Resolution 4, 12,040,677 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 4 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 Annual 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 30 September 2014.

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		
		\$0.024  50% decrease in  Issue Price	\$0.047  Note: this is the share price at 30/09/2014  Issue Price	\$0.071  50% increase in  Issue Price
<b>Current Variable A</b>  123,887,777  Shares	<b>10% Voting</b>	12,388,778	12,388,778	12,388,778
	<b>Dilution</b>	Shares	Shares	Shares
	<b>Funds raised</b>	\$291,136.28	\$582,272.55	\$873,408.83
<b>50% increase in current Variable A</b>  185,831,666  Shares	<b>10% Voting</b>	18,583,167	18,583,167	18,583,167
	<b>Dilution</b>	Shares	Shares	Shares
	<b>Funds raised</b>	\$436,704.41	\$ 873,408.83	\$1,310,113.24
<b>100% increase in current Variable A</b>  247,775,554  Shares	<b>10% Voting</b>	24,777,555	24,777,555	24,777,555
	<b>Dilution</b>	Shares	Shares	Shares
	<b>Funds raised</b>	\$582,272.55	\$1,164,545.10	\$1,746,817.66

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 \$0.047c, being the closing price of the Shares on ASX on 30 September 2014. The Company will only issue and allot the Equity Securities during the 10% Placement Period.

The approval under Resolution 4 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).

- (i) The Company may seek to issue the Equity Securities for the following purposes:
  - (a) non-cash consideration for the acquisition of 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 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.

- (ii) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (iii) 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.

**(f) Directors' recommendations and interests**

The Directors recommend you vote in favour of this resolution.

**Resolution 5 – Change of Company Name**

Section 157 of the Corporations Act states that a Company that wants to change its name must pass a special resolution adopting that new name. Accordingly, Shareholder approval is sought pursuant to this resolution to change the Company's name from 'Carpentaria Exploration Limited' to 'Carpentaria Resources Limited'.

This name change will reflect the Company's future focus in its transition from exploration to developer.

Directors' recommendations and interests

The Directors recommend you vote in favour of this resolution. The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

## 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 4.

"**10% Placement Period**" has the meaning given in the Explanatory Memorandum for Resolution 4.

"**AGM**" means Annual General Meeting.

"**Annual Report**" means the directors' report, the financial report and the auditor's report in respect of the financial year ended 30 June 2014.

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

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

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

"**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.

"**Equity Securities**" has the same meaning given in Listing Rule 7.1A.

"**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.

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



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

**"Notice"** or **"Notice of Requisitioned General Meeting"** means the notice of requisitioned general meeting and accompanying explanatory memorandum attached to the Notice of 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.



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## CARPENTARIA EXPLORATION LTD ANNUAL GENERAL MEETING 10 November 2014

*The Board of Carpentaria Exploration Limited*

**RECOMMENDS THAT YOU VOTE AS SET OUT BELOW**

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# HOW TO VOTE

**Resolution 1: Adoption of Remuneration Report**

*Adoption of Remuneration Report*

For	Against	Abstain
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Resolution 2: Re-Election of Director**

*"That Mr Quentin Hill be appointed as a director of the Company.*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 3: Re-election of Director**

*"That Dr Neil Williams be appointed as a director of the Company."*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 4: Approval of 10% placement facility**

*"That Approval is given for additional 10% placement."*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Resolution 5: Change of Company Name**

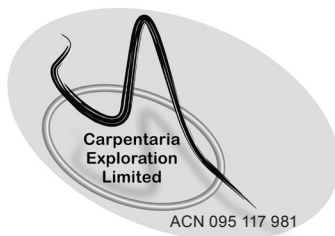
*"That Approval is given for change of Company name"*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**PLEASE ENSURE IF YOU ARE VOTING THAT YOU SIGN AND DATE YOUR COMPLETED PROXY FORM  
OR GO ON\_LINE AS PER PROCEDURE ON REVERSE OF PROXY FORM**

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SHAREHOLDERS INFORMATION LINE: 1300 560 339



## LODGE YOUR VOTE

**ONLINE**[www.linkmarketservices.com.au](http://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:** +61 1300 554 474**X99999999999**

### PROXY 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.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at 11:00am on Monday, 10 November 2014 in the Endeavour 1 Room, Christies Building, 320 Adelaide Street, Brisbane QLD 4000 (the Meeting) and at any postponement or adjournment 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 ☒.

#### STEP 2

#### VOTING DIRECTIONS

	For	Against	Abstain*
<b>Resolution 1</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-election of Director - Mr Quentin Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-election of Director - Dr Neil Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* 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 PRX401R**

## 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.

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; and
- (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 or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### 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 **11:00am on Saturday, 8 November 2014**, 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](http://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). Please note: when you vote online your HIN/SRN pre-fix may be the alpha character I not a numerical 1.



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, 1A Homebush Bay Drive, Rhodes NSW 2138 or 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.