
CARBINE RESOURCES LIMITED**ABN 81 122 976 818****NOTICE OF GENERAL MEETING**

TIME: 10,00am (WST)**DATE:** Thursday 29 October 2009**PLACE:** BDO Kendalls, Level 8, 256 St George's Terrace, Perth, WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Peter Torre on (+61 8) 9287 4604.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10,00am (WST) on Thursday 29 October 2009 at:

BDO Kendalls, Level 8, 256 St George's Terrace, Perth, WA

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to the Company's Share Registry, Computershare Investor Services Pty Limited, GPO Box D182 Perth WA 6000;
- (b) hand delivery to Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth, WA 6000; or
- (c) facsimile to the Computershare Investor Services Pty Ltd on facsimile number (+61 8) 9323 2033,

so that it is received not later than 10,00am (WST) on Tuesday 27 October 2009.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10,00am (WST) on Thursday 29 October 2009 at BDO Kendalls, Level 8, 256 St George's Terrace, Perth, WA

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10,00am (WST) on Tuesday 27 October 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – SELECTIVE BUY-BACK

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, in accordance with Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to make a selective buy back of 6,635,949 Shares from Cazaly Resources Ltd, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company has entered into a conditional agreement with Cazaly Resources Ltd for the buy-back and cancellation of 6,635,949 Shares held by Cazaly Resources Ltd. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this resolution by Cazaly Resources Ltd and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF SHARES TO A DIRECTOR

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

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 Shares to Mr Ronald Sayers (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Ronald Sayers (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF SHARES TO A DIRECTOR

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 Shares to Mr Gregory Steemson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Gregory Steemson (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SHARES TO A DIRECTOR

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,000,000 Shares to Mr Peter Torre (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Peter Torre (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 14 SEPTEMBER 2009

BY ORDER OF THE BOARD



**PETER TORRE
CARBINE RESOURCES LIMITED
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10,00am (WST) on Thursday 29 October 2009 at BDO Kendalls, Level 8, 256 St George's Terrace, Perth, WA

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1 – SELECTIVE BUY BACK

1.1 Background

As announced to the ASX on 3 November 2008, the Company and Cazaly Resources Ltd (**CAZ**) mutually agreed to terminate the West Kalgoorlie Farm in and Joint Venture Agreement which was entered into in May 2007 (**JV Agreement**).

As part of the termination of the JV Agreement, the Company, Cazaly and Hayes Mining Pty Ltd (together, the **Parties**) entered into a royalty arrangement on 24 October 2008 (**Royalty Agreement**) where Cazaly agreed to pay the Company a \$40/oz gold royalty on the first 75,000 oz of production and an additional \$3 million cash payment when gold production reaches 140,000 oz. The royalty payments relate only to the tenements within the JV Agreement that contain published mineral resources and include the tenement that contains the recently discovered Backflip prospect.

The Parties have now agreed that they wish to terminate the Royalty Agreement and have entered into a letter agreement whereby if:

- (a) the Company undertakes a selective buy-back and cancels 6,635,949 Shares held by Cazaly in accordance with Part 2J of the Corporations Act (**Selective Buy Back**); and
- (b) Cazaly issues to the Company such number of ordinary shares in the capital of Cazaly as has a value equivalent to \$200,000, calculated by reference to the volume weighted average price of Cazaly ordinary shares over a period of 5 trading days from the date Cazaly receives notice from the Company that the Selective Buy Back has been approved by Shareholders (this is when this agreement becomes unconditional) pursuant to Resolution 1 (**Cazaly Shares**),

the Parties agree that the Royalty Agreement will be terminated with effect from the day that is 7 days after the date on which Resolution 1 pursuant to this Notice of Meeting is approved by Shareholders (**Letter Agreement**).

In order to give effect to the terms of the Letter Agreement, the Company requires Shareholder approval for the Selective Buy Back of the 6,635,949 Shares issued to Cazaly (**Buy Back Shares**).

1.2 What is a selective buy back?

- (a) A selective buy back occurs when a company buys back some of its shares from one of more selected shareholders.
- (b) A company may buy back its own shares if:
 - (i) the buy-back does not materially prejudice the company's ability to pay its creditors;
 - (ii) the company follows the procedures in sections 256A to 259F of the Corporations Act; and
 - (iii) the company's constitution does not prohibit or restrict share buy-backs.

1.3 Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act requires that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the Listing Rules.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to shareholders.

1.4 What is the purpose of the Selective Buy Back

As outlined in section 1.1 above, the Parties have agreed to terminate the Royalty Agreement. The Selective Buy Back contemplated by Resolution 1 is a condition precedent of the Letter Agreement. In consideration for the Company undertaking the Selective Buy Back and receiving the Cazaly Shares, the Company agrees to terminate and waive its rights under the Royalty Agreement. No cash consideration will be payable to Cazaly as a result of this Selective Buy Back.

Therefore, the purpose of Resolution 1 is to seek Shareholder approval in advance so the Company can satisfy the condition precedent set out in 1.1(b) above and give effect to the Letter Agreement.

1.5 Is the Company obliged to conduct a Selective Buy Back?

If Shareholders approve Resolution 1, the Company will conduct the Selective Buy Back.

1.6 How many Shares will be bought back under the Selective Buy Back?

- (a) Should the Selective Buy Back proceed, the number of Shares that will be bought back from Cazaly will be 6,635,949 Shares.
- (b) The 6,635,949 Shares will be cancelled immediately after the Selective Buy Back is conducted.

1.7 Share Capital Details

The overall effect on the Company of the Selective Buy Back of Shares held by Cazaly is as follows:

Shares on issue as at the date of this Notice	51,147,545
Less all Shares subject to Selective Buy Back and cancellation	(6,635,949)
Shares on issue upon completion of Selective Buy Back and cancellation	44,511,596

The Shares the subject of the Selective Buy Back represents 12.97% of the issued Shares of the Company as at the date of this Notice. The Selective Buy Back will have no effect on the control of the Company.

The buy back of the 6,635,949 Shares is unlikely to have a material affect on the financial position of the Company as there is no consideration being paid with the exception of the waiver on the royalty as set out in 1.1 above. The Company's right to the royalty set out in 1.1 above was contingent on production commencing on the relevant tenements, which at this stage is unknown and therefore there remains some uncertainty as to whether any value would have been received at a future date.

As part of the consideration to be received for the termination of the Royalty Agreement, Cazaly will issue to the Company \$200,000 worth of fully paid ordinary shares in Cazaly. This will result in the net assets of the Company increasing by \$200,000 as at the date that the transaction occurs. This will also result in the net assets per share value increasing proportionately.

1.8 Purchase Price

If a Selective Buy Back is conducted, the Company will not pay any cash consideration to Cazaly for all the Buy Back Shares.

1.9 Source of funds and financial effect

The Selective Buy Back will not adversely effect the Company's ability to carry on business.

The Company was not reliant on the potential inflows of cash to support its operations as those inflows were contingent on future events which may or may not occur.

The Company will be issued with \$200,000 worth of Cazaly fully paid ordinary shares as part consideration for the termination of the Royalty Agreement. These shares, if sold, could provide additional working to the Company at a future date and at a value dependent on the Cazaly share price at that time.

1.10 Impact of the Selective Buy Back on creditors

The Directors do not believe that a Selective Buy Back (if conducted) will have an adverse effect on the creditors of the Company (or the Company's ability to pay its creditors).

1.11 Advantages of the Selective Buy Back

The Directors have identified the following advantages of carrying out the Selective Buy Back:

- (a) The Buy Back Shares will be cancelled and less Shares will be on issue.
- (b) As a result, each continuing Shareholder's percentage ownership in the Company will increase along with the net asset value per share.
- (c) The Company's cash reserves will be maintained as there will be no cash consideration for the Selective Buy Back.

1.12 Disadvantages of the Selective Buy Back

The Company is waiving its rights under the Royalty Agreement where Cazaly agreed to pay the Company a \$40/oz gold royalty on the first 75,000 oz of production and an additional \$3 million cash payment when gold production reaches 140,000 oz.

1.13 Directors' recommendations and interests

- (a) The Directors of the Company recommend that Shareholders approve the Selective Buy Back and vote in favour of Resolution 1.
- (b) Each Director of the Company who is also a Shareholder of the Company intends to vote in favour of Resolution 1.

2. RESOLUTION 2 – ISSUE OF SHARES TO DIRECTORS

2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 1,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) (**Director Shares**) to each of Messrs Sayers, Steemson and Torre (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of the Director Shares to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Shares constitutes giving a financial benefit and as Directors, Messrs Sayers, Steemson and Torre are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Shares to the Related Parties.

2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Shares:

- (a) the related parties are Messrs Sayers, Steemson and Torre and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
 - (i) 1,000,000 Director Shares to Mr Ronald Sayers;
 - (ii) 1,000,000 Director Shares to Mr Greg Steemson; and
 - (iii) 1,000,000 Director Shares to Mr Peter Torre;
- (c) the Director Shares will be issued to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Shares will be issued on one date;

- (d) the Director Shares are being issued to the Directors in lieu of their directors fees for the previous financial year. As such the Directors Shares will be granted for nil cash consideration, and no funds will be raised;
- (e) the shares issued will be fully paid ordinary shares in the capital of the Company and on the same terms as the Company's existing Shares;
- (f) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options
Mr Ronald Sayers	2,000,000	Nil
Mr Greg Steemson	500,000	Nil
Mr Peter Torre	1,250,000	Nil

- (g) the remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial year are set out below (Note: the financial year of the Company commences 1 January and ends 31 December):

Related Party	Current Financial Year	Previous Financial Year
Mr Ronald Sayers	Nil	\$27,250
Mr Greg Steemson	Nil	Nil
Mr Peter Torre	\$21,130	\$45,250

The Directors of the Company resolved in late 2008 to cease receiving director's fees paid in cash. Mr Peter Torre's fees in the current year were paid for his services as Company Secretary.

Based on the most recent closing price of the Company's Shares on ASX, the value of the 1,000,000 Shares to be issued to each of the Related Parties is \$39,000;

- (h) if the Director Shares are issued to the Related Parties the number of Shares on issue will increase from 51,147,545 to 54,147,545 (assuming that the Shares the subject of the Selective Buy Back have not been bought back and cancelled, no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting	Director Shares to be issued	Issued Shares upon exercise of all Director Shares	Dilutionary effect upon exercise of Director Shares
Mr Ronald Sayers	51,147,545	1,000,000	52,147,545	1.92%
Mr Greg Steemson	51,147,545	1,000,000	52,147,545	1.92%
Mr Peter Torre	51,147,545	1,000,000	52,147,545	1.92%
TOTAL	51,147,545	3,000,000	54,147,545	5.54%

- (i) if the Director Shares are issued to the Related Parties the number of Shares on issue will increase from 44,511,596 to 47,511,596 (assuming that the Shares the subject of the Selective Buy Back have been bought back and cancelled, no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting	Director Shares to be issued	Issued Shares upon exercise of all Director Shares	Dilutionary effect upon exercise of Director Shares
Mr Ronald Sayers	44,511,596	1,000,000	45,511,596	2.2%
Mr Greg Steemson	44,511,596	1,000,000	45,511,596	2.2%
Mr Peter Torre	44,511,596	1,000,000	45,511,596	2.2%
TOTAL	44,511,596	3,000,000	47,511,596	6.3%

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	5.1 cents	9 October 2008
Lowest	2 cents	18 February 2008
Last	3.9 cents	11 September 2009

- (k) the primary purpose of the issue of the Director Shares to the Related Parties is to provide cost effective consideration to the Related Parties for their contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Shares upon the terms proposed;
- (l) the Board acknowledges the issue of Director Shares to the Related Parties is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Shares to the Related Parties is reasonable in the circumstances, given the necessity to maintain the Company's cash reserves;
- (m) Mr Ronald Sayers declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2. The Board (other than Mr Sayers) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (n) Mr Greg Steemson declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Steemson) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (o) Mr Peter Torre declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Mr Torre) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

3. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9287 4604 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Days means any day other than a Saturday, Sunday or public holiday in the State of Western Australia.

Buy Back Shares has the meaning as set out in section 1.1 of the Explanatory Statement.

Company means Carbine Resources Limited (ABN 81 122 976 818).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Resolution means the resolution set out in the Notice of Meeting.

Selective Buy Back has the meaning as defined in section 1.1 of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

