



CARBINE RESOURCES
LIMITED

**Notice of General Meeting
and Explanatory Statement**

A General Meeting of Shareholders will be held at BDO Chartered Accountants,
Ground Floor, 38 Station Street, Subiaco, Western Australia
on Friday 30 July 2010 at 3.30pm (WST)

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
Shareholders in doubt as to how they should vote should seek advice from their professional advisers.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on
(+61 8) 6142 0980.

Directors

Ms Aoife McGrath (Executive Director - Exploration)
Mr Evan Cranston (Non-Executive Director)
Dr Paul Kitto (Non-Executive Director)
Mr Ronald Sayers (Non-Executive Director)

Company Secretary

Mr Geoff Hewett

Principal & Registered Office

Suite 23, 513 Hay Street
Subiaco, WA 6008
Telephone: (08) 6142 0980
Facsimile: (08) 9388 8824
Email: carbine@carbineresources.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Legal Advisers

Steinepreis Paganin
Lawyers & Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Ms Hilary Macdonald
Corporate & Resources Lawyer
Suite 29, 18 Stirling Highway
Nedlands WA 6009

ASX Codes

CRB
CRBO (expiring 31 July 2011)

Website

www.carbineresources.com.au

Notice of General Meeting

The General Meeting of Carbine Resources Limited will be held at BDO Chartered Accountants, Ground Floor, 38 Station Street, Subiaco, Western Australia on Friday 30 July 2010 at 3.30pm (WST). The Explanatory Statement, which forms part of this Notice of General Meeting, describes the various matters to be considered. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement which contains definitions of the terminology used in this Notice of General Meeting and the Explanatory Statement.

Special Business:

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:

Resolution 1: Ratify prior Issue of Shares

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 10,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Resolution 2: Approval of Issue of Options to Aoife McGrath, Executive Director - Exploration

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 2,000,000 Options to Aoife McGrath (or her nominee) on the terms set out in the Explanatory Statement.”

Resolution 3: Approval of Issue of Options to Evan Cranston, Non-Executive Director

“That, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 2,000,000 Options to Evan Cranston (or his nominee) on the terms set out in the Explanatory Statement.”

Resolution 4: Approval of Issue of Options to Paul Kitto, Non-Executive Director

“That, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 2,000,000 Options to Paul Kitto (or his nominee) on the terms set out in the Explanatory Statement.”

Resolution 5: Approval of Employee Share Option Plan

“That, pursuant to and in accordance with Exception 9(b) in Listing Rule 7.2 and for all other purposes, the Shareholders approve the issue of securities under the Company’s proposed Employee Share Option Plan as detailed in the Explanatory Statement.”

Voting exclusions:

For the purposes of:

- Resolution 1: (Listing Rule 7.5): the Company will disregard any votes cast by a person who participated in the issue and any of their associates;
- Resolution 2 (Listing Rule 10.13): the Company will disregard any votes cast on this resolution by the relevant Director, and any of her associates;
- Resolutions 3 and 4 (Section 224(1) of the Corporations Act and Listing Rule 10.13): the Company will disregard any votes cast on these resolutions by the Director under which each resolution proposes to give a financial benefit, and any of their associates; and
- Resolution 5 (Listing Rule 7.2 Exception 9(b)): the Company will disregard any votes on resolution 5 by the Directors or their respective associates,

unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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). However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

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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.

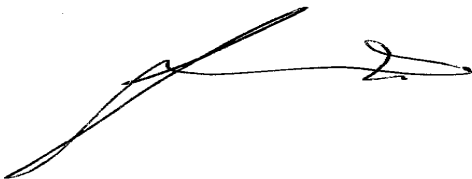
Snap-shot time:

The Company may specify a time, not more than 48 hours before the meeting, at which a "snap-shot" of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. The Directors have determined that all shares of the Company that are quoted on ASX at 3.30pm WST on Wednesday 28 July 2010 shall be taken to be held by the persons registered as holding the shares at that time, for the purposes of determining voting entitlements at the General Meeting.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

Signed in accordance with a Resolution of the Directors dated 14 June 2010



Geoff Hewett

Company Secretary

Dated 15 June 2010

General Meeting Explanatory Statement

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions set out above. This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Shareholders are asked to refer to the Glossary at the end of the Explanatory Statement that contains definitions of the terminology used.

Resolution 1: Ratification of Prior Issue of Shares

On 31 March 2010, the Company issued 10,000,000 Shares at an issue price of \$0.20 per Share to raise \$2,000,000, before costs.

No subscribers pursuant to this issue were a related party of the Company. Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a Company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- 10,000,000 Shares were allotted;
- the issue price was \$0.20 per Share;
- the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- the Shares were allotted and issued to various institutional investors being clients of Patersons Securities Limited; and
- the funds raised from this issue have been, and will continue to be used for:
 - the initial exploration program at the Company's new Madougou Gold Project located in Burkina Faso, West Africa, due to commence in the second quarter of this calendar year; and
 - the provision of further working capital.

Resolutions 2, 3 and 4: Issue of Options to Directors

Listing Rule 10.11

Listing Rule 10.11 provides that the Company must not issue equity securities to a related party of the Company, such as a director or an entity controlled by a director, without the Company obtaining shareholder approval by ordinary resolution. Listing Rule 7.1 provides that the Company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

General Meeting Explanatory Statement

Options issued with approval given under Listing Rule 10.11 do not also require approval under Listing Rule 7.1. Accordingly, the issue of Options 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.

The Company seeks Shareholder approval in order to comply with the requirements of Listing Rule 10.11 for the issue of a maximum number of 2 million Options as set out in this Notice of Meeting to each of Aoife McGrath, Evan Cranston and Paul Kitto (or their nominees), who are related parties of the Company by virtue of being Directors.

The Options will be granted for nil cash consideration and accordingly no funds will be raised upon their issue. The Options will be granted within one month of 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 that all of the Options will be issued on one date.

The exercise price in relation to 1 million Options to be issued to each of Aoife McGrath, Evan Cranston and Paul Kitto will be either:

Tranche A

- (a) \$0.30, (herein referred to as **Tranche A Scenario 1**); or
- (b) the price which is the equivalent to a premium of 30% above the closing sale price of the Shares on ASX immediately preceding the date of the issue of the Options, (herein referred to as **Tranche A Scenario 2**),

at the election of the option holder on the date of issue of the Options.

The exercise price of the balance of 1 million Options to be issued to each of Aoife McGrath, Evan Cranston and Paul Kitto will be either:

Tranche B

- (a) \$0.40, (herein referred to as **Tranche B Scenario 1**); or
- (b) the price which is the equivalent to a premium of 30% above the closing sale price of the Shares on ASX immediately preceding the date of the issue of the Options, (herein referred to as **Tranche B Scenario 2**),

at the election of the option holder on the date of issue of the Options.

The Options are exercisable within 3 years of the date of issue and are otherwise issued on the terms set out in Annexure B. Upon exercise, Shares will be issued on the terms set out in Annexure A. It is intended that the funds raised by any exercise of the Options will be used for working capital purposes.

Issue of Options to Aoife McGrath

The primary purpose of the grant of Options to Aoife McGrath is to provide cost effective consideration to Aoife McGrath for her ongoing commitment and contribution to the Company in her role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

The Board (without Aoife McGrath in attendance) considers that the grant of the Options constitutes part of her reasonable remuneration and as such does not require Shareholder approval in accordance with Chapter 2E of the Corporations Act, which regulates financial benefits to related parties of the Company. Aoife McGrath is the Company's only Executive Director, employed as Director of Exploration. The Board (other than Aoife McGrath) recommends Resolution 2 to the Shareholders.

Issue of Options to Evan Cranston and Paul Kitto

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to Evan Cranston and Paul Kitto who are related parties of the Company. The grant of Options contemplated by Resolutions 3 and 4 constitute the provision of a financial benefit to them each as related parties under section 229 of the Corporations Act. For the purposes of section 219 of the Corporations Act the following information is provided to Shareholders to enable them to assess the merits of Resolutions 3 and 4.

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.

Directors' Recommendations

The Board acknowledges that the grant of Directors Options to Evan Cranston and Paul Kitto is contrary to Recommendation 8.2 of the ASX Corporation Governance Principles and Recommendations. However, the Board considers that the grant of Options to Evan Cranston and Paul Kitto reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

Each of Evan Cranston and Paul Kitto decline to make a recommendation to Shareholders in relation to Resolutions 3 and 4 respectively because they have a material personal interest in the outcome of Resolutions 3 and 4 respectively, both being Non Executive Directors to whom it is proposed to grant Options. The remaining Directors, Aoife McGrath and Ronald Sayers, who do not have a material personal interest in the outcome of Resolutions 3 or 4 recommend that Shareholders vote in favour of Resolutions 3 and 4 because the proposed grant of Options provides an incentive to Evan Cranston and Paul Kitto in their performance as Non Executive Directors, to increase the value of the Company and its securities for the benefit of all Shareholders. The Board (other than Evan Cranston and Paul Kitto in relation to Resolutions 3 and 4 respectively) 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 Resolutions 3 and 4.

Valuation of Options

ASIC regulatory policy requires the Company to place a dollar value on the financial benefit proposed to be received by a related party from the Company. The Black and Scholes Option price calculation method is widely regarded as acceptable as a valuation model where the Options cannot be readily valued by some other means.

In determining the dollar value, the following assumptions were made:

- (a) the market price of Shares is \$0.30 per Share;
- (b) the Options will be exercisable in accordance with the explanatory data set out above and calculated in the table below,
- (c) the Options will be exercisable by the third anniversary of issue;
- (d) price volatility of the Shares during the life of the Options is expected to be 110%;
- (e) the average current risk free interest rate is 4.75%; and

General Meeting Explanatory Statement

(f) a discount of has not been allowed to reflect the unlisted status of the Options.

| Item | Tranche A | Tranche A | Tranche B | Tranche B |
|--|------------|------------|------------|------------|
| | Scenario 1 | Scenario 2 | Scenario 1 | Scenario 2 |
| Underlying Security spot price | \$0.30 | \$0.30 | \$0.30 | \$0.30 |
| Indicative Exercise price | \$0.30 | \$0.39 | \$0.40 | \$0.39 |
| Number of Options to be issued | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Individual Option value | \$0.205 | \$0.192 | \$0.190 | \$0.192 |
| Implied value of Options for each relevant Director | | | | |
| Evan Cranston | \$205,000 | \$192,000 | \$190,000 | \$192,000 |
| Paul Kitto | \$205,000 | \$192,000 | \$190,000 | \$192,000 |

The table below shows the value of the Options under each scenario. The exact exercise price of Tranche A Scenario 2, and Tranche B Scenario 2 cannot be determined until the Options are exercised, therefore the exercise price has been calculated assuming that the closing price the day before was \$0.30 (**Assumption**).

Set out in the table below are the four possible combinations in which to determine the implied aggregate value being

| Possible exercise prices of each of Tranches A and B Options respectively | \$ | \$ | \$ | \$ |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 0.30 & 0.40 | 0.39 & 0.39 | 0.30 & 0.39 | 0.39 & 0.40 |
| Director | Implied Aggregate Value | Implied Aggregate Value | Implied Aggregate Value | Implied Aggregate Value |
| Evan Cranston | 395,000 | 384,000 | 397,000 | 382,000 |
| Paul Kitto | 395,000 | 384,000 | 397,000 | 382,000 |

received by each Related Party in relation to Options issued for each of the scenarios with respect to both the Tranche A and Tranche B Options, using the Assumption.

The table below shows the direct and indirect holdings of the Directors in Shares and Options before and after the Resolutions in this Notice of General Meeting are implemented, assuming they are all passed. For the sake of completeness the information is also provided in relation to Ronald Sayers and Aoife McGrath.

| Director | As at date of this Notice of General Meeting | | Following implementation of all Resolutions | |
|---------------|--|------------------------|---|-----------|
| | Shares | Options | Shares | Options |
| Aoife McGrath | 1,500,000 | NIL | 1,500,000 | 2,000,000 |
| Evan Cranston | NIL | NIL | NIL | 2,000,000 |
| Paul Kitto | 2,200,000 | 1,250,000 ¹ | 2,200,000 | 3,250,000 |
| Ronald Sayers | 3,000,000 | NIL | 3,000,000 | NIL |

¹ 1,250,000 Options exercisable at 15 cents each on or before 31 July 2011.

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If the Options granted to Evan Cranston and Paul Kitto are exercised, a total of 4,000,000 Shares would be allocated and issued. This will increase the number of Shares on issue from 85,039,671 to 89,039,671 (assuming that 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 Options to be issued | Issued Shares upon exercise of all Director Options | Dilutionary effect upon exercise of Director Options |
|---------------------------|--|-------------------------------|---|--|
| Evan Cranston | NIL | 2,000,000 | 2,000,000 | 2.25% |
| Paul Kitto | 2,200,000 | 2,000,000 | 2,000,000 | 2.25% |
| Other non related parties | 82,839,671 | 0 | 82,839,671 | 95.50% |
| TOTAL | 85,039,671 | 4,000,000 | 89,039,671 | 100% |

The table below shows the annual remuneration of Evan Cranston and Paul Kitto, and the total financial benefits to be received by them in the financial year ending 31 December 2010, including the implied value (calculated using the Assumption) to be received as a result of Resolutions 3 and 4, assuming each of those Resolutions are approved by Shareholders:

| Director | Implied Aggregate Value Tranche A Scenario 1 plus Tranche B Scenario 1 \$ | Implied Aggregate Value Tranche A Scenario 2 plus Tranche B Scenario 2 \$ | Implied Aggregate Value Tranche A Scenario 1 plus Tranche B Scenario 2 \$ | Implied Aggregate Value Tranche A Scenario 2 plus Tranche B Scenario 1 \$ |
|--|---|---|---|---|
| Evan Cranston | 395,000 | 384,000 | 397,000 | 382,000 |
| Current Financial Year Directors Fees ¹ | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Implied Financial Benefit-Evan Cranston | 420,000 | 409,000 | 422,000 | 407,000 |
| Paul Kitto | 395,000 | 384,000 | 397,000 | 382,000 |
| Current Financial Year Directors Fees ¹ | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Implied Financial Benefit-Paul Kitto | 420,000 | 409,000 | 422,000 | 407,000 |

¹ Both Evan Cranston and Paul Kitto were appointed as Non-Executive Directors of the Company on 22 March 2010 and therefore did not receive any Director's fees for the year ending 31 December 2009.

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The highest and lowest closing market sale prices of the Company's Shares on ASX during the 12 months immediately preceding the date of this Notice of General Meeting with ASX for approval purposes were:

Highest: \$0.385 on 12 April 2010

Lowest: \$0.033 between 10 August 2009 and 19 August 2009

The last closing trading price of the Shares prior to the date of the Notice of General Meeting was \$0.345 on 11 June 2010.

Resolution 5 - Employee Share Option Plan

The Company proposes to issue securities in the future under a proposed Employee Share Option Plan (**Plan**), pursuant to which the Company can issue Options to eligible employees and consultants in order to provide them with an incentive to deliver growth and value to all Shareholders. No shares have been issued previously under the proposed Plan. A complete copy of the Plan is available on the Company's web site or by contacting the Company Secretary who will provide a copy of the Plan free of charge.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. One of the specified exceptions includes the issue of securities pursuant to an Employee Share Option Plan where shareholders have approved the issue of securities pursuant to the Plan within the last three years (or included a summary of the Plan in its initial public offer prospectus which is not the case here).

Shareholder approval is therefore sought for the issue of securities to eligible participants under the Plan for the purposes of Exception 9(b) of Listing Rule 7.2. If approval is given, Options issued under the Plan and Shares issued subsequent to any exercise of those Options will not be included in the 15% calculations for the next three year period. As at the date of this General Meeting, no Options have been issued under the Plan.

Summary of the Plan

The Board introduced the Plan for the purpose of providing eligible participants with an additional incentive to work to improve the performance of the Company, attracting and retaining personnel essential for the continued growth and development of the Company, promoting and fostering loyalty and support amongst Company personnel for the benefit of the Company and enhancing the relationship between the Company and participants for the long term mutual benefit of all parties.

The Plan satisfies certain ASIC class order conditions, relieving the Company from the obligation to issue a prospectus for the offer of Options to eligible participants other than consultants under the Plan. Any issue of Options to consultants will require disclosure by the issue of a prospectus unless one of the exclusions in section 708 Corporations Act applies.

- (a) Each Option entitles the holder, on exercise, to one Share in the Company.
- (b) Shares issued on exercise of Options will upon allotment rank equally with other Shares of the Company.
- (c) An Option may only be exercised after that Option has vested, if any vesting conditions are imposed, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine whether any vesting period should apply and what those vesting conditions should be. On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.
- (d) The Exercise Price of each Option issued under the Plan will be determined by the Board when it resolves to offer the Options, and will be not less than 80% of the average closing sale price of the Shares on ASX over the five trading days immediately preceding the day of the announcement of the issue of Options by the Board.

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- (e) The expiry date of an Option will be determined by the Board, and will be no later than 5 years after the date of issue.
- (f) An Option will lapse immediately upon the first to occur of its expiry date or voluntary resignation of the employee or voluntary termination of the consultancy contract, or the holder acting fraudulently or dishonestly in relation to the Company, or after the Board considers that a change of control event has occurred or is likely to occur.
- (g) An Option will lapse after 6 months of a participant's death, permanent illness or physical or mental incapacity or a participant's redundancy or termination of consulting contract initiated by the company, other than as a direct result of change sale of the Company.
- (h) If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an Option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
- (i) Options may not be transferred other than to a nominee of the participant, within the meaning prescribed under tax legislation in Australia. Quotation of Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
- (j) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 Business Days after the issue is announced.
- (k) If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (**Bonus Issue**), each Option holder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue (**Bonus Shares**) to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
- (l) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Option holder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Glossary

In the above Explanatory Statement of the General Meeting, the following terms have the following meaning unless the context otherwise requires:

| | |
|-------------------------|--|
| Annexure | an annexure to this Explanatory Statement. |
| ASIC | Australian Securities and Investments Commission. |
| ASX | ASX Limited. |
| Board | the Board of Directors. |
| Company | Carbine Resources Limited. |
| Constitution | Constitution of the Company. |
| Corporations Act | Corporations Act 2001 (Cth). |
| Director | Director of the Company. |
| Listing Rules | the ASX Listing Rules. |
| Meeting | the General Meeting of the Company. |
| Option | an option to subscribe for a Share. |
| Share | a fully paid ordinary share in the capital of the Company. |
| Shareholder | a shareholder of the Company. |

Terms of Shares

The following is a broad summary (though not necessarily an exhaustive or definitive statement) of the rights attaching to the shares of the Company. Full details are contained in the Constitution, available for inspection at the Company's registered office.

- (a) All issued ordinary shares rank equally in all respects.
- (b) At a general meeting of the Company, every holder of shares present in person, by an attorney, representative or proxy has one vote on a show of hands and on a poll, one vote for every fully paid share held, and for every contributing share held, a fraction of a vote equal to the proportion which the amount paid up bears to the total issue price of the contributing share.
- (c) Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the shares.
- (d) Subject to the rights of holders with shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all assets which may be legally distributed amongst the members will be distributed in proportion to the shares held by them respectively, according to the amount paid up or credited as paid up on the share.
- (e) Shares in the Company may be transferred by instrument in any form which complies with the Constitution, the Corporations Act, Listing Rules and ASTC Settlement Rules. Shares may be transferred by such means in accordance with Listing Rules and the ASTC Settlement Rules. The Directors may refuse to register a transfer of shares only in those circumstances permitted by Listing Rules and ASTC Settlement Rules.
- (f) Shares issued as fully paid are not subject to any calls for payment by the Company and will not therefore become liable for forfeiture.
- (g) The allotment and issue of any new shares is under the control of the Directors and, subject to any restrictions on the allotment of shares imposed by the Constitution, Listing Rules or the Corporations Act, the Directors may allot, issue or grant options over or otherwise dispose of those shares to such persons, with such rights or restrictions as they may from time to time determine.
- (h) Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a separate general meeting of the holders of those shares of that class, or with the written consent of the holders of at least three quarters of the issued shares of that class.
- (i) Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act and Listing Rules.

Terms and Conditions of Options

The Options entitle the holder to subscribe for shares on the following terms and conditions:

- (a) Each Option entitles the holder, upon exercise of the Option, to one Share in the Company.
- (b) Shares issued upon exercise of Options will rank equally with other Shares of the Company.
- (c) An Option may only be exercised after that Option has vested, if the Board has determined that vesting conditions apply, and before its expiry date.
- (d) The expiry date of the Options is 5.00pm (WST) on the day 3 years from date of issue (**Expiry Date**).
- (e) The amount payable upon exercise in relation to 1 million Options will be either:
 - (i) \$0.30, (herein referred to as **Tranche A Scenario 1**); or
 - (ii) the price which is the equivalent to a premium of 30% above the closing sale price of the Shares on ASX immediately preceding the date of the issue of the Options (herein referred to as **Tranche A Scenario 2**),
at the election of the option holder on the date of issue of the Options.
- (f) The amount payable on the balance of the 1 million Options will be either:
 - (i) \$0.40, (herein referred to as **Tranche B Scenario 1**); or
 - (ii) the price which is the equivalent to a premium of 30% above the closing sale price of the Shares on ASX immediately preceding the date of the issue of the Options (herein referred to as **Tranche B Scenario 2**),
at the election of the option holder on the date of issue of the Options.
- (g) The amounts described in paragraphs (e) and (f) are collectively described as the **Exercise Price**.
- (h) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (i) An Option holder may exercise their Options by lodging with the Company before the Expiry Day:
 - (i) A written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) A cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,
(Exercise Notice).
- (j) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (k) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

Annexure B

- (l) If a change of control event happens in relation to the Company, the Board may declare an Option to be free of any conditions of exercise. Options so declared may be exercised at any time on or before they lapse.
- (m) Options may not be transferred other than to a nominee of the participant, within the meaning prescribed under tax legislation in Australia.
- (n) All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other Shares.
- (o) The Company will apply to ASX for official quotation of Shares issued following any exercise of the Options. The Company will not apply to ASX for official quotation of the Options.
- (p) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 10 Business Days after the issue is announced.
- (q) If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each Option holder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the Option holder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
- (r) In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Option holder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Shareholder Details

Shareholders

Name:.....

Contact Telephone No.:

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of Carbine Resources Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with 'X') **OR** (Write in this box the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.)

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Carbine Resources Ltd to be held at BDO Chartered Accountants, Ground Floor, 38 Station Street, Subiaco, Western Australia on Friday 30 July 2010 at 3.30pm (WST) and at any adjournment of that meeting.

IMPORTANT: If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of any of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on each resolution and your votes will not be counted in computing the required majority if a poll is called. **The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.**

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

| | | For | Against | Absta in* |
|---------------|---|--------------------------|--------------------------|--------------------------|
| Resolution. 1 | Ratification of prior Issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution. 2 | Issue of Options to Aoife McGrath, Executive Director Exploration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution. 3 | Issue of Options to Evan Cranston, Non-Executive Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution. 4 | Issue of Options to Paul Kitto, Non-Executive Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution. 5 | Approval of Employee Share Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*If you mark the Abstain box for the Resolution, 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.

Appointment of a second proxy (see instructions overleaf). If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form, in this box:

%

PLEASE SIGN HERE: This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete the Proxy Form

Your Name and Address

Your name and address is as it appears on your holding statement and the Company's share register. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. 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. 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.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution 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 Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution your vote on the Resolution 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 on +61 08 6142 0980 or you may photocopy this form. To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights, which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

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, all of the shareholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share 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.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included in the Notice of General Meeting and may also be obtained the Registered Office of the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting i.e. no later than 3.30pm (WST) on Wednesday 28 July 2010. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's Registered Office at Suite 23, 513 Hay Street, Subiaco WA 6008 or PO Box 1311, Subiaco WA 6904 or sent by facsimile to the Company on 08 9388 8824.

Appointment of Corporate Representative

Section 250D of the Corporations Act 2001

Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),
Insert name of shareholder company

the Company has appointed:

.....
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of Carbine Resources Limited to be held on Wednesday 30 July 2010 and at any adjournments of that meeting.

DATED 2010

Please sign here

Executed by the Company)
in accordance with its constituent documents)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents ensuring that if the appointor company is a sole director company, that this is stated, otherwise that two officers sign on behalf of the appointor company, otherwise the appointment is invalid and votes cast will not count.
3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to the Company's Registered Office at Suite 23, 513 Hay Street, Subiaco WA 6008 or PO Box 1311, Subiaco WA 6904 or sent by facsimile to the Company on 08 9388 8824, or present it to the Company prior to the commencement of the Meeting.