



CARBINE RESOURCES
LIMITED

ABN 81 122 976 818

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 12pm (WST) on Thursday 31 May 2012, at BDO Chartered Accountants, Ground Floor, 38 Station Street, Subiaco, Western Australia.

This Notice should be read in its 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.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (08) 6142 0980

CARBINE RESOURCES LIMITED

ABN 81 122 976 818

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Carbine Resources Limited (**Company**) will be held at 12pm (WST) on 31 May 2012 at BDO Chartered Accountants, Ground Floor, 38 Station Street, Subiaco, Western Australia (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on at 5.00pm (WST) on 29 May 2012.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To receive the Annual Report of the Company and its controlled entities for the year ended 31 December 2011.

2. Resolution 1 – Adoption of Remuneration Report

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

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

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

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
 - (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.
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3. Resolution 2 – Election of Mr Peter Sheehan as a Director

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

"That Mr Peter Sheehan, who retires in accordance with Article 6.3(j) of the Constitution and, being eligible, offers himself for election, be elected as a Director."

4. Resolution 3 – Election of Mr Grant Mooney as a Director

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

"That Mr Grant Mooney, who retires in accordance with Article 6.3(j) of the Constitution and, being eligible, offers himself for election, be elected as a Director."

5. Resolution 4 – Re-election of Dr Paul Kitto as a Director

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

"That Dr Paul Kitto, who retires in accordance with Article 6.3(c) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

6. Resolution 5 – Issue of Options to Mr Peter Sheehan as a Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the grant of 5,000,000 Options to Mr Peter Sheehan and/or his nominee on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Peter Sheehan and any of his associates.

However, the Company need not disregard a vote if:

- a) 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
- b) it is cast by the Chairman 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.

Further, a member of the Key Management Personnel and their Closely Related Parties who are appointed as a proxy will not vote on this Resolution unless:

- c) the appointment specifies the way the proxy is to vote on this Resolution; or
- d) the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

7. Resolution 6 – Issue of Options to Mr Evan Cranston as a Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the grant of 1,000,000 Options to Mr Evan Cranston and/or his nominees on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Evan Cranston and any of his associates.

However, the Company need not disregard a vote if:

- a) 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
- b) it is cast by the Chairman 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.

Further, a member of the Key Management Personnel and their Closely Related Parties who are appointed as a proxy will not vote on this Resolution unless:

- c) the appointment specifies the way the proxy is to vote on this Resolution; or
- d) the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Issue of Options to Dr Paul Kitto as a Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the grant of 1,000,000 Options to Dr Paul Kitto and/or his nominees on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Dr Paul Kitto and any of his associates.

However, the Company need not disregard a vote if:

- a) 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
- b) it is cast by the Chairman 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.

Further, a member of the Key Management Personnel and their Closely Related Parties who are appointed as a proxy will not vote on this Resolution unless:

- c) the appointment specifies the way the proxy is to vote on this Resolution; or
- d) the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

9. Resolution 8 – Issue of Options to Mr Grant Mooney as a Director

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

"That, pursuant to and in accordance with Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the grant of 1,000,000 Options to Mr Grant Mooney and/or his nominees on the terms and conditions in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Mr Grant Mooney and any of his associates.

However, the Company need not disregard a vote if:

- a) 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
- b) it is cast by the Chairman 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.

Further, a member of the Key Management Personnel and their Closely Related Parties who are appointed as a proxy will not vote on this Resolution unless:

- c) the appointment specifies the way the proxy is to vote on this Resolution; or
- d) the proxy is the Chairman and the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



Grant Mooney, Company Secretary

Dated: 27 April 2012

CARBINE RESOURCES LIMITED

ABN 81 122 976 818

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 12pm (WST) on 31 May 2012 at BDO Chartered Accountants, Ground Floor, 38 Station Street, Subiaco, Western Australia.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders when deciding whether or not to pass the Resolutions set out in the Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (**proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a) a member of the Company entitled to attend and vote at the 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.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- d) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- e) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if:

- f) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- g) the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above.

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 5 to 8 (inclusive) if:

- a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and

- b) the appointment does not specify the way the proxy is to vote on Resolutions 5 to 8 (inclusive).

However, the prohibition does not apply if:

- c) the proxy is the Chairman; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even if Resolutions 5 to 8 (inclusive) are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

The Corporations Act requires the Annual Report to be laid before the Company's annual general meeting. There is no requirement in either in the Corporations Act or the Constitution for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Financial Report (which includes the financial statements and Directors declaration), the Directors' Report and Auditor's Report;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman of the Meeting about the management of the Company, or to the Company's auditor about:

- (d) the preparation and content of the Auditor's Report;
- (e) the conduct of the audit;
- (f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (g) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman will cast all available proxies in favour of Resolution 1.

5. Resolution 2 – Election of Mr Peter Sheehan as a Director

Pursuant to Article 6.2(b) of the Constitution, the Directors appointed Mr Peter Sheehan as a Director on 22 February 2012. Pursuant to Article 6.3(j) of the Constitution, a Director appointed under Article 6.2(b) must retire at the next annual general meeting, but is eligible for re-election at that meeting.

Mr Sheehan submits himself for election by Shareholders in accordance with this Article.

Mr Sheehan is a geologist with over 17 years' experience in different facets of the resources industry including; exploration management, evaluations/acquisitions, resource development, and open pit & underground mining.

From 2006-2012 he managed gold exploration in several regions for mid-tiered Canadian producer and explorer IAMGOLD Corporation, first as exploration manager in Tanzania (East Africa) and then regional manager of the Guiana Shield (South America). In this time he oversaw exploration success and an increase in the stated resources on the Buckreef Project in Tanzania, as well as the discovery of additional ounces around the Rosebel Mining Camp in Suriname. Prior to that Mr Sheehan spent over ten years mining or generating and evaluating exploration projects in a variety of commodities (gold, base metals, iron ore) within Australia.

Mr Sheehan holds a Bachelor of Science (Honours) from Monash University majoring in Geology as well as a Graduate Diploma in Applied Finance and Investment from Securities Institute of Australia.

Mr Sheehan brings experience negotiating and managing agreements with government and third parties, having managed exploration in both Tanzania and Suriname where IAMGOLD were in partnership with the governments of both Republics.

Mr Sheehan also has a proven Health & Safety and Sustainability focus demonstrated when during his time in Tanzania his office received IAMGOLD's Annual President's Awards for both Health & Safety and Sustainability (beating four operating mines and nine other exploration offices).

The Board supports the election of Mr Sheehan.

6. Resolution 3 – Election of Mr Grant Mooney as a Director

Pursuant to Article 6.2(b) of the Constitution, the Directors appointed Mr Grant Mooney as a Director on 18 January 2012. Pursuant to Article 6.3(j) of the Constitution, a Director appointed under Article 6.2(b) must retire at the next annual general meeting, but is eligible for re-election at that meeting.

Mr Mooney submits himself for election by Shareholders in accordance with this Article.

Mr Mooney was appointed to the position of company secretary of the Company on 14 September 2010. Mr Mooney is a member of the Institute of Chartered Accountants and is the principal of Perth-based corporate advisory firm Mooney & Partners Pty Ltd, specialising in corporate compliance administration to public companies. Currently Mr Mooney acts as Group Secretary to several ASX listed companies across a variety of industries including technology, resources and energy and has obtained a depth of experience through his involvement in a diversity of corporate transactions.

The Board supports the election of Mr Mooney.

7. Resolution 4 – Re-election of Dr Paul Kitto as a Director

Listing Rule 14.4 and Article 6.3(c) of the Constitution require that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

Article 6.3(f) of the Constitution provides that a Director who retires is eligible for re-election.

The Company currently has four (4) Directors and accordingly, one (1) must retire.

Pursuant to these Articles, Dr Paul Anthony Kitto will retire by rotation and being eligible, will seek re-election.

Dr Kitto has over 21 years experience within a range of minor mining companies spanning a wide range of gold and base metal ore deposit types. He was previously African Exploration Manager for Gold Fields Limited. He has successfully negotiated, managed and co-ordinated exploration programs, joint ventures and project generation initiatives world wide from grassroots through to advanced resource definition projects. He has either lead or been a team member of successful exploration companies which have resulted in multi-million ounce gold resources in Africa, Australia and Papua New Guinea.

Dr Kitto holds a Doctorate in Geochemistry and Structural Geology from the Centre for Ore Deposit Research at the University of Tasmania where he was also employed as a Research Fellow.

Dr Kitto is currently the Managing Director and CEO of Ampella Mining Limited.

The Board supports the re-election of Dr Kitto.

8. Resolution 5 – Issue of Options to Mr Peter Sheehan as a Director

8.1 General

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of 5,000,000 Options to Mr Sheehan, a Director (or his nominee).

The purpose of the grant of the Options to Mr Sheehan is for the Company to retain directors of high calibre and to provide cost effective remuneration to Mr Sheehan for his ongoing commitment and contribution to the Company in his role as a 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. If the Options are not granted, the Company could remunerate Mr Sheehan with additional amounts of cash. However, the Board considers it reasonable for the remuneration of Mr Sheehan to have a cash component in addition to an equity component to further align Mr Sheehan's interests with Shareholders and maintain a strong cash position for the Company.

8.2 Listing Rule 10.11 and Section 208 of the Corporations Act

Pursuant to Listing Rule 10.11, a related party of a listed company is precluded from participating in any issue of securities in the company without the prior approval of shareholders.

Pursuant to section 208 of the Corporations Act, a listed company must obtain shareholder approval before giving a financial benefit to a related party.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

A “financial benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Mr Sheehan is regarded as a related party of the Company by reason of his position as a Director.

The effect of passing Resolution 5 will be to allow the Company to grant a maximum of 5,000,000 Options in total to Mr Sheehan (or his nominee) within one (1) month after the Meeting (or a longer period, if permitted by ASX) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Chairman will cast all available proxies in favour of Resolution 5.

8.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act:

- (a) The Options will be granted to Mr Sheehan (or his nominees).
- (b) The maximum number of Options to be granted under Resolution 5 is 5,000,000, divided into the following classes:
 - (i) 2,000,000 Class A Options;
 - (ii) 2,000,000 Class B Options; and
 - (iii) 1,000,000 Class C Options,(together the **Sheehan Options**).
- (c) Each Class A Option entitles the holder to subscribe for one (1) Share at an exercise price of 130% of the volume weighted average price (**VWAP**) of the Company's Shares on ASX as at the date of grant.
- (d) Each Class B Option entitles the holder to subscribe for one (1) Share at an exercise price of 170% of the VWAP of the Company's Shares on ASX as at the date of grant.
- (e) Each Class C Option entitles the holder to subscribe for one (1) Share at an exercise price of 200% of the VWAP of the Company's Shares on ASX as at the date of grant.
- (f) The Company will grant the Options no later than one (1) month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (g) Each Option will have an issue price of nil.
- (h) Upon exercise of the Options, the Shares issued will rank pari passu with the Company's existing Shares on issue. Further terms and conditions of the Options are in Schedule 2.
- (i) Each Option shall have an expiry date three (3) years after the date of grant.
- (j) Mr Sheehan has an interest in Resolution 5 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 5,000,000 Options to Mr Sheehan as it aligns the interests of the Company and Mr Sheehan to maximise Shareholder value.
- (k) A voting exclusion statement is included for Resolution 5 in the Notice.
- (l) No funds will be raised by the grant of the Options as each Option is being granted for nil cash consideration.
- (m) On the basis of the assumptions set out at paragraph (o) below, the Company has determined the technical value of:
 - (i) One (1) Class A Option approximates \$0.117. This valuation imputes a total value of \$234,000 to the Class A Options.
 - (ii) One (1) Class B Option approximates \$0.153. This valuation imputes a total value of \$306,000 to the Class B Options.
 - (iii) One (1) Class C Option approximates \$0.180. This valuation imputes a total value of \$180,000 to the Class C Options.
- (n) The above valuations impute a total value of \$720,000 to the Options being granted pursuant to Resolution 5.
- (o) These values may go up or down after the date of grant as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:
 - (i) interest rate set at 5%;
 - (ii) the date of valuation for the purposes of settling the current market value of a Share is 18 April 2012;

- (iii) at this date the Share price was \$0.09 which is the price used in the valuation;
 - (iv) the estimated volatility used in the valuation is 50%; and
 - (v) for the purposes of the valuation, the Company is not expected to pay a dividend during the life of the Options.
- (p) Mr Sheehan does not have any security holdings in the Company (either directly or indirectly).
- (q) The remuneration and emoluments from the Company to Mr Sheehan for the current financial year ending 31 December 2012 is \$215,182.64 (plus \$19,366.44 superannuation). Mr Sheehan did not receive any remuneration in the previous financial year ended 31 December 2011. If Shareholders approve the grant of the Options, the exercise of those Options will result in a dilution of all other Shareholders' holdings in the Company of:
- (i) 3.571% based on issued Shares as at the date of this Notice;
 - (ii) 3.281% on a fully diluted basis (including the Options issued to Messrs' Cranston, Kitto and Mr Mooney under Resolutions 6 to 8 (inclusive)).
- (r) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
- (s) As at the date of this Notice the Share price of the Shares are trading on ASX lower than the exercise price of the Options.
- (t) Historical share price information for the last three (3) months is as follows:
- | | Price | Date |
|---------|---------|----------|
| Highest | \$0.165 | 29.02.12 |
| Lowest | \$0.071 | 13.04.12 |
| Last | \$0.09 | 18.04.12 |
- (u) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 5.
- (v) The Chairman will cast all available proxies in favour of Resolution 5.

9. Resolution 6 – Issue of Options to Mr Evan Cranston as a Director

9.1 General

Resolution 6 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of 1,000,000 Options to Mr Evan Cranston, a Director (or his nominees).

The purpose of the grant of the Options to Mr Cranston is for the Company to retain directors of high calibre and to provide cost effective remuneration to Mr Cranston for his ongoing commitment and contribution to the Company in his role as a 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. If the Options are not granted, the Company could remunerate Mr Cranston with additional amounts of cash. However, the Board considers it reasonable for the remuneration of Mr Cranston to have a cash component in addition to an equity component to further align Mr Cranston's interests with Shareholders and maintain a strong cash position for the Company.

The Company acknowledges that the grant of the Options to non-executive Directors is contrary to recommendation 8.2 of the Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to Mr Cranston to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining a cash reserve.

9.2 Listing Rule 10.11 and Section 208 of the Corporations Act

Pursuant to Listing Rule 10.11, a related party of a listed company is precluded from participating in any issue of securities in the company without the prior approval of shareholders.

Pursuant to section 208 of the Corporations Act, a listed company must obtain shareholder approval before giving a financial benefit to a related party.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Mr Cranston is regarded as a related party of the Company by reason of his position as a Director.

The effect of passing Resolution 6 will be to allow the Company to grant a maximum of 1,000,000 Options in total to Mr Cranston (or his nominee) within one (1) month after the Meeting (or a longer period, if permitted by ASX) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Chairman will cast all available proxies in favour of Resolution 6.

9.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act:

- (a) The Options will be granted to Mr Cranston (or his nominees).
- (b) The maximum number of Options to be granted under Resolution 6 is 1,000,000.
- (c) Each Option entitles the holder to subscribe for one (1) Share at an exercise price of not less than the higher of 20 cents or 130% of the VWAP of the Company's Shares on ASX as at the date of grant.
- (d) The Company will grant the Options no later than one (1) month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (e) Each Option will have an issue price of nil.
- (f) Upon exercise of the Options, the Shares issued will rank pari passu with the Company's existing Shares on issue. Further terms and conditions of the Options are in Schedule 3.
- (g) Each Option shall have an expiry date three (3) years after the date of grant.
- (h) Mr Cranston has an interest in Resolution 6 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 1,000,000 Options to Mr Cranston as it aligns the interests of the Company and Mr Cranston to maximise Shareholder value.
- (i) A voting exclusion statement is included for Resolution 6 in the Notice.
- (j) No funds will be raised by the grant of the Options as each Option is being granted for nil cash consideration.
- (k) On the basis of the assumptions below, the Company has determined the technical value of one (1) Option approximates \$0.20 to \$0.25. This valuation imputes a total value of approximately \$200,000 to \$250,000 to the Options respectively. The value may go up or down after the date of grant as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:
 - (i) interest rate set at 5%;

- (ii) the date of valuation for the purposes of settling the current market value of a Share is 18 April 2012;
 - (iii) at this date the Share price was \$0.09 which is the price used in the valuation;
 - (iv) the estimated volatility used in the valuation is 50%; and
 - (v) for the purposes of the valuation, the Company is not expected to pay a dividend during the life of the Options.
- (l) Mr Cranston holds 2,000,000 options in the Company (either directly or indirectly).
 - (m) The remuneration and emoluments from the Company to Mr Cranston for the current financial year ending 31 December 2012 is \$54,500 (excluding GST), paid to Konkera Corporate. Mr Cranston received \$96,868 remuneration in the previous financial year ended 31 December 2011.
 - (n) If Shareholders approve the grant of the Options, the exercise of those Options will result in a dilution of all other Shareholders' holdings in the Company of:
 - (i) 0.714% based on issued Shares as at the date of this Notice;
 - (ii) 0.656% on a fully diluted basis (including the Options issued to Messrs' Sheehan, Cranston and Mr Mooney under Resolutions 5, 6 and 8).
 - (o) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
 - (p) As at the date of this Notice the Share price of the Shares are trading on ASX lower than the exercise price of the Options.
 - (q) Historical share price information for the last three (3) months is as follows:

	Price	Date
Highest	\$0.165	29.02.12
Lowest	\$0.071	13.04.12
Last	\$0.09	18.04.12
 - (r) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 6.
 - (s) The Chairman will cast all available proxies in favour of Resolution 6.

10. Resolution 7 – Issue of Options to Dr Paul Kitto as a Director

10.1 General

Resolution 7 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of 1,000,000 Options to Dr Kitto, a Director (or his nominees).

The purpose of the grant of the Options to Dr Kitto is for the Company to retain directors of high calibre and to provide cost effective remuneration to Dr Kitto for his ongoing commitment and contribution to the Company in his role as a 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. If the Options are not granted, the Company could remunerate Dr Kitto with additional amounts of cash. However, the Board considers it reasonable for the remuneration of Dr Kitto to have a cash component in addition to an equity component to further align Dr Kitto's interests with Shareholders and maintain a strong cash position for the Company.

The Company acknowledges that the grant of the Options to non-executive Directors is contrary to recommendation 8.2 of the Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to Dr Kitto to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining a cash reserve.

10.2 Listing Rule 10.11 and Section 208 of the Corporations Act

Pursuant to Listing Rule 10.11, a related party of a listed company is precluded from participating in any issue of securities in the company without the prior approval of shareholders.

Pursuant to section 208 of the Corporations Act, a listed company must obtain shareholder approval before giving a financial benefit to a related party.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Dr Kitto is regarded as a related party of the Company by reason of his position as a Director.

The effect of passing Resolution 7 will be to allow the Company to grant a maximum of 1,000,000 Options in total to Dr Kitto (or his nominee) within one (1) month after the Meeting (or a longer period, if permitted by ASX) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Chairman will cast all available proxies in favour of Resolution 7.

10.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act:

- (a) The Options will be granted to Dr Kitto (or his nominees).
- (b) The maximum number of Options to be granted under Resolution 7 is 1,000,000.
- (c) Each Option entitles the holder to subscribe for one (1) Share at an exercise price of not less than the higher of 20 cents or 130% of the VWAP of the Company's Shares on ASX as at the date of grant.
- (d) The Company will grant the Options no later than one (1) month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (e) Each Option will have an issue price of nil.
- (f) Upon exercise of the Options, the Shares issued will rank pari passu with the Company's existing Shares on issue. Further terms and conditions of the Options are in Schedule 3.
- (g) Each Option shall have an expiry date three (3) years after the date of grant.
- (h) Dr Kitto has an interest in Resolution 7 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 1,000,000 Options to Dr Kitto as it aligns the interests of the Company and Mr Sheehan to maximise Shareholder value.
- (i) A voting exclusion statement is included for Resolution 7 in the Notice.
- (j) No funds will be raised by the grant of the Options as each Option is being granted for nil cash consideration.
- (k) On the basis of the assumptions below, the Company has determined the technical value of one Option approximates \$0.20 to \$0.25. This valuation imputes a total value of approximately \$200,000 to \$250,000 to the Options respectively. The value may go up or down after the date of grant as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:
 - (i) interest rate set at 5%;

- (ii) the date of valuation for the purposes of settling the current market value of a Share is 18 April 2012;
 - (iii) at this date the Share price was \$0.09 which is the price used in the valuation;
 - (iv) the estimated volatility used in the valuation is 50%; and
 - (v) for the purposes of the valuation, the Company is not expected to pay a dividend during the life of the Options.
- (l) Dr Kitto holds 3,200,000 Shares and 2,000,000 options in the Company (either directly or indirectly).
 - (m) The remuneration and emoluments from the Company to Dr Kitto for the current financial year ending 31 December 2012 is \$50,000 (plus \$4,500 superannuation). Dr Kitto received \$96,868 remuneration in the previous financial year ended 31 December 2011.
 - (n) If Shareholders approve the grant of the Options, the exercise of those Options will result in a dilution of all other Shareholders' holdings in the Company of:
 - (i) 0.714% based on issued Shares as at the date of this Notice;
 - (ii) 0.656% on a fully diluted basis (including the Options issued to Messrs' Sheehan, Kitto and Mr Mooney under Resolutions 5, 6 and 8).
 - (o) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
 - (p) As at the date of this Notice the Share price of the Shares are trading on ASX lower than the exercise price of the Options.
 - (q) Historical share price information for the last three (3) months is as follows:

	Price	Date
Highest	\$0.165	29.02.12
Lowest	\$0.071	13.04.12
Last	\$0.09	18.04.12
 - (r) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 7.
 - (s) The Chairman will cast all available proxies in favour of Resolution 7.

11. Resolution 8 – Issue of Options to Mr Grant Mooney as a Director

11.1 General

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of 1,000,000 Options to Mr Mooney, a Director (or his nominees).

The purpose of the grant of the Options to Mr Mooney is for the Company to retain directors of high calibre and to provide cost effective remuneration to Mr Mooney for his ongoing commitment and contribution to the Company in his role as a 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. If the Options are not granted, the Company could remunerate Mr Mooney with additional amounts of cash. However, the Board considers it reasonable for the remuneration of Mr Mooney to have a cash component in addition to an equity component to further align Mr Mooney's interests with Shareholders and maintain a strong cash position for the Company.

The Company acknowledges that the grant of the Options to non-executive Directors is contrary to recommendation 8.2 of the Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options in Resolution 8 to be reasonable in the circumstances given the Company's size, stage of development, and the need to attract and retain directors of high calibre, whilst still maintaining a cash reserve.

11.2 Listing Rule 10.11 and Section 208 of the Corporations Act

Pursuant to Listing Rule 10.11, a related party of a listed company is precluded from participating in any issue of securities in the company without the prior approval of shareholders.

Pursuant to section 208 of the Corporations Act, a listed company must obtain shareholder approval before giving a financial benefit to a related party.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company.

A "financial benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Mr Mooney is regarded as a related party of the Company by reason of his position as a Director.

The effect of passing Resolution 8 will be to allow the Company to grant a maximum of 1,000,000 Options in total to Mr Mooney (or his nominee) within one (1) month after the Meeting (or a longer period, if permitted by ASX) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Chairman will cast all available proxies in favour of Resolution 8.

11.3 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act:

- (a) The Options will be granted to Mr Mooney (or his nominees).
- (b) The maximum number of Options to be granted under Resolution 8 is 1,000,000.
- (c) Each Option entitles the holder to subscribe for one (1) Share at an exercise price of not less than the higher of 20 cents or 130% of the VWAP of the Company's Shares on ASX as at the date of grant.
- (d) The Company will grant the Options no later than one (1) month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (e) Each Option will have an issue price of nil.
- (f) Upon exercise of the Options, the Shares issued will rank pari passu with the Company's existing Shares on issue. Further terms and conditions of the Options are in Schedule 3.
- (g) Each Option shall have an expiry date three (3) years after the date of grant.
- (h) Mr Mooney has an interest in Resolution 8 and therefore believes it inappropriate to make a recommendation. The other Directors each recommend the grant of the 1,000,000 Options to Mr Mooney as it aligns the interests of the Company and Mr Mooney to maximise Shareholder value.
- (i) A voting exclusion statement is included for Resolution 8 in the Notice.
- (j) No funds will be raised by the grant of the Options as each Option is being granted for nil cash consideration.
- (k) On the basis of the assumptions below, the Company has determined the technical value of one Option approximates \$0.20 to \$0.25. This valuation imputes a total value of approximately \$200,000 to \$250,000 to the Options respectively. The value may go up or down after the date of grant as it will depend on the future price of a Share. Black & Scholes methodology has been used, together with the following assumptions:
 - (i) interest rate set at 5%;

- (ii) the date of valuation for the purposes of settling the current market value of a Share is 18 April 2012;
 - (iii) at this date the Share price was \$0.09 which is the price used in the valuation;
 - (iv) the estimated volatility used in the valuation is 50%; and
 - (v) for the purposes of the valuation, the Company is not expected to pay a dividend during the life of the Options.
- (l) Mr Mooney holds 135,000 Shares and 750,000 options in the Company (either directly or indirectly).
 - (m) The remuneration and emoluments from the Company to Mr Mooney for the current financial year ending 31 December 2012 is \$60,000 (excluding GST), paid to Mooney & Partners Pty Ltd. Mr Mooney received \$60,000 remuneration in the previous financial year ended 31 December 2011.
 - (n) If Shareholders approve the grant of the Options, the exercise of those Options will result in a dilution of all other Shareholders' holdings in the Company of:
 - (i) 0.714% based on issued Shares as at the date of this Notice;
 - (ii) 0.656% on a fully diluted basis (including the Options issued to Messrs' Sheehan, Cranston and Kitto under Resolutions 5 to 7 (inclusive)).
 - (o) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
 - (p) As at the date of this Notice the Share price of the Shares are trading on ASX lower than the exercise price of the Options.
 - (q) Historical Share price information for the last three (3) months is as follows:

	Price	Date
Highest	\$0.165	29.02.12
Lowest	\$0.071	13.04.12
Last	\$0.09	18.04.12
 - (r) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 8.

The Chairman will cast all available proxies in favour of Resolution 8.

Schedule 1 - Definitions

In this Explanatory Memorandum and Notice:

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report in respect to the period ended 31 December 2011.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited and where the context permits the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means a day on which ASX is open for trading.

Chairman means the chairman of the Company.

Class A Options has the meaning in Section 8.3(c).

Class B Options has the meaning in Section 8.3(d).

Class C Options has the meaning in Section 8.3(e).

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 means Carbine Resources Limited ABN 81 122 976 818.

Constitution means the constitution of the Company as at the commencement of this Meeting.

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

Director means a director of the Company.

Director Options means the Options granted pursuant to Resolutions 6 to 8 (inclusive).

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum to the Notice.

Financial Report means the Company's annual financial report prepared under Chapter 2M of the Corporations Act.

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

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an unquoted option to acquire a Share on the terms and conditions in Schedule 2 or Schedule 3 (as applicable).

Optionholder means a holder of an Option

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Sheehan Options means the Options granted pursuant to Resolution 5.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and Explanatory Memorandum, words importing the singular include the plural and vice versa.

Schedule 2 –Terms and Conditions of the Sheehan Options

Each Option entitles the holder to subscribe for Shares on the following terms and conditions:

1. Each Option gives the Optionholder the right to subscribe for one (1) Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5:00 pm (WST) on the date which is three (3) years after the date of grant (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option is:
 - (a) Class A Options will be 130% of the VWAP of the Company's Shares on ASX as at the date of grant;
 - (c) Class B Options will be 170% of the VWAP of the Company's Shares on ASX as at the date of grant; and
 - (d) Class C Options will be 200% of the VWAP of the Company's Shares on ASX as at the date of grant.**(Exercise Price)**.
4. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised**(Exercise Notice)**.
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. 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.
8. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
9. The Company will not apply for quotation of the Options on ASX.
10. Subject to the Corporations Act, the Constitution and Listing Rules, the Options are freely transferable.
11. All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other Shares.
12. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
13. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations act and Listing Rules at the time of the reconstruction.
14. There are no participating rights or entitlements inherent in the Options and Optionholders 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 for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
15. An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

Schedule 3 –Terms and Conditions of the Director Options

Each Option entitles the holder to subscribe for Shares on the following terms and conditions:

1. Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
2. The Options will expire at 5:00 pm (WST) on the date which is 3 years after the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The amount payable upon exercise of each Option will be the higher of 20 cents or 130% of the VWAP of the Company's Shares on ASX as at the date of grant (**Exercise Price**).
4. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (a) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (b) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (**Exercise Notice**).
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. 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.
8. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
9. The Company will not apply for quotation of the Options on ASX.
10. Subject to the Corporations Act, the Constitution and Listing Rules, the Options are freely transferable.
11. All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other Shares.
12. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
13. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations act and Listing Rules at the time of the reconstruction.
14. There are no participating rights or entitlements inherent in the Options and Optionholders 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 for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
15. An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

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