



carnavale  
resources ltd

ACN 119 450 243

## **NOTICE OF ANNUAL GENERAL MEETING**

– and –

### **PROXY FORM**

DATE AND TIME OF MEETING:

29 November 2012 at 11.00am

VENUE:

Rydges - Perth,  
Corner Hay & King Streets, Perth, Western Australia 6000

**Please refer Explanatory Memorandum for Glossary and  
Notes on Recent Changes in Proxy Voting**

**These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.**

For personal use only

# CARNAVALE RESOURCES LTD

ACN 119 450 243

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“Meeting”) of Carnavale Resources Limited (“Carnavale” or the “Company”) will be held on Thursday, 29 November 2012 commencing at 11.00am at Rydges Perth, Corner Hay & King Streets, Perth, Western Australia.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

### AGENDA

#### ORDINARY BUSINESS

**1. Financial Report for the Year Ended 30 June 2012**

To receive and consider the financial report of the Company for the year ended 30 June 2012, together with the reports by the directors and auditors thereon.

**2. Resolution 1 – Adoption of Remuneration Report**

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

*“To adopt the Remuneration Report as set out in the Directors' Report section of the Annual Report for the financial year ended 30 June 2012.”*

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

#### ***Voting Exclusions***

*A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:*

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;*
- (b) a Closely Related Party of such a member.*

*However, a person (the Voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:*

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or*
- (b) the Voter is the chair of the Meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and*
  - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.**

**3. Resolution 2 – Re-Election of P Christie**

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

*“That Mr P Christie, having retired in accordance with Clause 11.3 of the Constitution of the Company and, being eligible, is hereby re-elected as a director of the Company.”*

**4. Resolution 3 – Approval of 10% Placement Facility**

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

*"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

***Voting Exclusions***

*The Company will disregard any votes cast on this Resolution by a person and any of their associates who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if this Resolution is passed. However, the Company need not disregard a vote if:*

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**GENERAL BUSINESS**

- 5.** To transact any other business which may lawfully be brought forward.

## ATTENDANCE AND VOTING AT THE MEETING

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as shareholders of the Company on 27 November 2012 at 5pm (WST).

If you are not the registered holder of a relevant share at that time, you will not be entitled to vote at the meeting.

### Voting at the Meeting

As ordinary resolutions, Resolutions 1 to 2 must be passed by more than 50 per cent of the votes cast by members entitled to vote on the resolution.

As a special resolution, Resolution 3 must be passed by at least 75 per cent of the votes cast by members entitled to vote on the resolution.

### Proxies and Conduct of Meeting

In accordance with section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is 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. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act 2001, each proxy may exercise half of the votes.

Pursuant to Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Under Section 250BC of the Corporations Act, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office: LEVEL 1, SUITE 5, THE BUSINESS CENTRE  
55 SALVADO ROAD, SUBIACO, WESTERN AUSTRALIA 6008

Facsimile Number: (61 8) 9380 6761

Postal Address: P O Box 131  
SUBIACO, WESTERN AUSTRALIA 6904

Each member entitled to vote at the Meeting has the right to appoint a proxy to attend and vote at the Meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the Meeting (proxy forms can be lodged by facsimile). **Members who do not plan to attend the Meeting are encouraged to complete and return a proxy form.**

**The Meeting Chairman intends to vote all undirected proxies in favour of the (relevant) resolution(s).**

BY ORDER OF THE BOARD



P M Jurman  
Company Secretary  
Perth, Western Australia  
10 October 2012

# CARNAVALE RESOURCES LTD

ACN 119 450 243

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Carnavale Resources Ltd (“Carnavale” or the “Company”) in connection with the business to be conducted at the Company’s Annual General Meeting (“Meeting”) to be held on Thursday, 29 November 2012 commencing at 11.00am at Rydges Perth, Corner Hay & King Streets, Perth, Western Australia.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

### 2. 2012 ANNUAL REPORT

In accordance with the requirements of the Company’s Constitution and the Corporations Act, the 2012 Annual Report will be tabled at the Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company’s auditors, HLB Mann Judd, will be present to take shareholders’ questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company’s website at [www.carnavaleresources.com.au](http://www.carnavaleresources.com.au) for you to download or read online. Alternatively you can obtain a hard copy by contacting the Company.

### 3. RESOLUTION 1 – Adoption of Remuneration Report

The Annual Report for the financial year ended 30 June 2012 contains a Remuneration Report, which forms part of the Directors’ Report and sets out the remuneration policy for the Company and its controlled entities, and reports the remuneration arrangements in place for executive directors, senior management and non-executive directors.

The Corporations Act 2001 requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote will be advisory only, and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when considering the Company’s remuneration policy.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company’s 2013 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (Spill Resolution).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (Spill Meeting) within 90 days of the Company’s 2013 annual general meeting. All of the Directors who were in office when the Company’s 2013 Directors’ Report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

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

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where shareholders have appointed the Chairman of the Meeting as their proxy, the Chairman will vote in favour of Resolution 1 “Adoption of Remuneration Report” unless the shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

#### **4. RESOLUTION 2 – Re-election of Director**

In accordance with the requirements of the Company's Constitution, ASX Listing Rules and the Corporations Act, one-third of the directors of the Company (other than the Managing Director) and those who were last re-elected more than three years ago retire from office at this Meeting of the Company and, being eligible, offer themselves for re-election.

Details of Mr Christie's qualifications and experience are available in the 2012 Annual Report.

#### **5. RESOLUTION 3 – Approval of 10% Placement Capacity**

Listing rules 7.1A enables "Eligible Entities" (as defined below) to issue "Equity Securities" (as defined below) up to 10% of its issued share capital through placements over a 12 month period after the AGM ('10% Placement Facility'). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

##### **5.1 Conditions of Approval**

Approval under Listing Rule 7.1A is subject to the following:

- (a) shareholder approval by way of a special resolution at an annual general meeting; and
- (b) the company qualifying as an eligible entity. The company is an eligible entity if the company is outside the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

Carnavale Resources Limited is an Eligible Entity as defined above.

##### **5.2 Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. As at the date of this Notice the Company has two classes of quoted equity securities, being its ordinary shares and listed options. The class of Equity Securities which is the subject of Resolution 3 relates only to ordinary shares.

##### **5.3 Minimum Issue Price**

The minimum price at which the Shares may be issued for the purposes of Listing Rule 7.1A.3 is 75% of the volume weighted average price for Shares in that particular class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Shares are to be issued is agreed; or
- (b) if the Shares are not issued within five (5) Trading Days of the date in paragraph (a), the date on which the Shares are issued.

##### **5.4 Risks associated with the Issue**

The possible risks associated with an issue of Shares under Listing Rule 7.1A.2 may include:

- the market price for Shares in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the issue date.

Listing Rule 7.3A.2 requires the Company to provide a table demonstrating the potential dilution effect based on three different assumed prices of the Company's Shares and three different numbers of Shares on issue in the Company (Variable 'A' in Listing Rule 7.1 and 7.1A). For convenience, we will refer to the latter as Variable 'A'.

Table A below shows the dilution of existing Shareholdings on the basis of the current market price of Shares and the current number of Shares for Variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table (\*) also shows:

- two examples where Variable 'A' has increased by 50% and 100%. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0165 50% decrease in issue price	\$0.033 Issue price	\$0.066 100% increase in issue price
Current Variable 'A' 87,739,708	10% Voting Dilution	8,773,971 shares	8,773,971 shares	8,773,971 shares
	Funds Raised	\$144,771	\$289,541	\$579,082
50% increase in current Variable 'A' 131,609,562	10% Voting Dilution	13,160,956 shares	13,160,956 shares	13,160,956 shares
	Funds Raised	\$217,156	\$434,312	\$868,623
100% increase in current Variable 'A' 175,479,416	10% Voting Dilution	17,547,942 shares	17,547,942 shares	17,547,942 shares
	Funds Raised	\$289,541	\$579,082	\$1,158,164

(\*) Table A has been prepared on the following assumptions:

- The Company issues the maximum number of Shares available under the 10% Placement Facility.
- No listed options are exercised into Shares before the date of the issue of Shares.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM.
- The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of securities under the 10% Placement Facility consists only of Shares.
- The issue price of \$0.033, being the closest price of the Shares on ASX at the time of preparing this Notice.

### 5.5 10% Placement period

The date by which the Shares may be issued pursuant to Listing Rule 7.1A.1 is the earlier of:

- the date that is 12 months after the date of the AGM at which the approval is obtained;
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 or 11.2; or such longer period allowed by the ASX.

The approval pursuant to Listing Rule 7.1A will cease to be valid in the event that Shareholders approve a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

## 5.6 The Purposes of Issue

The purposes for which the Company may issue Shares pursuant to Listing Rule 7.1A include the following:

- exploration activities on its mineral interests; and
- for ongoing future working capital purposes.

The Company may issue Shares for non-cash consideration for the acquisition of new resources assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

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

## 5.7 The Company's Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of Shares will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (b) the effect of the issue of the Shares on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, legal, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

A voting exclusion statement is included in this Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

## 5.8 Shareholder Approval

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

## 5.9 Board Recommendation

The Board recommends that Shareholders vote in favour of this Resolution.

## GLOSSARY

**10% Placement Facility** has the meaning given in Section 5.

**10% Placement Period** has the meaning given in Section 5.5.

**Annual General Meeting** or **Meeting** means the meeting convened by the notice.

**ASX** means ASX Limited.

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

**Board** means the current board of directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- e) a company the member controls; or  
a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means Carnavale Resources Limited (ACN 119 450 243).

**Constitution** means the Company's constitution.

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

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

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those 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.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

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

**Appointment of Proxy**

I/We being a member/s of Carnavale Resources Ltd and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an "X")
 **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to 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 Annual General Meeting of Carnavale Resources Ltd to be held on 29 November 2012 and at any adjournment of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy default). I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is to approve the remuneration report and connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below.

**Voting directions to your proxy – please mark  to indicate your directions** ( If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.)

	For	Against	Abstain*
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of P Christie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.**

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

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Dated: \_\_\_/\_\_\_/2012

# How to complete the Proxy Form

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## 1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. 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 securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 2 Votes on Items of Business

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

## 3 Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

## 4 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 securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 11.00am (WST) on 27 November 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting.

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### Documents may be lodged:

- IN PERSON: Registered Office – Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia 6008
- BY MAIL: Registered Office - Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia 6008 / P O Box 131, Subiaco, Western Australia 6904
- BY FAX (61 8) 9380 6761