




Cardno Limited

ABN 70 108 112 303

2007 Annual General Meeting

Meeting Documentation

To be held on Thursday, 25 October 2007
at the Riverside Auditorium,
Level 5, 123 Eagle Street, Brisbane
Commencing at 10:00am (Brisbane time)



NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of members of **CARDNO LIMITED** ('Cardno' or 'Company') will be held on Thursday, 25 October 2007 at the Riverside Auditorium, Level 5, 123 Eagle Street, Brisbane commencing at 10:00am (Brisbane time).

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor for the financial year ended 30 June 2007.

2. ELECTION OF JOHN MASSEY

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

'That John Massey, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

3. ELECTION OF IAN JOHNSTON

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

'That Ian Johnston, who retires by rotation in accordance with rule 16.1 of the Company's constitution, and being eligible, be re-elected as a Director of the Company.'

4. ELECTION OF PETER COSGROVE

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

'That Peter Cosgrove who was appointed to the Board following the last annual general meeting of the Company, and being eligible, be elected as a Director of the Company in accordance with rule 13.2 of the Company's constitution.'

A summary of each candidate's experience and qualifications appear in the Financial Report.

5. REMUNERATION REPORT

To consider and, if thought fit, to pass the following in accordance with section 250R(2) of the Corporations Act:

'That the section of the report of the Directors dealing with the remuneration of the Company's Directors, Company Secretary and Senior Executives be adopted.'

NB: This resolution shall be determined as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act, the vote does not bind the directors of the Company.

6. NON-EXECUTIVE DIRECTORS' REMUNERATION

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

'That for the purposes of Listing Rule 10.17 the maximum aggregate remuneration which may be paid to its non-executive directors under Clause 13.3 of the Constitution be increased by \$300,000 to a maximum sum of \$600,000 a year.'

7. RATIFICATION AND APPROVAL OF PREVIOUS ALLOTMENT AND ISSUE OF SECURITIES

Resolution 7A

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 674,360 fully paid ordinary shares at \$4.94 per share on 22 December 2006 in relation to the acquisition of Grogan Richards Consulting Engineers to those persons set out in the Explanatory Memorandum.'

Resolution 7B

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 22,685 fully paid ordinary shares at \$5.29 per share on 2 February 2007 in relation to the acquisition of Saraceni Engineering Group Pty Ltd to those persons set out in the Explanatory Memorandum'.

Resolution 7C

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 158,629 fully paid ordinary shares at \$5.91 per share on 14 May 2007 in relation to the acquisition of S.P.L.A.T. to those persons set out in the Explanatory Memorandum'.

Resolution 7D

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 863,072 fully paid ordinary shares at \$5.32 per share on 31 May 2007 in relation to the acquisition of Emerging Markets Group, Ltd to those persons set out in the Explanatory Memorandum'.

Resolution 7E

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 2,787,743 fully paid ordinary shares at \$5.99 per share with 2,120,931 issued on 19 June 2007 and 666,812 issued on 26 June 2007 in relation to the acquisition of WRG Design, Inc to those persons set out in the Explanatory Memorandum'.

Resolution 7F

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 117,055 fully paid ordinary shares at \$6.07 per share on 26 June 2007 in relation to the acquisition of Low & Hooke Partners Pty Ltd to those persons set out in the Explanatory Memorandum'.

Resolution 7G

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 617,415 fully paid ordinary shares at \$5.70 per share on 28 June 2007 in relation to the acquisition of Truebridge Callender Beach Limited to those persons set out in the Explanatory Memorandum'.

Resolution 7H

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

'That for the purposes of Listing Rule 7.4, Shareholders ratify and approve the issue of 205,405 fully paid ordinary shares at \$7.40 per share on 14 September 2007 in relation to the acquisition of Buckland Engineers Australia Pty Ltd to those persons set out in the Explanatory Memorandum'.

8. APPROVAL OF ISSUE OF SHARES UNDER THE AUSTRALIAN RESIDENT EMPLOYEE TAX EXEMPT SHARE ACQUISITION PLAN

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

"That the issue of shares under the Australian Resident Employee Tax Exempt Share Acquisition Plan be approved as an exemption from Listing Rule 7.1 pursuant to exception 9, Listing Rule 7.2".

9. APPROVAL OF ISSUE OF SHARES UNDER THE NON-AUSTRALIAN RESIDENT EMPLOYEE SHARE ACQUISITION PLAN

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

"That the issue of shares under the Non-Australian Resident Employee Share Acquisition Plan be approved as an exemption from Listing Rule 7.1 pursuant to exception 9, Listing Rule 7.2".

10. APPROVAL OF ISSUE OF SHARES AND OPTIONS UNDER THE PERFORMANCE EQUITY PLAN

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

"That the issue of shares and options under the Performance Equity Plan be approved as an exemption from Listing Rule 7.1 pursuant to exception 9, Listing Rule 7.2".

11. ISSUE OF OPTIONS TO ACQUIRE ORDINARY SHARES ('OPTIONS') TO EXECUTIVE DIRECTORS

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

'That, pursuant to section 208(1)(a) of the Corporations Act and Listing Rule 10.14, and in accordance with the Performance Equity Plan, Shareholders approve the granting of options as follows, in the manner contemplated in the Explanatory Memorandum'.

		<u>VESTING PERIOD</u>	
		<u>2 YEARS</u>	<u>3 YEARS</u>
A)	250,000 Options to Andrew Buckley, Executive Director	100,000	150,000
B)	120,000 Options to Jeffrey Forbes, Executive Director	50,000	70,000
C)	90,000 Options to Trevor Johnson, Executive Director	40,000	50,000
D)	60,000 Options to Graham Tamblyn, Executive Director	20,000	40,000
E)	40,000 Options to James Verco, Executive Director	20,000	20,000

DATED 23 September 2007

By Order of the Board


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Jeffrey Forbes
Company Secretary

Notes

Shareholders of Cardno

1. Cardno has determined that for the purpose of voting at the meeting or adjourned meeting, shares will be taken to be held by those persons recorded in the Cardno register of shareholders as at 7:00 pm (Brisbane time) on 23 October 2007.

Appointment of Proxy (Section 249L(d))

2. If you are a shareholder, and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a shareholder of Cardno.
3. The proxy form must be completed and together with the power of attorney (if any) under which the proxy form is signed and lodged at Cardno's share registry at Link Market Services, Level 12, 680 George Street, Sydney NSW 2000 or Locked Bag A14, Sydney South, NSW, 1235, or faxed to 02 9287 0309 at least 48 hours before the meeting (i.e. lodgement must occur no later than 10:00am (Brisbane time) on 23 October 2007).
4. A shareholder entitled to attend and cast more than 2 votes at the meeting is entitled to appoint no more than 2 proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the shareholder's votes.
5. A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you have any queries on how to cast your votes then call the Company Secretary on 07 3369 9822 during business hours.

Voting exclusion statement

6. Cardno will disregard any vote cast on:
 - (a) Item 6 (Approval of Non-Executive Directors' Remuneration) by:
 - by any director of Cardno and their associates.
 - (b) Item 7 (Ratification and approval of previous allotment and issue of securities) by:
 - Grogan Richards Pty Ltd ATF Grogan Richards Pearson Unit Trust;
 - Cong Bui;
 - Isano Holdings Pty Ltd ATF the Frank Saraceni Family Trust;
 - Stephen Robert Pate;
 - Emerging Markets Group, Ltd Stockholders and Executives;
 - WRG Design, Inc Stockholders and Executives;
 - Low & Hooke Shareholders, Unitholders and Executives;
 - Truebridge Callender Beach Limited;
 - Leslie Robert Wanke;
 - Callum Thomas Oliver Neil; and
 - an associate of any person who participated in any of the issues described in item 7.
 - (c) Item 8 (Approval of Issue of Shares under the Australian Resident Employee Tax Exempt Share Acquisition Plan) by:
 - any director of Cardno and their associates.
 - any Cardno employees who are currently shareholders and are eligible to continue participating in the Australian Resident Employee Tax Exempt Share Acquisition Plan and any associates of the employees.

- (d) Item 9 (Approval of Issue of Shares under the Non-Australian Resident Employee Share Acquisition Plan) by:
 - any director of Cardno and their associates.
 - any Cardno employees who are eligible to participate in the Non-Australian Resident Employee Share Acquisition Plan and any associates of the employees.
- (e) Item 10 (Approval of Issue of Shares and Options under the Performance Equity Plan) by:
 - any director of Cardno and their associates.
 - any Cardno employees who are currently optionholders and are eligible to participate in the Performance Equity Plan and any associates of the employees.
- (f) Item 11 (Issue of Options to Executive Directors) by:
 - any Director of Cardno who is eligible to participate in the Performance Equity Plan or any associate of that Director.

However, Cardno 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 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.

EXPLANATORY MEMORANDUM

Resolution 1 - Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the report of the Auditor and the financial reports be presented to the annual general meeting. In addition the company's constitution provides for such reports and statements to be received and considered at the meeting.

Resolutions 2-4 - Election of Directors

Under clause 16.1 of the constitution of the Company one half of the current Directors (excluding the Managing Director, any Director appointed under rule 13.2 and any Director who has vacated his/her office under clause 15.1) must retire by rotation at each annual general meeting. The retirement of Mr James Verco as a Director of Company will be effected at the close of the AGM and as such his retirement will be included in the calculation of the number of Directors required to retire for the purposes of clause 16.1 of the constitution. In accordance with this rule, Mr John Massey and Mr Ian Johnston retire at the end of this meeting. Mr Massey and Mr Johnston, being eligible, present themselves for re-election.

General Peter Cosgrove AC, MC was appointed to the Board since the last Annual General Meeting under rule 13.2. In accordance with rule 13.2 of the Company's constitution, being eligible, General Cosgrove presents himself for re-election.

A summary of each candidate's experience and qualifications appear in the Financial Report.

Resolution 5 - Directors' Remuneration Report

The Corporations Act requires that the section of the report of the Directors dealing with the remuneration of Directors, the Company Secretary and up to 5 Senior Executives ('Remuneration Report') be put to shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Financial Report.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

Resolution 6 – Non-Executive Directors' Remuneration

Clause 13.3 of the constitution of the Company provides that, the directors' are to be paid out of the funds of the Company as remuneration for their services as directors, such sum accruing from day to day as the Company in general meeting determines to be divided among them in such proportion and manner as they agree or in default of agreement equally.

Pursuant to Listing Rule 10.17, the Company is required to seek shareholder approval in order to increase the maximum aggregate remuneration of non-executive directors.

In accordance with Listing Rule 10.17, it is proposed that the maximum aggregate remuneration which may be paid to its non-executive directors be increased to a maximum sum of \$600,000 a year to be divided among them in such proportion and manner as the Board agrees.

The reasons for requesting the increase to the maximum aggregate remuneration for non-executive directors are as follows:

- The current limit of \$300,000 was approved by shareholders on 19 March 2004, prior to the company listing on the ASX in May 2004.
- The Board currently consists of five executive directors and three non-executive directors. It has been decided to transition the Board's composition to a greater membership of non-executive directors who will be compensated under this proposed increase.
- The recommendation is based on an independent external review of competitive remuneration practices for similar companies.

- The board is of the view that the proposed increase to non-executive directors' aggregated remuneration is commensurate with market remuneration paid to non-executive directors at equivalent ASX listed companies in terms of growth and market capitalisation and is necessary to retain and attract appropriately qualified non-executive directors to the Company.
- The increase reflects the more onerous corporate governance environment and the commensurate increase in time and responsibility of non-executive directors.
- The company does not intend to allocate the full amount immediately. The proposed increase has been determined to allow for growth over time in both the remuneration and the number of non-executive directors.

Resolutions 7A, 7B, 7C, 7D, 7E, 7F, 7G & 7H - Ratification and approval of previous issue of securities

The purpose of these resolutions is for shareholders to approve/ratify, pursuant to Listing Rule 7.4, those share issues which occurred during the 12 months before the date of this Annual General Meeting which count toward the Company's 15% limit under Listing Rule 7.1.

Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

The allotment and issue of shares detailed in these resolutions did not exceed the 15% threshold. However, Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing that company's 15% capacity and enabling it to issue further securities up to that limit.

These resolutions propose the ratification and approval of the allotment and issue of shares for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5.

In compliance with the information requirements of Listing Rule 7.5, members are advised of the following particulars in relation to the allotment and issue:

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
22/12/06	674,360	\$4.94	Rank equally with all fully paid ordinary shares on issue	Grogan Richards Pty Ltd ATF Grogan Richards Pearson Unit Trust	Shares issued pursuant to an Asset Sale Agreement for the acquisition of 100% of the business Grogan Richards.
02/02/07	3,781	\$5.29	Rank equally with all fully paid ordinary shares on issue	Cong Bui	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Saraceni Engineering Group Limited.
02/02/07	18,904	\$5.29	Rank equally with all fully paid ordinary shares on issue	Isano Holdings Pty Ltd ATF the Frank Saraceni Family Trust	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of the issued capital in Saraceni Engineering Group Limited.
14/05/07	158,629	\$5.91	Rank equally with all fully paid ordinary shares on issue	Stephen Robert Pate	Shares issued pursuant to a Business Sale Agreement for the acquisition of 100% of the business, S.P.L.A.T.

Date of issue	Number of Securities issued	Issue price per Security	Terms of Securities issued	Persons to whom Securities were issued	Basis for determining allottees and use of funds raised by the issue
31/05/07	863,072	\$5.32	Rank equally with all fully paid ordinary shares on issue	Emerging Markets Group, Ltd Stockholders & Executives	Shares issued pursuant to a Stock Purchase Agreement for the acquisition of 100% of Emerging Markets Group, Ltd.
19/06/07	2,787,743	\$5.99	Rank equally with all fully paid ordinary shares on issue	WRG Design, Inc Stockholders & Executives	Shares issued pursuant to an Agreement & Plan of Merger for the acquisition of 100% of WRG Design, Inc.
26/06/07	117,055	\$6.07	Rank equally with all fully paid ordinary shares on issue	Low & Hooke Shareholders, Unitholders and Executives	Shares issued pursuant to a Share & Unit Sale Agreement for the acquisition of 100% of Low & Hooke Partners Pty Ltd
28/06/07	617,415	\$5.70	Rank equally with all fully paid ordinary shares on issue	Truebridge Callender Beach Limited Shareholders	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of Truebridge Callender Beach Limited
14/09/07	108,108	\$7.40	Rank equally with all fully paid ordinary shares on issue	Leslie Robert Wanke	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of Buckland Engineers Australia Pty Ltd
14/09/07	97,297	\$7.40	Rank equally with all fully paid ordinary shares on issue	Callum Thomas Oliver Neil	Shares issued pursuant to a Share Sale Agreement for the acquisition of 100% of Buckland Engineers Australia Pty Ltd

Resolution 8 – Approval of Issue of Shares under the Australian Resident Employee Tax Exempt Share Acquisition Plan

The Company proposes to continue issuing shares to qualifying employees under the Australian Resident Employee Tax Exempt Share Acquisition Plan (previously known as the Employee Tax Exempt Share Acquisition Plan) (ESP). All employees qualifying under the rules of the plan will receive up to \$1,000 worth of shares at the average market price over the 5 trading days prior to the date of the offer to employees. To participate in this plan an employee must be an Australian resident for tax purposes. The Board believes that by issuing shares under this plan the Company will benefit from the increased loyalty, commitment, and interest of its employees by virtue of their holding of shares in the Company.

Resolution 9 – Approval of Issue of Shares under the Non-Australian Resident Employee Share Acquisition Plan

The Company proposes to issue shares to qualifying employees under the Non-Australian Resident Employee Share Plan. All employees qualifying under the rules of the plan will receive up to \$1,000 worth of shares at the average market price over the 5 trading days prior to the date of the offer to employees. To participate in this plan an employee must be a non-resident of Australia for tax purposes. The Board believes that by issuing shares under this plan the Company will benefit from the increased loyalty, commitment, and interest of its employees by virtue of their holding of shares in the Company.

Resolutions 8 & 9 are required to be approved in accordance with Exception 9(b) of Listing Rule 7.2.

Listing Rule 7.2

The Australian Resident Employee Tax Exempt Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan contemplate the issue to employees of the Company of shares in the Company. Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities including options. In effect, shareholder approval is required before the Company may issue securities representing more than 15% of securities of a class of security of the Company within a 12 month period. However, certain issues are exempt from that Listing Rule and effectively are disregarded for the purpose of calculating the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1 in a general meeting held not more than 3 years before the date of issue where the notice of meeting contains or is accompanied by certain prescribed information (as to which see below) (Listing Rule 7.2 (Exception 9(b))).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility in the extent to which it may issue securities, Shareholders are requested to approve the issue of shares under the Australian Resident Employee Tax Exempt Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan as an exemption from Listing Rule 7.1. This approval will be effective to continue the exemption for a further 3 years from the date of the resolution. In accordance with Listing Rule 7.2, Shareholders are provided with the following information.

Summary of Terms and Conditions of the Employee Share Acquisition Plans

A summary of the terms is contained in Schedule 1.

Securities issued since last approval

Grant Date	Number Issued
15 November 2004	183,715
23 December 2005	154,872
24 January 2007	142,065
26 June 2007	1,890

Resolution 10 – Approval of Issue of Shares and Options under the Performance Equity Plan

Approval of the issue of shares and options under the Performance Equity Plan.

The Company proposes to issue options to high performing employees under the Performance Equity Plan (PEP). Under this plan the Remuneration Committee of the Board will determine which employees qualify as high performers who are deserving of consideration for the issue of options. The Board believes that by providing this incentive to key performing employees, they will be encouraged to stay with the Company and seek to improve the performance of the Company such that the share price and earnings may be positively impacted.

Resolution 10 is required to be approved in accordance with Exception 9(b) of Listing Rule 7.2.

Listing Rule 7.2

The Performance Equity Plan contemplates the issue to employees of the Company of shares and options in the Company. Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities including shares and options. In effect, shareholder approval is required before the Company may issue securities representing more than 15% of securities of a class of security of the Company within a 12 month period. However, certain issues are exempt from that Listing Rule and effectively are disregarded for the purpose of calculating the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1 in a general meeting held not more than 3 years before the date of

issue where the notice of meeting contains or is accompanied by certain prescribed information (as to which see below) (Listing Rule 7.2 (Exception 9(b))).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility in the extent to which it may issue securities, Shareholders are requested to approve the issue of shares and options under the Performance Equity Plan as an exemption from Listing Rule 7.1. This approval will be effective to continue the exemption for a further 3 years from the date of the resolution. In accordance with Listing Rule 7.2, Shareholders are provided with the following information.

Summary of Terms and Conditions of the Performance Equity Plan

A summary of the terms is contained in Schedule 2.

Securities issued since last approval

Grant Date	Expiry Date	Exercise Price \$	Number of Options Granted
5 November 2004	5 November 2006	2.46	338,000
28 October 2005	28 October 2007	3.68	70,000
23 November 2005	23 November 2007	3.49	494,000
26 October 2006	26 October 2008	5.17	165,000
14 November 2006	14 November 2008	5.30	986,500

Resolution 11 - Issue of Options to Executive Directors

The Company proposes to issue 250,000 Options to Andrew Buckley, 120,000 Options to Jeffrey Forbes, 90,000 Options to Trevor Johnson, 60,000 Options to Graham Tamblyn and 40,000 Options to James Verco. The proposed issues are in accordance with the Performance Equity Plan to be approved by shareholders at Resolution 10. The terms of these Options (as set out in the Schedule to this Explanatory Memorandum) are the same as that which will apply to any Options issued under that plan until the next Annual General Meeting of the Company.

The effect that the exercise of the Options will have on the share capital of each of the grantees (assuming all 2005 and 2006 Options have been exercised and that there are no other changes in the share capital of each grantee or that of Cardno prior to the exercise of the Options and that all of the Options are exercised) is set out in the following table:

	Ordinary shares currently held	Options currently held	Total share capital held if all issued options are exercised %	Proposed issue of new options	Total share capital held if all options are exercised %
Andrew Buckley	2,275,810	100,000	3.98%	250,000	4.39%
Jeffrey Forbes	2,543	30,000	0.05%	120,000	0.26%
Trevor Johnson	1,942,990	50,000	3.33%	90,000	3.49%
Graham Tamblyn	1,400,000	15,000	2.37%	60,000	2.47%
James Verco	1,104,947	25,000	1.89%	40,000	1.96%

An exact valuation of the Options cannot be derived until the exercise price can be ascertained. The terms of the Options provide that the exercise price will be calculated as the average market price per share (weighted by reference to volume) during the 5 trading days ending on the day before the issue of the Options.

In order to assist shareholders in making a decision on this resolution, the table below sets out a range of values for the Options at varying exercise prices. For the 5 trading days from 7 September 2007 until 13 September 2007, the weighted average of the market price per share, was \$7.70. This exercise price has therefore been used as a basis for the range of exercise prices.

2 YEAR OPTIONS

Exercise Price (\$)	Value of Andrew Buckley Options (\$)	Value of Jeffrey Forbes Options (\$)	Value of Trevor Johnson Options (\$)	Value of Graham Tamblyn Options (\$)	Value of James Verco Options (\$)	Total Value of Options (\$)	Value per Option (\$)
7.30	35,000	17,500	14,000	7,000	7,000	80,500	0.35
7.50	36,000	18,000	14,400	7,200	7,200	82,800	0.36
7.70	37,000	18,500	14,800	7,400	7,400	85,100	0.37
7.90	38,000	19,000	15,200	7,600	7,600	87,400	0.38
8.10	39,000	19,500	15,600	7,800	7,800	89,700	0.39

3 YEAR OPTIONS

Exercise Price (\$)	Value of Andrew Buckley Options (\$)	Value of Jeffrey Forbes Options (\$)	Value of Trevor Johnson Options (\$)	Value of Graham Tamblyn Options (\$)	Value of James Verco Options (\$)	Total Value of Options (\$)	Value per Option (\$)
7.30	63,000	29,400	21,000	16,800	8,400	138,600	0.42
7.50	66,000	30,800	22,000	17,600	8,800	145,200	0.44
7.70	67,500	31,500	22,500	18,000	9,000	148,500	0.45
7.90	70,500	32,900	23,500	18,800	9,400	155,100	0.47
8.100	72,000	33,600	24,000	19,200	9,600	158,400	0.48

The Options have been valued in accordance with AASB 1046 using the Black Scholes method, adjusted to recognise the non-tradability of the options, the fact that they are extinguished if the recipient leaves the company and the introduction of a condition that the options will only vest if the earnings per share increases by 5% per year compounded over the two year period prior to vesting.

The Board draws Shareholders' attention to the fact that the stated valuation does not constitute and should not be taken as audited financial information. The reportable value of the employee benefit expense in a subsequent financial period may vary due to a range of timing and other factors.

The Board believes this method of valuation to be appropriate in the circumstances and has not used any other valuation or other models in proposing the terms of the Options.

The Board also believes the issue of Options to each of Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco will provide these participants with an appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Listing Rule Requirements

Listing Rule 10.14 provides that a listed company must not, without the approval of ordinary shareholders, issue equity securities to a related party. A director is a related party for the purposes of the Listing Rules. Listing Rule 10.14 also restricts the issue of securities under an employee incentive scheme to directors.

Specific information which must be provided to Shareholders in accordance with ASX Listing Rule 10.15 is set out below.

Names of persons entitled to participate: Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco.

Allottees and number of securities issued: It is proposed that 250,000 Options will be issued to Buckland (Qld) Pty Ltd as trustee for the Buckley Family Trust (an associate of Andrew Buckley), 120,000 Options will be issued to Jeffrey Ian Forbes, 90,000 Options will be issued to Trevor Johnson

as trustee for the Johnson Family Trust (an associate of Trevor Johnson), 60,000 Options will be issued to Tamblyn Investments Pty Ltd (an associate of Graham Tamblyn) and 40,000 Options will be issued to KMS Properties Pty Ltd as trustee for the Verco Family Trust (an associate of James Verco).

Date by which the securities will be issued: Within 5 days after the Annual General Meeting and in any event no later than 12 months after the meeting.

Issue price and terms of issue: There is no issue price for the Options and the terms of issue of the Options are set out in the Schedule to this Notice of General Meeting.

Use of funds raised: There will be no funds raised solely as a result of the issue of the Options.

Loans: There will be no loans given to the Directors to fund the exercise of these Options.

For the purpose of Listing Rule 10.14 no persons have received securities under the Performance Equity Plan since the last approval.

Corporations Act requirements - related party transactions

Section 208(1) of the Corporations Act provides that a public company must not, without the approval of the Company's members, give a financial benefit to a related party. Each of Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco are related parties of the Company for the purposes of section 228(2) of the Corporations Act as they are Directors. The issue of the Options will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act. None of the exceptions to the prohibition which are set out in sections 210 to 216 of the Corporations Act apply to the issue of the Options.

Specific information must also be provided to Shareholders in accordance with section 219 of the Corporations Act. The majority of this information is set out above in accordance with Listing Rule 10.13 with the balance of the information regarding the Directors' recommendations set out below.

Each of the Directors not eligible to participate in the Performance Equity Plan, being John Massey, Peter Cosgrove and Ian Johnston ('Non-Executive Directors'), wish to recommend that shareholders vote in favour of this resolution to grant the Options to Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco because the issue of the Options will provide appropriate incentive to maximise the return to shareholders over the long term and assist in developing a unity of purpose for both Cardno management and shareholders.

Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco do not wish to make a recommendation in respect to this resolution as they are directly interested in its outcome.

If all the Options subject of this resolution are granted and exercised then the Company's fully paid share capital will be diluted by approximately 0.98% (based on the existing number of shares). The amount of the subscription monies that the Company will receive on exercise of the Options cannot be determined as at the date of the Notice of Annual General Meeting.

The Non-Executive Directors consider that the incentive represented by the grant of the Options is a cost effective and efficient incentive when compared to other forms of incentive.

The primary purpose of the Options is to reward performance and provide an incentive to Andrew Buckley, Jeffrey Forbes, Trevor Johnson, Graham Tamblyn and James Verco. Given this purpose, the Non-Executive Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options, the subject of this resolution.

SCHEDULE 1

Summary of terms and conditions of the Australian Resident Employee Tax Exempt Share Acquisition Plan and Non-Australian Resident Employee Share Acquisition Plan ("ESP")

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

'Company' or 'Cardno' means Cardno Limited ACN 108 112 303;

'Constitution' means the constitution of the Company as amended from time to time;

'Directors' means the board of directors of the Company or any duly constituted committee thereof;

'Employee' means a person who is at any material time an employee of the Company or any of its subsidiaries or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the ESP;

'Participant' means an Employee who acquires Shares, or for whom Shares are acquired, under the Plan;

'Share' means a fully paid ordinary share in the capital of the Company; and

'Tax Act' means the *Income Tax Assessment Act 1997 (Cth)* or the *Income Tax Assessment Act 1936 (Cth)* as appropriate.

2. ELIGIBILITY

All Employees of Cardno and any of its subsidiaries (except Directors) are eligible to participate in the ESP subject to the qualifying conditions set by the Board.

3. ENTITLEMENT

Each eligible Employee may be invited to apply for Shares. The invitations are not made more than once each financial year.

4. MAXIMUM BENEFIT

The number of Shares which may be issued to each eligible Employee during each year under the Australian Resident Employee Tax Exempt Share Acquisition Plan is restricted to a tax effective benefit of up to \$1,000 (or such other amount as specified in section 139BA(2) of the Tax Act).

The number of Shares which may be issued to each eligible Employee during each year under the Non-Australian Resident Employee Share Acquisition Plan is up to \$1,000, in line with the Australian Resident Employee Tax Exempt Share Acquisition Plan.

5. SHARE PRICE

The Shares are issued for no consideration to each Participant. Shares are issued at the average market price over the 5 trading days prior to the date of the offer to Employees.

6. DIVIDENDS, RIGHTS ISSUES, BONUS ISSUES AND VOTING RIGHTS

Shares issued under the ESP will rank equally in all respects with all existing Shares.

7. SALE OR TRANSFER OF SHARES

Shares acquired under the ESP may not be disposed of before the earlier of the end of 3 years after the date of issue of the Shares or the date upon which the Participant ceases to be employed by Cardno or any of its subsidiaries, unless otherwise approved by the directors.

SCHEDULE 2

Summary of terms and conditions of Performance Equity Plan ("PEP")

1. DEFINITIONS

In these terms and conditions, except to the extent the context otherwise requires:

In these rules:

'**ASX**' means the ASX Limited ACN 008 624 691;

'**Associated Holder**' means the spouse of an Employee, or a company or trust controlled either by the Employee or by their spouse, or by the Employee together with their spouse;

'**Company**' means Cardno Limited ACN 108 112 303;

'**Constitution**' means the constitution of the Company from time to time in force;

'**Directors**' means the board of directors for the time being of the Company or any duly constituted committee thereof;

'**Employee**' means a person who is at any material time an employee or director of any Group Company or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the Plan;

'**Exercise Period**' means the 7 day period ending 24 months after the date the options are issued.

'**Exercise Price**' means the market value of the share on the date of offer of the option. The market value of the share is the weighted average price of the share during the one week period up to and including the date of the offer.

'**Group**' means together the Company and its subsidiaries;

'**Group Company**' means any company, including without limitation the Company, which is at any material time a member of the Group;

'**Law**' means the Corporations Act 2001 (Cth);

'**Listing Rules**' means the official listing rules of the ASX from time to time in force as they apply to the Company;

'**Participant**' means an Employee or an Associated Holder who acquires Shares or Options under the Plan;

'**Plan**' means the Cardno Limited ACN 108 112 303 Performance Equity Plan set out in the Rules;

'**Option**' means a right to acquire Shares;

'**Rule**' means one of the Rules;

'**Rules**' means these rules as amended or replaced from time to time in accordance with Rule 8;

'**Share**' means a fully paid ordinary share in the capital of the Company; and

'**Tax Act**' means the Income Tax Assessment Act 1997 or the Income Tax Assessment Act 1936 (Cth) as appropriate.

2. EXERCISE OF OPTIONS

2.1 Subject to clause 2.3, an Option will entitle the holder of that Option to acquire a Share:

- (a) at any time during the Exercise Period but subject to the relevant restrictions in the Company's share trading policy; and
- (b) at the Exercise Price.

2.2 The Options are exercisable wholly or in part by execution and lodgement with the Company of a form of exercise of Options and payment of the Exercise Price during the Exercise Period. The form of exercise must set out the number of Options which the Optionholder wishes to exercise.

- 2.3 If at any time prior to the Exercise Period, the Optionholder ceases to be an employee of the Company or a member company of the Cardno Group the Option will lapse.
- 2.4 Options issued from 2006 are subject to a condition that the Options will only vest if the earnings per share increases by 5% per year compounded over the two year period prior to vesting.
- 2.5 The term of the Options is determined by the Board's Remuneration Committee and is currently two or three years.

3. RIGHTS ATTACHING TO OPTIONS

- 3.1 In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Options or the Exercise Price or both will be adjusted (as appropriate) to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation. In all other respects the terms for the exercise of the Options shall remain unchanged.
- 3.2 Until Shares are issued pursuant to the exercise of Options, the holder of an Option shall not participate in dividends on Shares or, subject to clause 3.3, new issues of securities by the Company.
- 3.3 In the event of any pro rata bonus or cash issues of securities by the Company, the number of Shares over which an Option exists and the Exercise Price will be adjusted in the manner specified in Listing Rule 6.22.
- 3.4 Options may not be transferred.

4. ISSUE OF SHARES

- 4.1 The Board will issue Shares after Options have been exercised, in accordance with clause 2, once the relevant Exercise Price has been paid to the Company, at the next succeeding Board meeting and, in any event, within 15 business days after receiving notice of the exercise of the Options.
- 4.2 If the Company's Shares are officially quoted by ASX at the time any Shares are issued pursuant to the exercise of Options, the Company will apply to ASX for official quotation of such Shares issued pursuant to the exercise of Options within the time prescribed by the Listing Rules and, in any event, within 10 business days of the issue of those Shares.
- 4.3 A Share issued pursuant to the exercise of any Options will rank equally in all respects with existing Shares.