



ACN 095 047 920

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:00am (WST)

DATE: 22 November 2013

PLACE: 32 Harrogate Street
West Leederville WA 6007

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 9555.

CONTENTS PAGE

Notice of Annual General Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	9
Proxy Form	Enclosed

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am (WST) on Friday, 22 November 2013 at:

32 Harrogate Street
West Leederville WA 6007

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy please:

- (a) vote on line at www.investorvote.com.au by following the procedures as set out in the attached Proxy Form; or
- (b) complete and sign the enclosed Proxy Form and return it:
 - (ii) by post to Computershare Investor Services Pty Ltd, PO Box 242 Melbourne, Victoria 3001 in the self-addressed envelope provided; or
 - (iii) by facsimile to Computershare Investor Services Pty Ltd on facsimile number 1800 783 447 (inside Australia), +61 3 9473 2555 (outside Australia)

so that it is received not later than 9:00am (WST) on 20 November 2013.

Proxy Forms received later than this time will be invalid.

Changes to Proxy Voting

Shareholders and their proxies should be aware that pursuant to sections 250BB and 250BC of the Corporations Act:

- (a) if the proxy votes, they must cast all directed proxies as directed; and

- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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**:

- (a) 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
- (b) 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
- (c) 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
- (d) 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).

Transfer of non chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) 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
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 9:00am (WST) on Friday, 22 November 2013 at 32 Harrogate Street, West Leederville, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (Perth time) on 20 November 2013.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2013.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

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

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

However, a person (**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 and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this 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.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRIAN MAHER

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

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Brian Maher, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – SPILL MEETING RESOLUTION

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

“That, for the purposes of Section 250V(1) of the Corporations Act and for all other purposes, subject to at least 25% of the votes cast on Resolution 1 to adopt the 2013 Remuneration Report opposing the adoption of the report:

- (a) a general meeting of the Company “Spill Meeting” be held within 90 days of the passing of this resolution;*
- (b) all of the Company’s directors who were directors of the Company when the resolution to make the directors’ report for the financial year ending 30 June 2013 was passed (excluding the managing director of the Company Mr Tony Sage) who continue to hold office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote of shareholders at the Spill Meeting.”*

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

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

However, a person (**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:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (iii) does not specify the way the proxy is to vote on this Resolution; and
 - (iv) 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.

DATED: 16 OCTOBER 2013
BY ORDER OF THE BOARD



CLAIRE TOLCON
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 9:00am (WST) on Friday, 22 November 2013 at 32 Harrogate Street, West Leederville, Western Australia.

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on the Company's website at www.capelam.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company including service agreements and details of any share based compensation. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

In accordance with the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, 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**) at the second annual general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors who were in office when the directors' report (as included in the Company's annual financial report for the year ended immediately before the second annual general meeting) 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.

At the Company's 2012 Annual General Meeting, the votes cast against the remuneration report considered at the Annual General Meeting was more than 25%, constituting a "first strike".

The Board has considered the reasons for this result and sought feedback from Shareholders and stakeholders in relation to the Remuneration Report.

Subsequent to the 2012 Annual General Meeting, the Company reduced staff numbers and total remuneration and no bonuses or incentives were paid by the Company to employees or directors in the 2013 financial year and Directors and employees will not receive any options at the 2013 Annual General Meeting.

The Cape Lambert Remuneration Committee (**Remuneration Committee**) took into consideration the reasons underlying the first strike in its negotiations of a new executive services contract with Executive Chairman, Tony Sage. Pursuant to the terms of that contract, Mr Sage is not entitled to any set long or short term bonus or incentive. For the avoidance of doubt, there is no fixed formula under which any incentives or bonuses are payable by the Company to Mr Sage. During the term of the contract, the Remuneration Committee may consider incentive plans and bonus structures that will be focussed on the Executive Chairman achieving performance hurdles based on a material increase in net market capitalisation of the Company and returns to shareholders of the Company, such as dividends and may take into consideration external advice received from an independent remuneration consultant. Any bonus or incentive structure set by the Remuneration Committee during the term of the contract will be directly related to benefits to the Shareholders of the Company and will not be payable based merely on Mr Sage's time, efforts or his achievement of non-financial targets.

The Company will continue to address and restructure remuneration arrangements within the Company to address the ongoing requirements of the Company and focus on the alignment of the objectives of the Company and Shareholder interests. The Company will continue to seek feedback from Shareholders on the remuneration report and monitor releases with respect to best practice remuneration processes.

If at least 25% of the votes cast on Resolution 1 to approve the 2013 Remuneration Report again oppose the adoption of the report, the Company will receive a "second strike" and the Company must put Resolution 3 (**Spill Resolution**) to Shareholders.

If more than 50% or more of votes cast are in favour of the Spill Resolution, the Company must convene another meeting (**Spill Meeting**) of the Company's Shareholders within 90 days of this Meeting.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRIAN MAHER

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors and accordingly, 1 must retire.

Mr Brian Maher, the Director longest in office since his last election, retires by rotation and seeks re-election. A summary of Mr Brian Maher is set out in the 2013 Annual Report of the Company.

4. RESOLUTION 3 – SPILL MEETING RESOLUTION – (CONDITIONAL RESOLUTION)

This resolution is a conditional resolution and will only be put to Shareholders if the Company receives a “second strike” ie if the total votes on Resolution 1 opposing the adoption of the 2013 Remuneration Report exceed 25% of the votes cast. In other words, if Resolution 1 attracts a “yes” vote of more than 75% of votes cast, the current Board remains in place and this Spill Resolutions will not need to be put to Shareholders and the Chair will withdraw Resolution 3.

If the Company receives a “second strike” and less than 50% of the votes are cast in favour of this Spill Resolution, the Board remains in place.

If the Company receives a “second strike” and more than 50% of the votes are cast in favour of this Spill Resolution, then a Spill Meeting must take place within 90 days and the entire Board (except for the managing director, Mr Tony Sage and any directors appointed since the 2013 Remuneration Report was approved by the Board) must stand for re-election at the Spill Meeting.

Following the Spill Meeting the Directors of the Company will be those who are elected at the Spill Meeting.

In the event a Spill Meeting is required, a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

The provisions of the Corporations Act ensure that following a Spill Meeting, regardless of how many (or if any) Directors are not re-elected, the Company will still have the statutory minimum number of Directors required.

The Chairman intends to vote **AGAINST** this Resolution 3.

5. ENQUIRIES

Shareholders are requested to contact Claire Tolcon on (+ 61 8) 9380 9555 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian **dollars**.

2013 Annual Report means the annual report of the Company for the year ended 30 June 2013.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel, a spouse or child of the member; a child of the member's spouse; a dependent of the member or the member's spouse; 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; a company the member controls; or a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Cape Lambert Resources Limited (ACN 095 047 920).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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 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.

Remuneration Report means the remuneration report set out in the Director's Report section of the Company's annual financial report for the year ended 30 June 2013.

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.