



ACN 095 047 920

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (WST)

DATE: 24 November 2016

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.

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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 10:00am (WST) on Thursday, 24 November 2016 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) appoint a proxy 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 10:00am (WST) on 22 November 2016.

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 10:00am (WST) on Thursday, 24 November 2016 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 22 November 2016.

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

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 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 , 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 2016.”

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 – TIM TURNER

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

“That, pursuant to and in accordance with clause 13.2 of the Constitution , Mr Tim Turner, Director, retires by rotation, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – ELECTION OF DIRECTOR – JASON BREWER

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

“That, pursuant to and in accordance with ASX Listing Rule 14.4 and clause 13.4 of the Constitution , Mr Jason Brewer, Director, retires and being eligible is elected as a Director.”

RESOLUTION 4 –APPROVAL OF ISSUE – OPTIONS TO GULF ENERGY INTERNATIONAL LIMITED

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

“That, for the purpose of ASX Listing Rule 7.1, Shareholders approve the issue of 23,500,000 Options to Gulf Energy International Limited on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if 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, 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.

RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

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

“That, for the purpose of Listing Rule 7.1A Shareholders approve the issue of Equity Securities totalling up to 10% of the number of Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if 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, 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.

RESOLUTION 6 – 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, subject to at least 25% of the votes cast on Resolution 1 to adopt the 2016 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 2016 was passed excluding the Chairman 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.

QUESTIONS AND COMMENTS

Shareholders will be provided the opportunity to ask questions about or make comments on the management of the Company.

DATED: 20 OCTOBER 2016
BY ORDER OF THE BOARD

MELISSA CHAPMAN
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 10:00am (WST) on Thursday, 20 October 2016 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 2016 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 2016.

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 the votes cast are in favour of the Spill Resolution, the Company must convene a further 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 (if any), 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 at the Spill Meeting will be the Directors of the Company, together with the managing director (if any) and any other directors appointed or elected after the directors' report was approved.

At the Company's 2015 Annual General Meeting, the votes cast against the remuneration report considered at the Annual General Meeting were more than 25%, constituting a "first strike".

Following receipt of the first strike, the Directors have sought feedback from external stakeholders and closely analysed all components of the Company's remuneration policy.

Non-Executive Directors' fees have remained frozen since that time, as has the consultancy fee payable to the Executive Chairman. The Company did not pay any short-term cash bonuses to any Director of the Company during the financial year ended 30 June 2016 and no options have been offered to any Director or other member of Key Management Personnel since the 2015 annual general meeting.

The 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. The Remuneration Committee acknowledged the importance of aligning the interests of the Company's shareholders with those of the Executive Chairman therefore the contract allows for an incentive structure of 10-20% of base remuneration subject to Remuneration Committee approval, which is dependent on the achievement of key performance milestones. The performance hurdles directly benefit the Company's shareholders and have been set based on a material increase in net market capitalisation of the Company and maximizing returns to shareholders of the Company.

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 2016 Remuneration Report again oppose the adoption of the report, the Company will receive a "second strike" and the Company must put Resolution 6 (**Spill Resolution**) to Shareholders.

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – TIM TURNER

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 3 Directors and accordingly, 1 must retire, in addition to any Director required to retire under clause 13.4 of the Constitution.

Accordingly, Mr Tim Turner retires by rotation and seeks re-election. A summary of Mr Tim Turner's background and experience is set out in the 2016 Annual Report.

4. RESOLUTION 3 –RE-ELECTION OF DIRECTOR – JASON BREWER

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election.

Mr Jason Brewer was appointed a Director on 31 December 2013 and due to an administrative oversight was not elected at the 2015 annual general meeting, but has continued to serve as a Director since that time to fill a casual vacancy. Accordingly, and as announced to ASX on 29 September 2016, Mr Brewer will retire in accordance with clause 13.4 of the Constitution at the annual general meeting and being eligible seek election. A summary of Mr Brewer's background and experience is set out in the 2016 Annual Report.

5. RESOLUTION 4 –APPROVAL OF ISSUE – OPTIONS TO GULF ENERGY INTERNATIONAL LIMITED

5.1 General – Underwriting Agreement

As announced on 12 January 2016, the Company entered into an underwriting agreement with Gulf Energy International Limited (**Underwriting Agreement**) for the placement of 94,000,000 shares at 4.25c per share to raise \$4m.

Pursuant to the Underwriting Agreement, and in part consideration for entering into the Underwriting Agreement, the Company agreed to issue, subject to shareholder approval, one Option for every four Shares subscribed to under the Underwriting Agreement with an exercise price of 5c exercisable on or before 31 December 2018.

ASX Listing Rule 7.1 provides that a company must not, without shareholder approval, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, subject to specified exceptions.

Accordingly, approval is being sought pursuant to ASX Listing Rule 7.1 to issue 23,500,000 Options to Gulf Energy International Limited.

5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the information below is provided in relation to this Resolution 4:

(a) Maximum Number of Securities

The maximum number of securities the Company is to issue is 23,500,000 Options.

(b) Date of Issue

The Options will all be issued on one date as soon as practical after the Resolution is approved, and in any event no later than 3 months after the date of the annual general meeting.

(c) Issue Price

The Options are to be issued as part consideration for entering into the Underwriting Agreement and accordingly the issue price will be nil as no funds will be raised from the issue of the Options.

(d) Name of Recipient

The Options will be issued to Gulf Energy International Limited.

(e) Terms of Options

The Options will be exercisable at 5 cents each on or before 31 December 2018. The full terms of issue of the Options are set out in Annexure A.

(f) Use of Funds

No funds will be raised through the issue of the Options. In the event of exercise of the Options the funds raised will be used to meet the Company's financial needs at the time including for working capital.

(g) Voting Exclusion

A voting exclusion statement is included in this Notice.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 5, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 6.2 below).

The effect of Resolution 5 will be to allow the Company to issue Equity Securities up to 10% of the number of Shares on issue under the 10% Placement Capacity during the period of 12 months after the annual general meeting, without Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

6.2 ASX Listing Rule 7.1A

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$11.530 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being the Shares (ASX Code: CFE).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- (c) **D** is 10%.
- (d) **E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

6.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.3(b)(c)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) after which date, an approval under Listing Rule 7.1A ceases to be valid,

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Shares under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the annual general meeting; and
- (ii) Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.008 50% decrease in Market Price	\$0.016 Market Price	\$0.032 100% increase in Market Price
720,686,586 (Current Variable A)	Shares issued - 10% voting dilution	72,068,659	72,068,659	72,068,659
	Funds raised	\$612,584	\$1,225,167	\$2,450,334
1,081,029,879 (50% increase in Variable A)	Shares issued - 10% voting dilution	108,102,988	108,102,988	108,102,988
	Funds raised	\$918,875	\$1,837,751	\$3,675,502
1,441,373,172 (100% increase in Variable A)	Shares issued - 10% voting dilution	144,137,317	144,137,317	144,137,317
	Funds raised	\$1,225,167	\$2,450,334	\$4,900,669

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under Listing Rule 7.1 capacity, a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 720,686,586 existing Shares as at the date of this Notice.
2. The market price set out above is the closing price of the Shares on the ASX on 10 October 2016
3. The Company issues the maximum possible number of Shares under the 10% Placement Capacity.
4. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
5. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 or any other issue of Shares.

6. 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%.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's projects and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments, 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 Equity Securities.

(e) Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed issue(s).

The recipients of Equity Securities (if any) to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is possible that recipients under the 10% Placement Capacity may be vendors of the new resources, assets or investments.

(f) Previous approval under ASX Listing Rule 7.1A

The Company has not previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

6.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

7. RESOLUTION 6 – 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 2016 Remuneration Report exceed 25% of the votes cast.

If the Company receives a “second strike” and more than 50% of the votes are cast in favour of Resolution 6, then a further general meeting must take place within 90 days and the entire Board except for the Chairman, Mr Tony Sage and any directors appointed since the 2016 Remuneration Report was approved by the Board must stand for re-election at that meeting.

In the event a further general 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 meeting.

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

8. QUESTIONS AND COMMENTS

In accordance with section 250S of the Corporations Act the chairman will allow a reasonable opportunity for Shareholders at the meeting to ask questions about or make comments on the management of the Company.

9. ENQUIRIES

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

GLOSSARY

\$ means Australian **dollars**.

10% Placement Capacity has the meaning given in section 6.3(b) of this Notice.

2016 Annual Report means the annual report of the Company for the year ended 30 June 2016.

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.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (ii) is not included in the A&P/ASX 300 Index; and
- (iii) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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.

Options means option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Committee means the sub-committee of Board convened pursuant to the Company's Constitution and corporate governance policies.

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 2016.

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.

ANNEXURE A

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on 31 December 2018 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CFE
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10.00am (WST) Tuesday, 22 November 2016**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Cape Lambert Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Cape Lambert Resources Limited to be held at 32 Harrogate Street, West Leederville, Western Australia on Thursday, 24 November 2016 at 10:00am (WST) and at any adjournment or postponement 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 by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 6 where the Chairman of the Meeting intends to vote against.

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 Resolutions 1 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business **PLEASE NOTE:** 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 Director - Tim Turner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Director - Jason Brewer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue - Options to Gulf Energy International Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of 10% Placement Capacity - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Spill Meeting Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 6 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____