



ACN 095 047 920

NOTICE OF GENERAL MEETING

TIME: 9:00am (WST)

DATE: 29 December 2016

PLACE: 32 Harrogate Street
West Leederville WA 6007

YOUR DIRECTORS RECOMMEND THAT YOU VOTE

AGAINST

THE RESOLUTION

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 general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am (WST) on Friday, 29 December 2016 at:

32 Harrogate Street
West Leederville WA 6007

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy please:

- (a) appoint a proxy 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 27 December 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 GENERAL MEETING

This notice has been prepared by the Company to comply with the Corporations Act following receipt by the Company of a requisition to convene a general meeting of Shareholders to consider a resolution to remove a Director of the Company.

Notice is given that the general meeting of Shareholders will be held at 9:00am (WST) on Friday, 29 December 2016 at 32 Harrogate Street, West Leederville, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the 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 General Meeting are those who are registered Shareholders at 5:00pm (Perth time) on 27 December 2016.

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

AGENDA

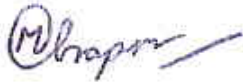
RESOLUTION – REMOVAL OF DIRECTOR – MR TONY SAGE

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

“That Mr Antony Sage be removed as a Director of Cape Lambert Resources Limited with immediate effect.”

DATED: 29 NOVEMBER 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 General Meeting to be held at 9:00am (WST) on Friday, 29 December 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. BACKGROUND

On 22 November 2016, the Company received a notice dated 21 November 2016 pursuant to Section 249D of the Corporations Act (**Section 249D Notice** or **Notice**) from Leadenhall Australia Pty Ltd and Noble Investments Superannuation Fund Pty Ltd being Shareholders of the Company, who currently holds 5.36% of the shares in the capital of the Company.

At the time of printing this Notice of Meeting, the requisitioning shareholders have not provided a statement setting out the reasons for the Notice, or the reasons to have Mr Tony Sage removed as a Director of the Company.

The Section 249D Notice requested that the Directors of the Company convene a general meeting to consider and vote on the resolution as set out in this Notice of Meeting.

Accordingly, the Directors have called and arranged to hold the General Meeting convened by this Notice pursuant to the Notice and in accordance with Section 249D of the Corporations Act.

2. RESOLUTION – REMOVAL OF DIRECTOR – MR TONY SAGE

In accordance with Section 203D(4) of the Corporations Act, Mr Tony Sage has provided the statement contained in Schedule 1.

The Directors of the Company other than Mr Sage have provided the statement contained in Schedule 2 for inclusion in this Notice of Meeting.

3. 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**.

ASX means ASX Limited.

Board means the current board of directors of the Company.

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.

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

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

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice of Meeting.

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

Shareholder means a holder of a Share.

SCHEDULE 1 – STATEMENT FROM MR TONY SAGE

The sole requisitioners of the meeting at which shareholders will be asked to remove me from my position of Executive Chairman of Cape Lambert Resources Limited (**Cape Lambert** or the **Company**), have provided shareholders with no reasons for seeking my removal and have cited no specific or general complaints in relation to my performance as Executive Chairman of Cape Lambert. The action in making this challenge appears to be predicated on nothing more than an attempt to frustrate and destabilize the company and is therefore not in the best interests of shareholders.

The request to requisition a meeting came on the eve of the Company's AGM and only after the director of the requisitioning shareholders, Mr Lebbon, had campaigned to discredit me with shareholders, despite offering nothing tangible to shareholders in terms of an alternative vision or plan for the Company. I have come to the conclusion that Mr Lebbon is driven by efforts to frustrate, embarrass and derail the Company, but he has nothing positive or constructive to offer the Company in return.

As a substantial shareholder who owns 11% of the shares of the Company, I have consistently shown my support and belief in Cape Lambert and purchased shares on market numerous times. I firmly believe that my interests and those of all Cape Lambert shareholders remain very closely aligned and that I am the best person to lead the Company going forward.

As a substantial shareholder, I am deeply concerned that Mr Lebbon's proposed board changes have the potential to put at risk a number of potential investments and growth opportunities that are intended to increase shareholder value over the medium and long term.

The proposed board changes has the potential to adversely affect the Company's ability to source and secure ongoing funding for the Company's activities and investor sentiment in what are already challenging conditions for investors and the equity capital markets in general. This is not the time for instability, uncertainty and nasty surprises, especially when the Company has invested many years building trust, confidence and strong relationships with financiers, analysts, investors and other financial market participants.

I have over 30 years of experience in the areas of corporate advisory services, funds management and capital raising, specialising in the management and financing of mining and exploration companies in geographically diverse locations for the last 18 years. I have a track record of creating value for shareholders, for being a strong leader and for recognising opportunities to generate strong returns for investors. In my time as Executive Chairman of Cape Lambert, I have overseen a sustained period of genuine return to shareholders and I have steered the Company through some of the most challenging market conditions ever experienced by the mining industry in more recent years.

During my time as Executive Chairman, Cape Lambert has only ever conducted one capital raising, early this year. This raising of \$4m was achieved at a 300% premium to the market.

Noting the challenging market conditions for junior mining and exploration companies, I have also overseen the decisive and necessary steps to substantially reduce our workforce and operating costs, resulting in ongoing savings of \$3.5 million per annum.

This is my record and my legacy, and I'm happy to let it stand and be judged accordingly. I have a passion and an iron-clad commitment to creating value for all our shareholders, and I've invested my own money to ensure that my interests are aligned in realising that value.

I ask for your support and the support of all shareholders to allow me to continue my work as a director of the Company.

SCHEDULE 2 – STATEMENT FROM DIRECTORS OF THE COMPANY

The Board is aware of a requisition from shareholders to request a meeting under s.249.D of the Corporations Act for the purposes of having a vote to remove Mr Tony Sage as a director of Cape Lambert Resources Limited (**Cape Lambert** of the **Company**).

The board members other than Mr Sage, individually and collectively, do not support this action and intend to vote AGAINST the proposal and encourage all shareholders of the Company to do the same.

The Board remains fully supportive of Mr Sage in his role as Executive Chairman of the Company and we believe that under his leadership, the Company will continue to prosper and grow.

Under Mr Sage's leadership, Cape Lambert has grown to become a dynamic and successful mining development and mineral exploration company, with an exciting and highly prospective portfolio of assets and projects in Australia, Europe, South America and Africa. Since listing on the ASX, Cape Lambert has only had one capital raising, at a 300% premium to the market, which has prevented significant dilution to investors.

The Company, under Mr Sage's leadership and his direct management and negotiation, successfully completed a number of significant commercial transactions, the most notable being;

- The purchase for \$10m cash and then the subsequent sale of the Company's namesake iron ore asset to Chinese firm MCC for more than \$365 million;
- The acquisition and subsequent divestment at a large profit of the assets of CopperCo Limited including the Sappes gold project in Greece through the spinout of Glory Resources, and
- The purchase of Mayoko iron ore asset from DMC for \$2m and the subsequent spinout into African Iron Ltd, which was eventually purchased by Exarro for a see through value of approximately \$400m.

These transactions have generated real value to shareholders, in the form of more than \$200 million of special dividends, capital returns and in-specie distributions.

Mr Sage brings a unique and highly valuable skills set to his role as Executive Chairman, and he has personally committed himself to the Company's success over many years. Mr Sage has made a very substantial investment of his own to acquire 11% of the shares in the Company, and this investment ensures that his interests and those of all shareholders are aligned.

In response to the downturn in the resources sector generally, and to the iron ore sector specifically, Mr Sage has overseen a very substantial reduction in the Company's workforce which has helped remove a significant amount of cost from our business and placed the Company on a sound and sustainable platform for future growth. These actions were both prudent and decisive, which is reflective of Mr Sage's management style and leadership.

By contrast, we note that Mr Lebbon, a director of the requisitioning shareholders, has no discernible experience as a director of an ASX listed mining company and has not

previously held any senior executive management positions within a listed mining company. Mr Lebbon has offered no insights into his reasons for wanting to remove Mr Sage as a director of the Company, and offers no vision or plan for helping to grow the Company.

Mr Lebbon purchased his shareholding recently at only \$0.008c which is a fraction of what most shareholders including Mr Sage have paid.

His request to remove Mr Sage as a director of the Company is not motivated, in the opinion of the directors, by a genuine desire to act in the best interests of all shareholders and appears to be devoid of merit and does not enjoy any significant support among the shareholders of the Company.

We intend to deal with this matter as expediently as we can so we can return to the business of running the Company and creating value growth for our shareholders. Unwanted and unnecessary distractions such as this s.249D notice are an unfortunate reality of life for ASX listed companies, and in the opinion of your directors, do nothing but waste time, money and resources that could be better spent on other more important matters.

Your Directors strongly encourage you to vote AGAINST the resolution to remove Mr Tony Sage as a director of the Company, and we intend to direct any proxies and our own votes against the resolution.