



Office Level 8, 300 Adelaide Street, Brisbane, Qld 4000
Postal PO Box 10955, Brisbane Adelaide Street, Qld 4000
Phone +61 7 3009 8000 **Facsimile** +61 7 3221 4811
Email info@capealumina.com.au **Web** www.capealumina.com.au

Notice of Annual General Meeting and Explanatory Memorandum

Cape Alumina Limited ACN 107 817 694

Date of Meeting: 25 November 2014

Time of Meeting: 11.00am (Brisbane time)

Place of Meeting: McCullough Robertson Lawyers
Level 11, 66 Eagle Street
Brisbane, Queensland



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Cape Alumina Limited ACN 107 817 694 (**Cape Alumina** or **Company**) will be held at the offices of McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane on 25 November 2014, commencing at 11:00 am.

Agenda

The agenda for the meeting is as follows:

- A. Opening of meeting.
- B. Consideration and discussion of Audited Financial Statements for the year ended 30 June 2014 (**2014 Audited Financial Statements**).

The 2014 Audited Financial Statements are being circulated to Shareholders who have elected to receive a paper copy of the Company's reports. Shareholders who have elected to receive electronic copies of the Company's reports, and Shareholders who have not made an election as to how they wish to receive the Company's reports, may access the 2014 statutory Audited Financial Statements on the Company's website at www.capealumina.com.au by selecting the "ASX Reports" link under the "Investor Relations" tab on the home page.

The Audited Financial Statements for the year ended 30 June 2014 were released to the ASX on 11 September 2014.

- C. Consideration of Adoption of the Remuneration Report for the year ended 30 June 2014 (see Resolution 1).

[Note – the vote on this resolution is advisory only and does not bind the Directors of the Company]

- D. Election of Directors:
 - (a) Re-election of Mr Stephen Everett as a Director (see Resolution 2).
 - (b) Re-election of Mr Lindsay Ward as a Director (see Resolution 3).
 - (c) Re-election of Mr George Lloyd as a Director (see Resolution 4).
 - (d) Re-election of Mr Jijun Liu as a Director (see Resolution 5).
- E. Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A (see Resolution 6).
- F. Other business.
- G. Close of meeting.



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1. Remuneration Report

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

“That the Company adopt the Remuneration Report for the year ended 30 June 2014.”

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

Voting exclusion statement for Resolution 1 pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 1 if:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
 - (1) does not specify the way the proxy is to vote; and
 - (2) 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.

2. Re-election of Mr Stephen Everett as a Director

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

“That, Mr Stephen Everett, having been appointed by the Directors as an additional Director since the last Annual General Meeting of the Company, retires in accordance with Rule 36.2 of the Constitution of the Company, and being eligible, be re-elected as a Director of the Company.”

3. Re-election of Mr Lindsay Ward as a Director

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

“That, Mr Lindsay Ward, having been appointed by the Directors as an additional Director since the last Annual General Meeting of the Company, retires in accordance with Rule 36.2 of the Constitution of the Company, and being eligible, be re-elected as a Director of the Company.”

4. Re-election of Mr George Lloyd

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

“That Mr George Lloyd, having retired by rotation in accordance with Article 38.1(c) of the Constitution of the Company and being eligible, be re-elected as a Director of the Company.”



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5. Re-election of Mr Jijun Liu

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

“That Mr Jijun Liu, having retired in accordance with Rule 38.1(c) of the Constitution of the Company and being eligible, be re-elected as a Director of the Company.”

6. Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

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

“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this AGM, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum.

Voting exclusion statement for Resolution 6

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

- (a) may participate in the issue of the Securities; and
- (b) might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company 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 the direction on the proxy form to vote as the proxy decides.

By order of the Board

SCOTT WADDELL
COMPANY SECRETARY
22 October 2014

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.



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Introduction

This Explanatory Memorandum is provided to shareholders of **Cape Alumina Limited ACN 107 817 694 (Company)** to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of McCullough Robertson Lawyers on 25 November 2014 commencing at 11.00am (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used and not otherwise defined in this Explanatory Memorandum are defined in Section 7.

1. Resolution 1: Adoption of Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding vote in accordance with section 250R(2) of the Corporations Act.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of directors and senior executives of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each Director and the most highly remunerated senior executive of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 1 is advisory only and does not bind the Directors.

2. Resolution 2: Re-election of Mr Stephen Everett as a Director

Mr Stephen Everett was appointed as an additional Director and Non-Executive Chairman of the Company on 8 May 2014.

Under Rule 36.2, the Company's Constitution requires that any Director elected since the last Annual General Meeting stand for re-election. Mr Everett accordingly retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Everett has forty years management and board experience in the resources and construction industries and has held Chairman and Non-Executive Director positions in publicly-listed and private companies, as well as with Government Development Boards. Mr Everett has also held senior executive positions including Managing Director and Chief Executive Officer of private and publicly listed companies.

In addition to his role as Non-Executive Chairman of Cape Alumina, Mr Everett is Chairman of MetroCoal Limited, an ASX-listed coal-based energy company with a focus on thermal coal



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projects in the Surat Basin in Southern Queensland. He is also the Chairman of Global Resources Corporation Limited, an ASX-listed oil and gas explorer and producer operating in the United States, and has previously served as Chairman of IronRidge Resources Limited, Australian Solomons Gold (TSX), JMS Engineering/JJ McDonald & Sons and BeMax Resources Limited (ASX) as well as a Director of Queensland Coal Mine Management (QCMM).

The Board (with Mr Everett abstaining) unanimously recommends that Shareholders vote in favour of this Resolution 2.

3. Resolution 3: Re-election of Mr Lindsay Ward as a Director

Mr Lindsay Ward was appointed as an additional Director of the Company on 8 May 2014.

Under Rule 36.2, the Company's Constitution requires that any Director elected since the last Annual General Meeting stand for re-election. Mr Everett accordingly retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Ward is an experienced senior executive having worked in a broad range of industries including ports, mining, mineral processing, rail haulage, electricity generation, gas transmission, alternative waste treatment, transport and logistics at general manager, CEO, managing director, non-executive director and chairman level.

Mr Ward is currently CEO of the Tasmanian Gas Pipeline (TGP) and has a broader role with Palisade Investment Partners (the owners of TGP) managing their various infrastructure assets including a port, power station and alternative waste treatment facilities either as CEO, general manager, chairman or director.

Prior to this, Mr Ward was Managing Director of Dart Mining NL (ASX-DTM), a Victorian based molybdenum-copper-silver explorer. Prior to joining Dart Mining, Mr Ward was General Manager – Patrick Ports and Pacific National Bulk Rail, a business unit of Asciano Ltd.

Mr Ward holds a Bachelor of Applied Science (Geology) and a Graduate Diploma Business Management GAICD.

The Board (with Mr Ward abstaining) unanimously recommends that Shareholders vote in favour of this Resolution 3.

4. Resolution 4: Re-election of Mr George Lloyd as a Director

Mr George Lloyd was appointed as a Director of the Company on 29 January 2009.

Under Article 38.1(c), the Company's Constitution requires that at each Annual General Meeting, one-third of the Directors in office at the date of the last Annual General Meeting stand for re-election. Mr Lloyd retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

In addition to his role as Non-Executive Independent Director of Cape Alumina, George Lloyd is Chairman of global resources industry engineering services group Ausenco Limited. He is also Chairman of Pryme Energy Limited, an ASX-listed oil and gas explorer and producer operating in the United States.

Mr Lloyd holds a Bachelor of Engineering Science (Industrial Engineering) degree and a Master of Business Administration degree, both from the University of NSW. He is also a graduate of the Stanford Executive Program.

Mr Lloyd is a Fellow of the Australian Institute of Company Directors (AICD) and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). He has over 30 years of resource industry experience including time as a senior executive and board member of listed and unlisted Australian resource companies with interests in minerals, energy and industry services.



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5. Resolution 5: Re-election of Mr Jijun Liu as a Director

Mr Jijun Liu was appointed as a Director of the Company on 26 March 2007.

Under Rule 38.6, the Company's Constitution prohibits a Director from continuing in office beyond the third annual general meeting following his / her appointment without submitting himself / herself for re-election. Mr Liu retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

Mr Liu is the Managing Director of the Shandong Xinfu Group Co Ltd, which controls one of the largest alumina-aluminium enterprises in China. Mr Liu is also a member of various government committees. He studied thermal power plant engineering at Shandong Power Junior College.

The Board (with Mr Liu abstaining) unanimously recommends that Shareholders vote in favour of this Resolution 5.

6. Resolution 6: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period

6.1 Introduction

Under Resolution 7, the Company is seeking Shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with Listing Rule 7.1A (**10% Securities**). Under Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at its annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1.

If this resolution is passed, the Company will be able to issue a number of Securities up to the maximum 10% Securities each at an issue price of at least 75% VWAP for the Company's quoted class of Securities (calculated over the last 15 days on which trades in the quoted Securities are recorded, and immediately before the date on which the price at which the Securities are to be issued is agreed, or if not within 5 trading days of that date, the date on which the Securities are issued).

The Company may issue 10% Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of 10% Securities are intended to be used as follows:

- (a) continued work on the Bauxite Hills project, which may include undertaking studies, negotiating agreements, drilling and exploration etc;
- (b) business development activities;
- (c) continued community engagement with the Traditional Land Owners, local Aboriginal people and regional communities; and
- (d) additional working capital.

Under the Listing Rules, the approval for the 10% Securities will only entitle the Company to issue Securities in an existing quoted class of Securities. The number of 10% Securities that can be issued by the Company will be determined based on the number of Shares that are on issue at the time of the proposed issue.



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6.2 Listing Rule 7.1A

(a) General

Eligibility

An entity is eligible to undertake an Additional 10% Issue if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the Annual General Meeting, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the closing price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on 20 October 2014 the Company's market capitalisation was \$4.367 million, based on the closing trading price on the previous trading date (17 October 2014) (\$0.018).

The Company is not included in the S&P/ASX300 Index as at the time of this Notice of Meeting and does not expect to be on the date of the Annual General Meeting.

The Company is therefore an eligible entity and able to seek Shareholder approval to undertake an Additional 10% Issue under Listing Rule 7.1A.

In the event that the Company is no longer an eligible entity to undertake an Additional 10% Issue after the Company has already obtained ordinary security holders' approval, the approval obtained will not lapse and the Company will still be entitled to undertake the Additional 10% Issue.

Shareholder approval

Pursuant to Listing Rule 7.1A the ability to issue the 10% Securities under the Additional 10% Issue is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Annual General Meeting.

(b) Issue Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (2) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking)

or such longer period if allowed by ASX.

If approval is given for the Additional 10% Issue then the approval will expire, unless there is a significant change to the Company's business, on 25 November 2015.



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(c) **Calculation for Additional 10% Issue – Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at their annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, Securities calculated in accordance with the following formula:

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

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid Shares that became fully paid in the 12 months;
- (3) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.1. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid Shares cancelled in the 12 months.

D is 10%.

E is the number of Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1A.3**

Shares

Shares issued under the Additional 10% Issue must be in the same class as an existing quoted class of Shares of the Company.

The Company had 242,648,398 Shares on issue as at the date of this notice of meeting. The Company is only seeking approval to issue Securities under the Additional 10% Issue in addition to its 15% capacity permitted under Listing Rule 7.1.

Minimum Issue Price

The issue price for the 10% Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (1) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (2) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

As required by the Listing Rules, the Company's market capitalisation based on the closing price on the Trading Day before the Annual General Meeting will be released by the Company to the ASX at that time.



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(e) **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 7 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Shares caused by the issue;
 - (B) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

(f) **Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

At the date of this Notice (23 October 2014), the Company had on issue 242,648,398 Shares, and therefore has the capacity to issue:

- (1) 36,397,259 Shares under Listing Rule 7.1; and
- (2) 24,264,839 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (as above).

6.3 **Specific Information required by Listing Rule 7.3A**

(a) **Minimum price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.3A.1, the 10% Securities to be issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (1) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (2) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

The Company intends to issue the 10% Securities in accordance with Listing Rule 7.1A and will disclose to the ASX the issue price on the date of issue of the 10% Securities.



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(b) Risk of economic and voting dilution – Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if the Additional 10% Issue is passed by Shareholders and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing Shareholders of the Company.

There is a specific risk that:

- (1) the market price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the Annual General Meeting; and
- (2) the 10% Securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the 10% Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the economic and voting dilution effect, in circumstances where the issued capital has doubled and the market price of the Shares has halved. Table 1 also shows additional scenarios in which the issued Share capital has increased (by both 50% and 100%) and the market price of the Shares has:

- decreased by 50%; and
- increased by 100%.

Table 1

Issued Shares	50% decrease in Market Price (\$0.009)		Current Market Price (\$0.018)		100% increase in Market Price (\$0.036)	
	10% voting dilution (Shares)	Capital raised	10% voting dilution (Shares)	Capital raised	10% voting dilution (Shares)	Capital raised
Present = 242,648,398	24,264,839 Shares	\$218,384	24,264,839 Shares	\$436,767	24,264,839 Shares	\$873,534
If 50% increase = 363,972,597	36,397,259 Shares	\$327,575	36,397,259 Shares	\$655,151	36,397,259 Shares	\$1,310,301
If 100% increase = 485,296,796	48,529,679 Shares	\$436,767	48,529,679 Shares	\$873,534	48,529,679 Shares	\$1,747,068

Assumptions and explanations

- The Market Price is \$0.018, based on the closing price of the Shares on ASX on 17 October 2014.
- The above table only shows the dilutionary effect based on the Additional 10% Issue and not the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of 10% Securities available to it under the Additional 10% Issue.
- The issued capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 17 October 2014.



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- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of a share issue under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting.
- The issue of Shares under Listing Rule 7.1A consists only of Shares.
- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

(c) **Final date for issue – Listing Rule 7.3A.3**

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of the Annual General Meeting which the Company anticipates will be on 25 November 2014. The approval under Resolution 7 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

(d) **Purpose – Listing Rule 7.3A.4**

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of 10% Securities are intended to be used as follows:

- (1) continued work on the Bauxite Hills project, which may include undertaking studies, negotiating agreements, drilling and exploration etc;
- (2) business development activities;
- (3) continued community engagement with the Traditional Land Owners, local Aboriginal people and regional communities; and
- (4) additional working capital.

Shares Issued for non-cash consideration – Listing Rule 7.3A.4

The Company may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues 10% Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the 10% Securities complies with Listing Rule 7.1A.3.

(e) **Company's Allocation Policy – Listing Rule 7.3A.5**

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

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- (2) the effect of the issue of the 10% Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

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

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Issue will be the vendors of the new assets or investments.

(f) **Previous Listing Rule 7.1A shareholder approval – Listing Rule 7.3A.6**

Approval under Listing Rule 7.1A to issue an additional 10% Securities was previously obtained at the 2013 annual general meeting held on 19 November 2013.

Information required under Listing Rule 7.3A.6(a)

The table below shows the total number of equity securities issued (or proposed to be issued) in the 12 months preceding the date of the AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

Total equity securities on issue at the commencement of the 12 month period	243,998,704*
Equity securities issued in the prior 12 month period	16,666,667
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	6.83%

* Comprising 225,981,731 Shares, 14,706,000 Options, 3,310,973 Performance Rights and 2 convertible notes (Metro Loan Notes) on issue at the commencement of the period.

Information required under Listing Rule 7.3A.6(b)

The table below sets out specific details for each issue of equity securities that has taken place or is proposed to take place in the 12 month period preceding the date of the AGM.

Date of issue	26 November 2013
Number, class and type of equity security issued	16,666,667 fully paid ordinary shares ranking equally with all other fully paid ordinary shares
Summary of terms	Shares issued for conversion of an unquoted convertible note maturing on 1 December 2014
Names of persons who received securities or basis on which those persons were determined	MetroCoal Limited
Price	\$0.06 per share
Discount to market price (if any)	N/A
For cash issues	
Total cash consideration received	N/A
Amount of cash consideration that has been spent	N/A
Use of spent cash consideration	N/A
Intended use for remaining amount of cash (if any)	N/A
For non-cash issues	
Non-cash consideration paid	N/A
Current value of that non-cash consideration	N/A



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(g) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

The Board unanimously recommends that Shareholders vote in favour of this Resolution 7.

7. Interpretation

Annual General Meeting, AGM or Meeting means the annual general meeting of shareholders of the Company convened by the Directors and detailed in the Notice of meeting, or any adjournment thereof;

ASX means the ASX Limited;

Board means the board of directors of the Company from time to time;

Business Day means a day on which banking institutions generally are open in Brisbane, but excluding Saturdays, Sundays and public holidays;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph;

Company means Cape Alumina Limited ACN 107 817 694;

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

Corporations Act means the Corporations Act 2001 (Cth);

Directors means the directors of the Company from time to time;

Explanatory Memorandum means the explanatory memorandum accompanying this Notice;

Initial Loan Note means the loan note issued to MetroCoal on 7 October 2013 with a face value of \$1 million for the repayment of the initial tranche of the Metro Loan;

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;



Notice of Annual General Meeting

Listing Rules means the listing rules of the ASX;

Market Price has the meaning given to that term in the Listing Rules;

MetroCoal means MetroCoal Limited ACN 117 763 443;

Metro Loan means the loan (up to a maximum of \$3 million) to be provided by MetroCoal to the Company pursuant to the Secured Loan and Convertible Note Deed;

Metro Loan Notes means the Initial Loan Note and the Subsequent Loan Note;

Notice of Meeting or Notice means the notice of meeting giving notice to shareholders of the Annual General Meeting, accompanying this Explanatory Memorandum;

Option means an option granted by the Company exercisable in Shares;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Performance Rights means a right to subscribe for Shares granted under the Performance Rights Plan;

Performance Rights Plan means the Cape Alumina Limited Performance Rights Plan as amended from time to time;

Securities has the same meaning as that given to "Equity Securities" under the Listing Rules;

Shares means a fully paid ordinary share in Cape Alumina;

Special Resolution means a resolution passed by at least 75% of the votes at a general meeting of shareholders;

Subsequent Loan Note means the loan note that was proposed to be issued to MetroCoal with a face value of \$2 million for the repayment of the subsequent tranche of the Metro Loan;

Trading Day has the meaning given in the Listing Rules; and

VWAP means volume weighted average price excluding special crossings.

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Any enquiries in relation to the resolutions or the Explanatory Memorandum should be directed to Mr. Scott Waddell (Company Secretary):

Suite 8, 300 Adelaide Street
Brisbane, QLD 4000
Tel - +61 7 3009 8000
Fax - +61 7 3221 4811



Cape Alumina Limited

ACN 107 817 694

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:

Cape Alumina Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Cape Alumina Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at 11:00am on Tuesday, 25 November 2014 at McCullough Robertson Lawyers, Level 11, Central Plaza Two, 66 Eagle Street, Brisbane, Queensland 4000 (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Remuneration Report

For Against Abstain*

☐ ☐ ☐

Resolution 2

Re-election of Mr Stephen Everett as a Director

☐ ☐ ☐

Resolution 3

Re-election of Mr Lindsay Ward as a Director

☐ ☐ ☐

Resolution 4

Re-election of Mr George Lloyd as a Director

☐ ☐ ☐

Resolution 5

Re-election of Mr Jijun Liu as a Director

☐ ☐ ☐

SPECIAL BUSINESS

Resolution 6

Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

For Against Abstain*

☐ ☐ ☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

CBX PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

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

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am (Brisbane time) on Sunday, 23 November 2014, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Cape Alumina Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**