

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

DATE OF MEETING

**Friday 24 October 2008
commencing at 12.00 noon (WST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

PLACE OF MEETING

**Parmelia Hilton Hotel
Mill Street
PERTH WA 6000**

**CLOUGH LIMITED
ABN 59 008 678 813**

The 2008 Annual General Meeting of Clough Limited will be held at the Parmelia Hilton Hotel, Mill Street, Perth, Western Australia on Friday 24 October 2008 at 12.00 noon (WST).

ORDINARY BUSINESS

1. Financial Statements and Reports (No Resolution required)

To receive and consider the Financial Statements and the Reports of the Directors and of the Auditor in respect of the year ended 30 June 2008.

2. Re-Election of Directors

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

- (a) "That John Cooper, who retires by rotation and, being eligible, be re-elected as a Director."
- (b) "That Andrew Walsh, who retires by rotation and, being eligible, be re-elected as a Director."

Information about John Cooper and Andrew Walsh is contained in the Explanatory Statement accompanying this Notice.

3. Election of Directors

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

- (a) "That Emma Stein, who was appointed to the Board by the Directors during the year and, being eligible, be elected as a Director."
- (b) "That Keith Spence, who was appointed to the Board by the Directors during the year and, being eligible, be elected as a Director."

Information about Emma Stein and Keith Spence is contained in the Explanatory Statement accompanying this Notice.

4. Remuneration Report (Non-Binding Resolution)

To consider and to put to a vote the following **non-binding resolution**:

"To adopt the Remuneration Report for the financial year ended 30 June 2008."

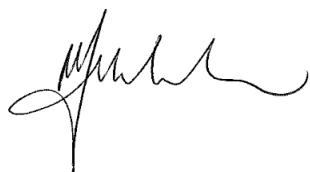
This resolution is put to Shareholders to allow a reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report which is included in the Directors' Report, forming part of the Annual Report. For those Shareholders that did not wish to receive the Annual Report, it is available on the Clough website or a copy can be obtained by contacting the Company.

5. Appointment of Auditor

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

"That Deloitte Touche Tohmatsu be appointed as auditor of Clough Limited and the Directors be authorised to fix the remuneration of the auditor."

By Order of the Board



M.J. Uchanski
Company Secretary

19 September 2008

EXPLANATORY STATEMENT

The Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

PROXIES

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of Appointment of Corporate Representative should be completed and lodged in the manner specified below.

VOTING ENTITLEMENTS

In accordance with Regulation 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 12.00 noon (WST) on Wednesday 22 October 2008. Accordingly, transactions registered after that time will be disregarded in determining Shareholders' entitlement to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative. An Appointment of Corporate Representative form is available from the Company's share registry if required.

EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held on Friday 24 October 2008 at 12.00 noon (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Shareholders may also submit questions about any of the Resolutions by completing the attached question form and submitting it in accordance with the instructions on that form.

1. RESOLUTION 1: FINANCIAL STATEMENTS AND REPORTS (NO RESOLUTION REQUIRED)

Under the Corporations Act, the Directors are required to lay before the meeting the financial statements and reports of the Directors and the auditors for the financial year ended 30 June 2008. No resolution is required for this item of business. However, members will have an opportunity at the meeting to ask questions about, or make comments on, these reports and the management of the Company.

If you are a Shareholder who is entitled to vote, you are entitled to submit questions to the Auditor that relate to the content of the Auditor's report or the conduct of the audit. If you wish to ask questions, please complete the enclosed question form and submit it in accordance with the instructions on the form.

2. RESOLUTIONS 2(a) and (b): RE-ELECTION OF DIRECTORS

2.1. Background

In accordance with ASX Listing Rule 14.4 and clause 13.3 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. These requirements for a Director to retire do not apply to a Managing Director.

On this basis John Cooper and Andrew Walsh retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-election. Details of the candidates are set out below.

2.2. Nominees for re-election

(a) John Cooper

John Cooper was first appointed to the Clough Limited Board on 24 August 2006 and returned to his position as a Non-Executive Director in August 2007, after serving as Chief Executive Officer from January 2007 to July 2007. John was previously Clough's Deputy Chairman. He has more than 30 years engineering and construction experience in Australia and Southeast Asia. He was with Concrete Constructions Group for more than 20 years where he was General Manager Australia before leaving to become Managing Director and Chief Executive of engineering consultant CMPS&F. John recently joined Murray & Roberts as its Australian Chief Executive following a number of years consulting to the major projects industry in the region.

(b) **Andrew Walsh**

In October 2003, Andrew Walsh was appointed Chief Financial Officer for Clough Limited and became a Director of the Clough Limited Board in November 2003. With over 20 years experience in the international finance arena, Andrew has held senior financial positions with GEC (now BAE Systems). Prior to his appointment with Clough, Andrew held the position as Deputy CEO of AMS and Managing Director of the UK Business. AMS, based close to London and Rome, is an Anglo/Italian (BAE-Finmeccanica) joint venture entity specialising in defence and civil electronics contracting. Andrew has specialist skills in corporate finance, major project accounting, mergers and acquisitions most recently developed during his tenure as Chief Financial Officer of AMS from its creation in 1998 through to March 2003.

Andrew is an Associate Member of the Chartered Institute of Management Accountant and holds a Post Graduate Diploma in Management.

2.3. Board Recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 2 (a) and (b).

3. RESOLUTIONS 3(a) and (b): ELECTION OF DIRECTORS

3.1. Background

Under clause 13.11 of the Constitution, any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next Annual General Meeting following their appointment, but is eligible for election at that Annual General Meeting.

On this basis Emma Stein and Keith Spence, who were appointed to the Board by the Directors on 1 July 2008 and 1 August 2008 respectively and, being eligible, offer themselves for election.

3.2. Nominees for election

(a) **Emma Stein, BSc Hons Physics, MBA, FAICD**

Emma was appointed to the Clough Limited Board with effect from 1 July 2008. Emma is an experienced Non-Executive Director and Audit Committee Chair serving on the Board of listed company DUET (majority owners of the Dampier to Bunbury Pipeline). She has considerable experience with industrial customers and comprehensive set of commercial skills in international energy and utilities markets, investments in long life assets and projects, and the upstream oil and gas sector. Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Emma moved to Australia in 2003. Beginning a career as a Non-Executive Director, Ms Stein took up appointments in NSW Integral Energy and the Growth Centres Commission. She is an Ambassador for the Guides and State President for charity NAPCAN, which works to prevent child abuse.

(b) **Keith Spence, BSc (Geophysics) Hon**

Keith was appointed to the Clough Limited Board on 1 August 2008. He brings with him an extensive knowledge of the oil and gas industry with over 30 years of experience including 18 years with Shell. He joined the Board following his retirement from Woodside where he played a key role in representing the company's interests to the government and the public.

Mr Spence is Chairman of the State Training Board, the Advisory Board of the Australian Centre for Energy and Process Training (ACEPT) and the WA Energy Research Alliance Industry Advisory Group (WA ERA). He is a Board member of Skills Australia, the Australian Institute of Management (WA) and he is a Curtin University Councillor.

3.3 Board Recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 3 (a) and (b).

4. RESOLUTION 4: REMUNERATION REPORT (NON-BINDING RESOLUTION)

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report be adopted, to be put to the vote. Resolution 4 seeks this approval.

However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that this resolution is an "advisory only" resolution which does not bind the Directors or the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Shareholders may also submit questions about the Remuneration Report by completing the enclosed question form and submitting it in accordance with the instructions on the form.

4.1. Board Recommendation

The Directors recommend that Shareholders vote in favour of adopting the Remuneration Report.

5. RESOLUTION 5: APPOINTMENT OF AUDITOR

Following Murray & Roberts increasing its shareholding in Clough Limited to more than 50%, and in accordance with section 327H of the Corporations Act, PricewaterhouseCoopers retired as auditor of the Company at the Company's Annual General Meeting held on 23 November 2007. PricewaterhouseCoopers was eligible for re-appointment.

However, the Company subsequently undertook a competitive tendering exercise between PricewaterhouseCoopers and Deloitte Touche Tohmatsu, the auditor of Murray & Roberts. A number of issues were considered during this process, including the potential synergies that could be achieved by Clough and its parent having a common auditor.

On completion of this process, Deloitte Touche Tohmatsu was appointed as the Company's auditor on 10 December 2007 to fill the casual vacancy arising from the resignation of PricewaterhouseCoopers. Deloitte Touche Tohmatsu holds office as the auditor until this Annual General Meeting of the Company, being the next Annual General Meeting following their appointment to fill the casual vacancy.

In accordance with section 327C of the Corporations Act, Shareholders are asked to vote in favour of Resolution 5 and confirm the appointment of Deloitte Touche Tohmatsu at this Annual General Meeting.

GLOSSARY

In this Explanatory Statement and Notice of Annual General Meeting the following expressions have the following meanings, unless stated or unless the context otherwise requires:

Annual General Meeting or **Meeting** means the general meeting of the Shareholders to be held at 12.00 noon on 24 October 2008 (or any adjournment of that meeting) convened by the Notice.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the listing rules of ASX.

Board means the board of directors of the Company.

Chairman means the Chairman of the Board.

Clough or **Company** means Clough Limited ACN 008 678 813.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the Explanatory Statement that accompanies and forms part of this Notice.

Notice or **Notice of Annual General Meeting** means the notice of annual general meeting accompanying this Explanatory Statement.

Resolutions means the resolutions set out in the Notice and Resolution means any one of them as the context requires.

Shareholder means a holder of Shares.

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

WST means Western Standard Time.

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