Cape Lambert Resources Ltd

ANNUAL REPORT 2012

Cape Lambert Resources Ltd is an Australian based exploration and development company with interests in a geographically diverse portfolio of mineral assets and investments in serveral exploration and mining companies.

CONTENTS

CORPORATE DIRECTORY

Directors
Mr Tony Sage - Executive Chairman
Mr Brian Maher - Non-Executive Director
Mr Tim Turner - Non-Executive Director
Mr Ross Levin - Non-Executive Director

Company Secretary
Ms Claire Tolcon

Stock Exchange Listing
Australian Securities Exchange
ASX code: CFE

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Australia

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CHAIRMAN'S LETTER

Dear Shareholders,

It has been a challenging but eventful 2011-2012 financial year for Cape Lambert Resources Limited (**Cape Lambert** or **the Company**).

During the year, we have continued to follow our successful business strategy of acquiring and investing in assets that are distressed or undervalued with a view to monetise them at a multiple, while retaining exposure to the disposed asset through a production royalty and/or equity interest and distributing surplus cash to shareholders.

Early in the financial year, Cape Lambert successfully sold the Sappes Gold Project in Greece to Glory Resources Limited (**Glory**) for $46.5 million comprising cash and shares in Glory. The Company continues to share in the upside of this exciting and prospective project via its 16% shareholding in Glory.

The successful takeover of African Iron Limited **(African Iron**) by South African miner Exxaro Resources produced another significant and profitable result for the Company during the year. Cape Lambert acquired DMC Mining Limited, the then holder of an 80% interest in the Mayoko project in the Republic of Congo, for $32.4 million via an off market takeover bid in August 2010 and subsequently sold it to Stirling Minerals Limited (later renamed African Iron) in early 2011 for $47 million and 120,000,000 African Iron shares and a production royalty of $1 per tonne of iron ore shipped from the Mayoko Project, which the Company still retains. The successful takeover of African Iron generated cash proceeds of $72.2 million for the Company.

The financial year has not been without its challenges, most significantly the receipt of the Notice of Amended Tax Assessment and Penalty Notice from the Australian Taxation Office (**ATO**). The Company has lodged objections in respect of the amended assessment and associated penalties and continues to liaise with the ATO with the aim of reaching a resolution.

The decline in the global markets resulted in us temporarily shelving plans for a listing of our Marampa Project on the Alternate Investment Market of the London Stock Exchange. The project remains a key asset of the Company. We remain committed and focussed on crystallising shareholder value in respect of this asset through a trade sale to a strategic group capable of funding the development of the project or, if there is an improvement in the global markets, proceeding with the initial public offering.

I encourage you to read the summary of the other key acquisitions, disposals and transactions throughout the 2011-2012 financial year which are set out in the review of operations section of this Annual Report.

I would like to thank you for your continued support, particularly in the current challenging economic climate and look forward to sharing a successful forthcoming year with you.

Yours faithfully,

Tony Sage
Executive Chairman

MARAMPA IRON ORE PROJECT

Location and Overview

The Marampa Iron Ore Project (**Marampa** or **Marampa Project**) is a brownfields hematite iron ore project at the feasibility assessment stage located 90km northeast of Freetown, Sierra Leone, West Africa (Figure 1). Marampa comprises a granted exploration licence (EL46/2011 – formerly EXPL09/06) covering 305km^2. The licence is held by Marampa Iron Ore (SL) Limited, a wholly owned subsidiary of the Company. The Marampa Project is connected to a stockpiling and ship loading facility at Pepel Port via a recently refurbished 73km railway.

In April 2012, the Company signed a Binding Heads of Agreement (**HoA**) for access and use of the Pepel and Tagrin Infrastructure with African Minerals Limited (**AML**) and their subsidiary African Railway and Port Services Limited (**ARPS**). This agreement provides Marampa with:

- access to the Pepel railway to transport up to 2Mtpa (wet) of concentrate to the Pepel Port;
- provision of train sets to transport up to 2Mtpa (wet) to Pepel port; and
- provision of suitable infrastructure for unloading, stockpiling and transhipping concentrate via Pepel Port.

In addition, when AML constructs the proposed deep water port at Tagrin the Company has:

- exclusive and sufficient area for stockpiling and infrastructure facilities associated with export for up to 16.5Mtpa (wet) of Marampa concentrate;
- access to construct and operate a concentrate pipeline within the rail corridor from Marampa to Tagrin Port; and
- a pre-emptive right to purchase the Pepel Infrastructure Facilities should ARPS wish to divest this.

The HoA also provides AML with an option to purchase 2Mtpa (wet) of Marampa concentrate at mine gate for the first three years of operation.

MARAMPA HIGHLIGHTS

Location	Republic of Sierra Leone » Large land position ($305km^2$)
Ownership	100% Cape Lambert Resources
JORC Mineral Resources	» 4 deposits with 680Mt at 28.2% Fe (15% Fe cut-off) » Indicated resources of 261Mt at 28.7% Fe and Inferred resources of 419Mt at 27.9% Fe
Exploration Target[1]	» >6km of undrilled strike at 3 prospects » Total exploration target 1.0 to 1.25Bt at 20% to 38% Fe including the Mineral Resources
Metallurgy and Products	» Coarse primary grind size (P98 of 850Qm) resulting in low power costs » Life of mine average mass yield of 38.5% with iron recovery of 86-88% » >65% Fe concentrate with low levels of deleterious elements
Project stage	» 10Mtpa Scoping Study completed – September 2011 » 15Mtpa Scoping Study commenced - expected to be completed Q3, 2012 » Environmental permitting commenced
Rail and Port Access	» Stage 1 – 2Mtpa (wet) access to refurbished Pepel rail and port » Stage 2 – up to 16.5Mtpa (wet) access via Tagrin deep water port

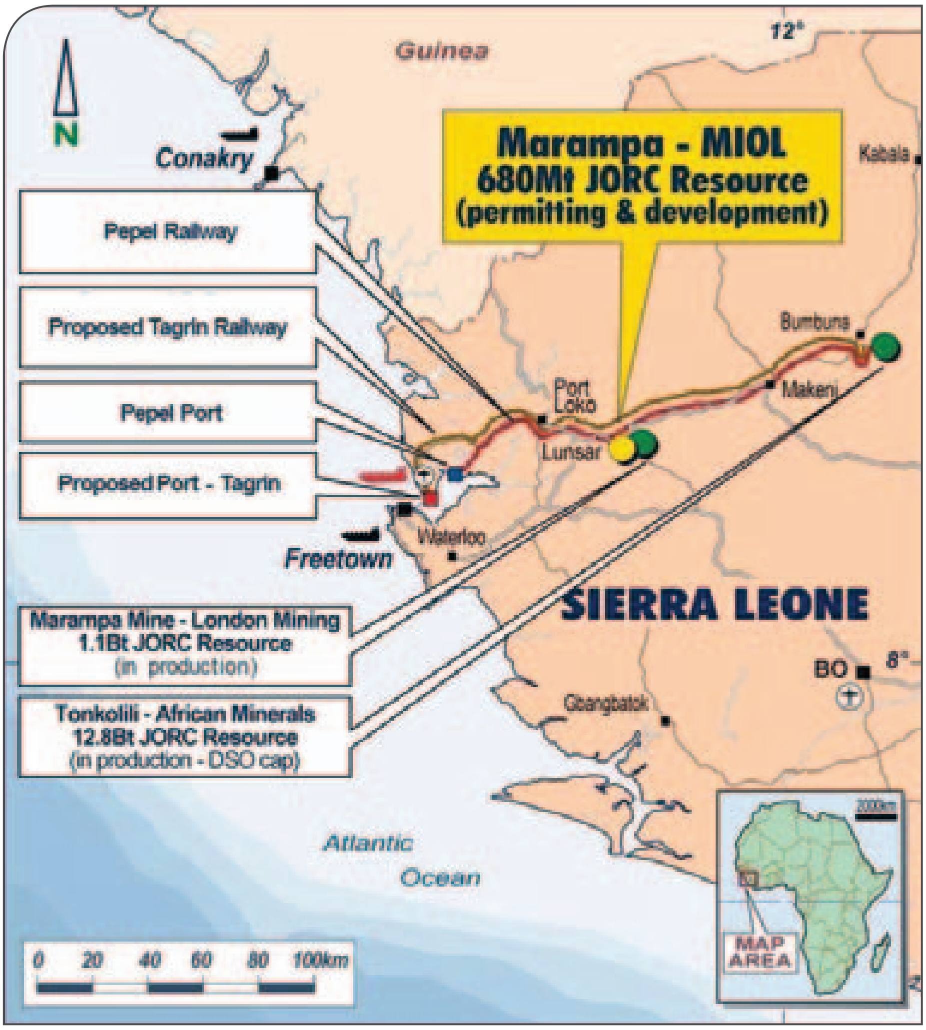

FIGURE 1:
MARAMPA IRON ORE
PROJECT LOCATION

1 The estimates of Exploration Target sizes should not be misunderstood as estimates of Mineral Resources. The estimates of Exploration Target sizes are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Mineral Resource.

MARAMPA IRON ORE PROJECT (CONTINUED)

Technical Work Completed

Studies

In September 2011, the Company completed a Scoping Study that examined a standalone, open pit mining development at Marampa producing 10Mtpa of hematite concentrate. This study was based on the Mineral Resources (680Mt at 28.2% Fe) announced in July 2011 defined at the Matukia, Gafal, Mafuri and Rotret deposits (Figure 2). The Scoping Study concluded that a financially robust operation could be established at Marampa based on the known resources at that time.

Following the signing of a HoA for infrastructure access with AML, the Company re-engaged Bateman Engineering Pty Ltd (**Bateman**) to undertake further detailed technical work to align the scoping study with the transport solutions of the HoA, and to optimise the design criteria and the operating and capital costs required to increase the scale of the Marampa Project to 15Mtpa of >65% Fe hematite concentrate production. It is anticipated that the 15Mtpa Scoping Study report will be finalised in Q4, 2012.

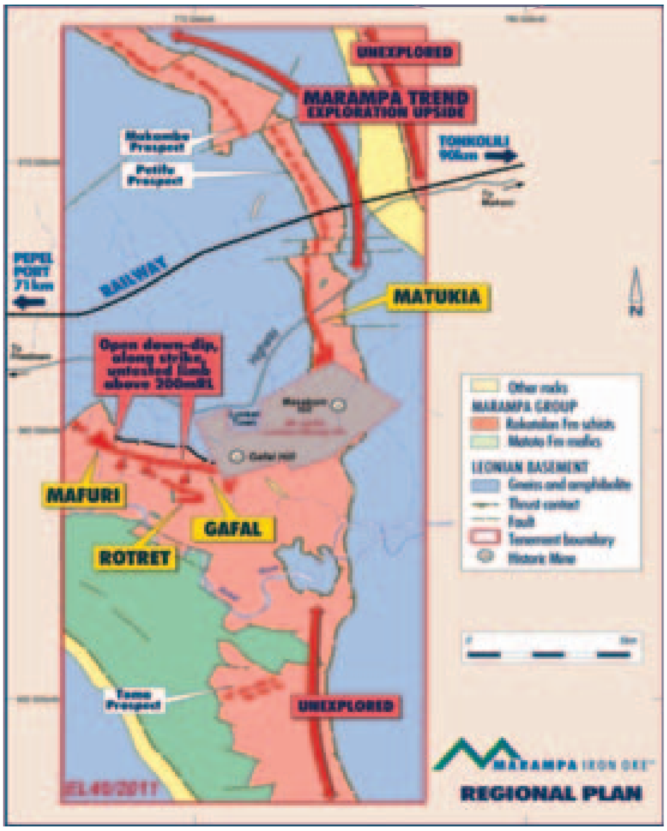

FIGURE 2: MARAMPA IRON ORE REGIONAL PLAN IDENTIFYING RESOURCE DEPOSITS

Metallurgy

Early in 2012, in support of the 15Mtpa Scoping Study and in preparation for a Feasibility Study, the Company undertook further diamond drilling at each of the resource deposits to recover drill core specifically for metallurgical test work purposes. Additional locked cycle testing (**LCT**) to evaluate the various ore types from each deposit has continued, based on the process flowsheet developed in the 10 Mtpa Scoping Study. LCT's have been completed on fresh ore composite samples from the Matukia deposit as well as a single composite sample of fresh ore from the Rotret deposit. The results of these tests (Table 1) have confirmed the ability to produce iron concentrates of ≥ 65% Fe with low levels of deleterious elements, whilst maintaining iron recovery at approximately 86-88%.

Table 1: Summary of Beneficiation Test Results (2012)

Composite Sample	Feed Grade % Fe	Concentrate Grade					Mass Recovery %	Iron Recovery %
		Fe %	SiO_2 %	Al_2O_3 %	P %	S %		
Matukia Fresh - Cluster 2	33.1	66.0	2.17	0.74	0.008	0.003	43.4	86.5
Matukia Fresh - Cluster 6	33.2	66.0	2.25	0.66	0.009	0.004	44.1	87.8
Rotret Fresh	28.0	65.0	3.01	1.04	0.008	0.007	37.3	86.6

Comminution variability testing of the various ore types at Marampa continues to progress, with results confirming the parameters used for the process plant design in the 10Mtpa Scoping Study.

Exploration

Scout drilling completed late in 2011 over the entire 4km of the Makambo prospect totalled 6,673m of reverse circulation (RC) drilling in 47 holes. The best intersections include MPRC144 with 50m at 31.8% Fe (from 16 to 66m) and MPRC155 with 40m at 27.9% Fe (from 52 to 92m).

Drilling continued during 2012 with 19 holes (9 RC, 10 diamond) totalling 2,602m completed to the west of the Mafuri deposit intended to close out the mineralisation. This additional drilling intersected specular hematite and extended the strike of the known deposit by approximately 800m to the west.

Late in 2011, the Company commissioned independent consulting geologists, SRK Cardiff UK (**SRK**) to complete a structural analysis and a model of the specular hematite mineralisation of the Matukia, Gafal, Mafuri and Rotret resource deposits, and to recommend further exploration drilling and a program of resource definition drilling for the Feasibility Study. SRK completed this work in May 2012, which resulted in the generation of a more refined structural control interpretation for the hematite mineralisation.

Based on drilling completed since mid-2011, and utilising the May 2012 SRK structural models, in July 2012 the Company announced an increased Exploration Target[1] of 300–570 million tonnes at 21% - 32% Fe, for an aggregate 1.0–1.25 billion tonnes at 20% – 38% Fe including the July 2011 Mineral Resource.

Environmental and Social Studies

The Company has advanced its environmental and social studies in the Marampa region during the year and anticipates lodging an application for its Environmental and Social Impact Assessment permit during Q4, 2012.

Divestment of Marampa Project

During the financial year, the Company commenced the process of pursuing an initial public offering and listing of Marampa on the Alternate Investment Market of the London Stock Exchange (**IPO**). As a result of the uncertainty and volatile nature of the world capital markets, the IPO was put on hold. The Company has continued to respond to interest from third parties in respect to a possible asset level sale of the Marampa Project or a partial sale to private equity groups with a view to joint venture the development of the Marampa Project through to production.

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[1] The estimates of Exploration Target sizes should not be misunderstood as estimates of Mineral Resources. The estimates of Exploration Target sizes are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Mineral Resource.

PINNACLE

The assets of Pinnacle include the Kukuna Iron Ore Project located in Sierra Leone (**Kukuna Project** or **Kukuna**) and the Sandenia Iron Ore Project located in the Republic of Guinea (**Sandenia Project** or **Sandenia**).

Kukuna Project

The Kukuna Project is located 120km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence (EXPL04/09) covering 68km^2 (Figure 3). The licence is located 70km due north of the Marampa Project.

A program of mapping, geophysical interpretation, diamond drilling and additional trenching took place during the year. A total of 14,558m of diamond drilling from 68 holes was drilled, intersecting some significant specular hematite intercepts of up to 100m (true thickness). Positive results from exploration activities have been encouraging and the Company is progressing towards development of an exploration target for the project. Negotiation with the local communities will enable continued exploration activities in the Wongkifu area with additional drill holes and trenches planned.

A draft structural and geological mapping report completed by SRK, detailed a number of interpreted prospective zones for hosting specular hematite that have been offset by a series of faults when compared to the preliminary regional geological understanding. A review of this work is currently underway.

In conjunction with exploration for in-situ deposits, the mineralisation model has been expanded to include transported material as a potential host for shallow, free digging iron ore. A sampling and metallurgical testing program is underway to establish the validity of this concept and subject to positive results, exploration for this style of mineralisation will be considered at other assets with similar depositional environments.

KUKUNA HIGHLIGHTS

Granted exploration licence with potential to define large specular hematite deposits under laterite cover analagous to Marampa.

80km from Pepel-Lunsar railway or Atlantic Ocean.

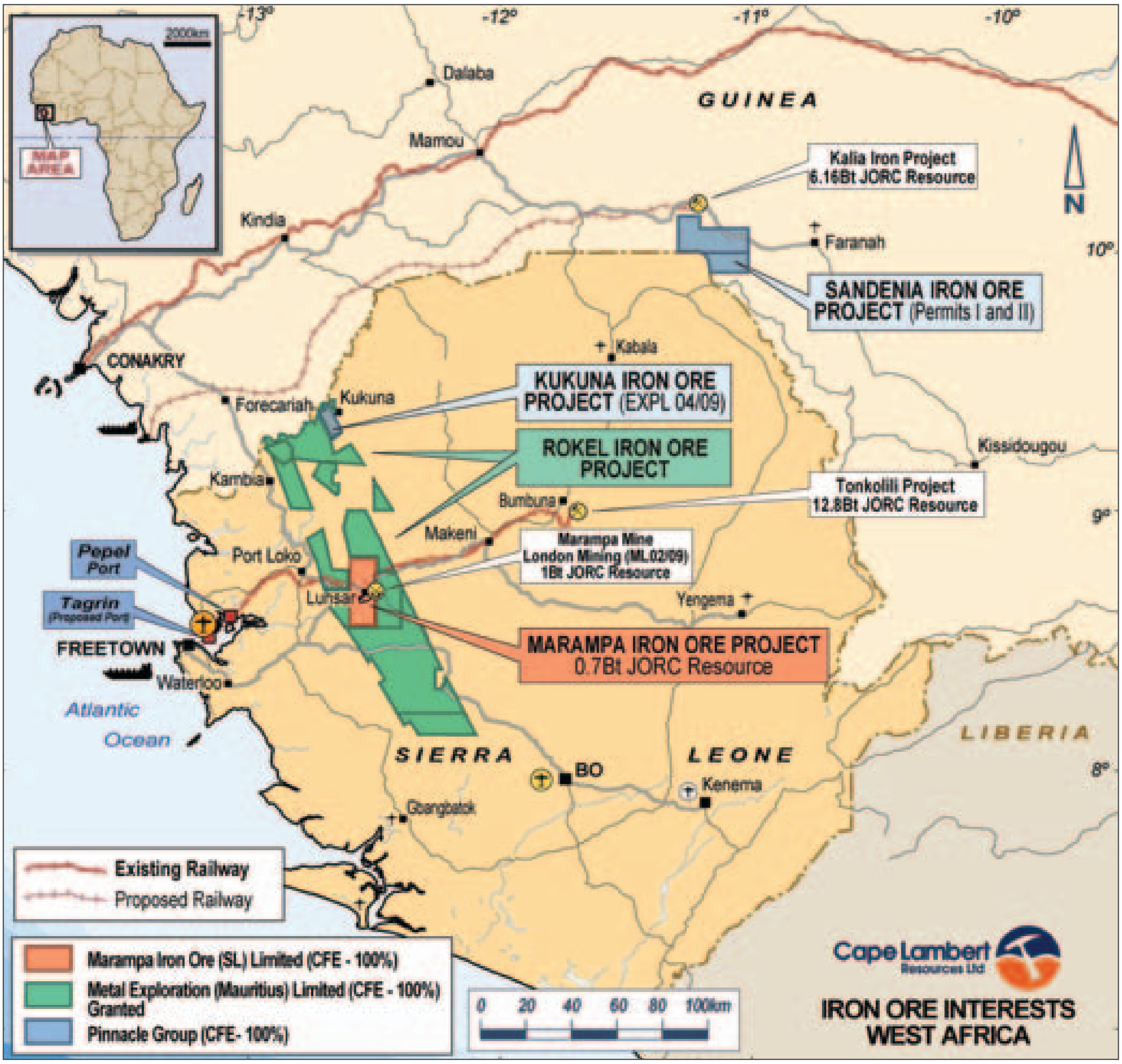


FIGURE 3: REGIONAL MAP SHOWING THE CONPANY'S ASSETS IN SIERRA LEONE AND GUINEA

Sandenia Project

The Sandenia Project is located 290km east northeast of Conakry in the central south of the Republic of Guinea and comprises two exploration permits covering 608km^2 (Figure 3). The Sandenia permits contain rocks of Archean age that are prospective for iron mineralisation, which are similar to the host rocks that contain the 6.16Bt Kalia deposit owned by Bellzone Mining plc located on the adjacent permit to the north.

Mapping during 2011 identified seven exploration targets with collective strike lengths of >20km of magnetite BIF. A 2,500 linear metre trenching program with 9 trenches commenced during the year. Five out of the six completed trenches have intersected magnetite BIF and assays are pending.

ROKEL PROJECT

Metal Exploration (Mauritius) Limited, a wholly owned subsidiary of Cape Lambert, holds a land package of granted licences and applications in Sierra Leone totalling approximately 3,000km^2, covering the region 70km to the north and south of Marampa (Figure 3). This land package is referred to as the Rokel Iron Ore Project (**Rokel** or **Rokel Project**) and is prospective for the discovery of hematite schist deposits similar to those at the Marampa Project.

Three historical occurrences of specular hematite schist have been recorded at the Rokel Project approximately 30-40km to the northwest and northeast of Lunsar, and another 8km northeast of Lunsar (referred to as the Kumrabai prospect).

Geological mapping, sampling and a ground IP surveys completed during 2011 defined a 7km long north trending anomaly at the Kumrabai Prospect. Additional regional mapping was completed by SRK during the year which also identified another four prospective targets, which will be evaluated in due course. Mapping and line cutting for access has begun and continues at the Kareena Prospect as part of preliminary target assessment in the Rokel Project.

An initial trenching program was completed at Kumrabai with excavation totalling 2,622 linear metres in 36 trenches to represent the entire 7km long anomaly. Many of the trenches intersected specular hematite with some significant assays returning >100m intersections at >40% Fe_{tot}.

SAPPES GOLD PROJECT

The Sappes Gold Project (**Sappes** or **Sappes Project**) is a gold development project located in north eastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandropoulos, on a 20.1km^2 mining licence granted until 2023.

Sappes was divested by the Company late in 2011 to Glory Resources Limited (**ASX: GLY**) (**Glory Resources**). The Company received total consideration of $46.5 million for Sappes made up of:

- $32,500,000 in cash in satisfaction of loan amounts;
- 16,000,000 shares in Glory Resources;
- $5,000,000 in cash or Glory Resources shares, at the election of the Company, on the granting of an operating permit (or equivalent) in respect of the Sappes Project; and
- $5,000,000 in cash or Glory Resources shares, at the election of the Company, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from the Sappes Project.

The transaction provides the Company with potential for up-side exposure to the Sappes Project via the retained shareholding in Glory Resources and milestone payments.

Competent Person Statement

The contents of this Annual Report relating to exploration results and Mineral Resources are based on information compiled by Dennis Kruger and Olaf Frederickson respectively, members of the Australasian Institute of Mining and Metallurgy. Mr Kruger and Mr Frederickson are consultants to Cape Lambert Resources Limited and have sufficient experience relevant to the styles of mineralisation and the deposit under consideration to qualify as Competent People, as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kruger and Mr Frederickson consent to the inclusion in this Annual Report of the matters compiled by them in the form and context in which they appear.

LEICHHARDT PROJECT

The Leichhardt Project, which is currently on care and maintenance, is located approximately 100km northeast of Mt Isa in the highly prospective Eastern Succession of the Mt Isa Inlier and comprises:

- the Leichardt process plant at Mt Cuthbert; a heap leach, solvent extraction and electrowinning facility with installed capacity of 9,000 tonnes per annum of copper cathode;
- a package of 48 granted tenements and 3 applications for Exploration Permits;
- the established Mt Watson open pit located approximately 27km north of the Mt Cuthbert process plant; and
- a Mineral Resource inventory of oxide, transition and primary copper at the Leichhardt, Mighty Atom, Hidden Treasure, Ned Kelly and Mt Cuthbert deposits, and several targets including Mt Wonder, Mt Earl and Prospector that are prospective for oxide and primary copper deposits.

The Company has entered into a binding terms sheet to sell the asset for a cash consideration of $25 million. The sale as announced on the 11th May 2012, is subject to and conditional upon due diligence to the satisfaction of the purchaser, execution of formal documentation and all governmental and third party consents and authorisations being obtained in respect of the transaction.
Due diligence was underway at the end of the 2011 financial year.

AUSTRALIS PROJECT

Australis holds a portfolio of mineral rights, tenements and subsidiaries, which presently comprise:

- nine granted Exploration Licences totalling 3,100km^2 in the east of the Northern Territory, prospective for rock phosphate;
- fifteen granted EPM's in north Queensland over 5,700km^2 prospective for rock phosphate mineralisation; and
- 100% of Mojo Mining Pty Ltd, which holds 15 granted Exploration Permits (**Mojo Project** or **Mojo**) totalling approximately 1,770km^2, located 150km south of Mt Isa, prospective for large Mt Isa style base metal deposits under younger cover rocks.

Technical work throughout the year comprised:

- a high resolution ground gravity survey over the Mojo Project area to delineate depth to basement; and
- field reconnaissance for rock phosphate targets in Northern Territory and Queensland and to establish access to two potential drill sites on the Mojo leases as identified by the gravity survey.

The Company plans to drill a small number of litho-stratigraphic holes to intersect the proterozoic basement rocks on the Mojo leases and assess their prospectivity to host Mt Isa style mineralisation.

The tenements in the Northern Territory and Queensland considered prospective for rock phosphate are being packaged for future divestment.

Competent Person Statement

The contents of this Annual Report relating to metallurgy are based on information compiled by Mike Wort, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Wort is a consultant to Cape Lambert Resources Limited and has sufficient experience relevant to the styles of mineralisation and the deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Wort consents to the inclusion in this Annual Report of the matters compiled by him in the form and context in which they appear.

DIRECTORS' REPORT

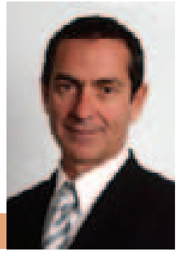
Your Directors submit the financial report of Cape Lambert Resources Limited (**Cape Lambert** or the **Company**) and its controlled entities (collectively referred to as the **Cape Lambert Group** or the **Consolidated Entity**) for the year ended 30 June 2012.

DIRECTORS

In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Antony Sage
Timothy Turner
Brian Maher
Ross Levin



Antony William Paul Sage
Executive Chairman

Qualifications	B.Com, FCPA, CA, FTIA
Experience	Mr Sage has in excess of 25 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining companies for the last 15 years. Mr Sage was a founding Director of International Goldfields Limited and its merger partner Hamill Resources Limited (the merged entity now being Cape Lambert Resources Limited). Mr Sage is also a Director of the following listed entities: International Petroleum Limited[1], African Petroleum Corporation Limited[1], International Goldfields Limited, Cauldron Energy Limited, Fe Limited, Kupang Resources Limited, Global Strategic Metals NL and Matrix Metals Limited.

Brian Maher
Non-Executive Director

Qualifications	B.E(Min.), FAusIMM, FIMM
Experience	Mr Maher has over 40 years experience in the mining industry, covering both underground and open cut operations, as a miner, supervisor, mining engineer, mine manager consultant, contractor and managing director. He has worked throughout the world, including Australia, Liberia, Guyana and the Philippines. He has spent over 12 years in the iron ore industry. Mr Maher has a Bachelor of Mining Engineering from the University of Melbourne, and is a fellow of both the Australian Institute of Mining and Metallurgy and The Institution of Mining and Metallurgy. Mr Maher has held senior management positions with leading mining and engineering companies throughout the world including Hamersley Iron, Broken Hill South, Griffin Coal, Thyssen Mining Construction, Lameco Iron Ore, Kinhill Engineers, Linden Mining, Minproc Engineers and Nissho Iwai Mineral Sands. Mr Maher is not a director of any other ASX listed companies.

[1] Listed on the National Stock Exchange of Australia.

DIRECTORS' (CONTINUED)

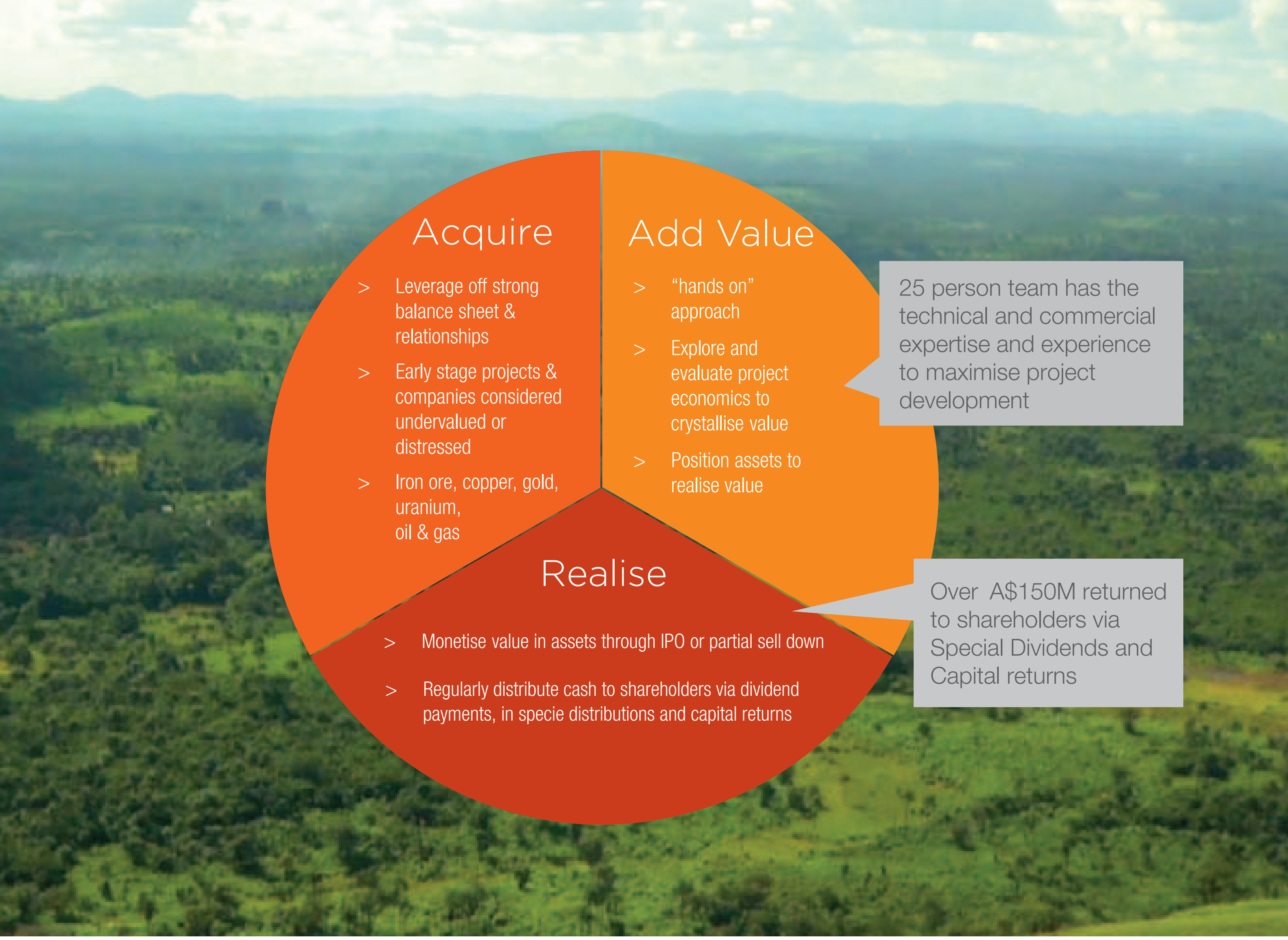
Timothy Paul Turner
Non-Executive Director

Qualifications	B.Bus, FCPA, FTIA, Registered Company Auditor
Experience	As a senior partner with Accounting firm, Hewitt Turner & Gelevitis, Mr Turner specialises in domestic business structuring, corporate and trust tax planning and corporate secretarial services. He also has in excess of 25 years experience in new ventures, capital raisings and general business consultancy. Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA Australia and a Fellow of the Taxation Institute of Australia. Mr Turner is also a Director of the following listed entities: International Petroleum Limited[1], African Petroleum Corporation Limited[1] and Legacy Iron Ore Limited.

Ross Levin
Non-Executive Director

Qualifications	Bachelor of Economics, Bachelor of Law and Graduate Diploma Labour Relations Law (Melbourne).
Experience	Mr Levin holds degrees in both Law and Economics and has extensive experience with business sales and acquisitions, corporate restructuring and takeovers and is currently a senior partner in the commercial division of Rigby Cooke Lawyers, where he specialises in workplace relations in the mining, infrastructure and construction industries. Mr Levin has Bachelor of Economics, a Bachelor of Law, a Graduate Diploma Labour Relations Law (Melbourne) and is a Trustee for CEDA (Committee for Economic Development of Australia) Mr Levin is not a director of any other ASX listed companies.

1 Listed on the National Stock Exchange of Australia



Directorships of Other Listed Companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Antony Sage	International Petroleum Limited[1]	January 2006 to present
	African Petroleum Corporation Limited[1]	October 2007 to present
	International Goldfields Limited	February 2009 to present
	Cauldron Energy Limited	June 2009 to present
	Fe Limited	August 2009 to present
	Kupang Resources Limited (previously Chameleon Mining NL)	September 2010 to present
	Global Strategic Metals NL	June 2012 to present
	Matrix Metals Limited	December 2010 to present
	African Iron Limited	January 2011 to March 2012
Brian Maher	-	-
Timothy Turner	International Petroleum Limited[1]	January 2006 to present
	African Petroleum Corporation Limited[1]	November 2007 to present
	Legacy Iron Ore Limited	July 2008 to present
Ross Levin	-	-

[1] Listed on the National Stock Exchange of Australia.

Principal Activity

The principal activity of the Cape Lambert Group during the year was mineral investment, exploration and evaluation.

There were no significant changes in the nature of the principal activity during the year.

Review of Operations

The year ended 30 June 2012 was a challenging but rewarding year for the Cape Lambert Group with a number of transactions completed to build on and enhance its multi commodity and geographically diverse portfolio of mineral assets and investments.

A summary of the most significant transactions is set out below;

- On 18 August 2011, the Company announced an agreement with Glory Resources Limited (ASX: GLY) (**Glory Resources**) for the sale of the Sappes Gold Project for a total consideration of $46.5 million. Pursuant to the terms of the transaction, Glory Resources paid the company $32.5 million in cash on completion of the acquisition in satisfaction of loan amounts and 16,000,000 shares in Glory Resources. In addition, the Company is entitled to $5 million in cash or Glory Resources shares (at the election of Glory Resources), payable on the granting of an operating permit (or equivalent) in respect of the Sappes Project, and $5 million in cash or Glory Resources shares (at the election of Glory Resources), upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from the Sappes Project. The sale of the Sappes Project completed in December 2011.
- In March 2012, Johannesburg Stock Exchange listed Exxaro Resources Limited completed a takeover offer for all of the shares and listed options in African Iron Limited, a company in which the Company held 126,700,000 shares, delivering $72.2 million in cash to the Company. The Company retains a production royalty of $1.00 per tonne of iron ore shipped from the Mayoko Iron Ore Project owned by African Iron Limited.
- Settlement of an alliance agreement with Chameleon Mining NL (now Kupang Resources Ltd (ASX: KPR) (**Kupang**), resulting in the Company receiving 40,000,000 shares in Kupang.
- The Company continued with legal action against MCC Australia Sanjin Pty Ltd and its parent company Metallurgical Corporation of China Limited to recover $80 million owing from the sale of the Cape Lambert magnetite iron ore project in mid 2008. The matter has now been referred to arbitration in Singapore.
- In May 2012, the Company received a Notice of Amended Tax Assessment and Penalty Notice from the Australian Taxation Office (**ATO**) which resulted from an audit by the ATO. On a non-cash basis, the net Amended Assessment amount (ie the Amended Assessment minus deductions available in the future) is $25,707,944 (excluding penalties). The Company has continued to liaise with the ATO in respect to the issues underlying the Amended Assessment with a view to achieving a resolution. No recovery action was taken during the financial year in respect of the Amended Assessment. The Company has lodged objections in relation to the Amended Assessment.
- The Company entered into a binding terms sheet to sell the Leichardt Copper Project for $25 million.

During the year, the Board and management has put a strong focus on Company promotion and enhancing its exposure to Australian and International institutions and funds, with approximately 41% of the share register now held by these groups. Analyst coverage has also increased significantly, with a number of major broking houses in Australia and the United Kingdom initiating coverage.

The Board intends to continue to follow its strategy of acquiring and investing in undervalued mineral assets and companies, and adding value to these assets through a hands on approach to management, exploration and evaluation to enable the assets to be monetised at a multiple. As assets are monetised, the Board intends to follow a policy of distributing surplus cash to Shareholders.

Results

The Cape Lambert Group made a profit after income tax for the year ended 30 June 2012 of $22,723,709 (2011: loss of $11,846,271).

Events Subsequent to Balance Date

The following significant events and transactions have taken place subsequent to 30 June 2012:

- On 1 August 2012, the Company converted its convertible notes in Cauldron Energy Limited (ASX: CXU) with a face value of $3,500,000 plus interest into 19,829,452 shares resulting in a 24.2% holding in Cauldron Energy Limited.
- On 30 August 2012, the Company paid $1,000,000 to subscribe for 1 million convertible notes in OGL Resources Limited (ASX: OGL) which upon conversion, results in a fully diluted interest of 15.2% in OGL.

Other than the above, no event has arisen since 30 June 2012 that would be likely to materially affect the operations of the Cape Lambert Group, or its state of affairs which have not otherwise been disclosed in this financial report.

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Cape Lambert Group other than those referred to in the Review of Operations.

Likely Developments and Expected Results of Operations

The Board intends to continue to follow its strategy of acquiring and investing in undervalued mineral assets and adding value through a hands on approach to management, exploration and evaluation.

Dividend and Return of Capital

No dividend was declared or paid during the current year.

On 15 June 2010, Cape Lambert announced that it would pay a fully franked special dividend of 7 cents per share, payment of which was effected on 16 July 2010.

Environmental Regulations

The Cape Lambert Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Indemnification of Officers

In accordance with the Company's constitution, except as may be prohibited by the *Corporations Act 2001*, every Officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers has not been disclosed. This is permitted under S300(9) of the *Corporations Act 2001*.

Company Secretary

Ms Claire Tolcon has over 14 years experience in the legal profession, primarily in the areas of equity capital markets, mergers and acquisitions, corporate restructuring, corporate governance and mining and resources. She was previously a partner of a corporate law firm for a number of years before joining the Company. Ms Tolcon holds a Bachelor of Law and Bachelor of Commerce (Accounting) degree and has completed a Graduate Diploma of Applied Corporate Governance with Chartered Secretaries Australia Ltd and a Graduate Diploma in Applied Finance with FINSIA.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors	
Directors	**Eligible to Attend**	**Attended**
Antony Sage	4	4
Brian Maher	4	4
Timothy Turner	4	4
Ross Levin	4	3

The audit committee met twice during the year and the meetings were attended by Timothy Turner and Ross Levin.

Directors' Shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Ordinary Shares	Share Options
Antony Sage	41,490,430	2,000,000
Brian Maher	815,000	500,000
Timothy Turner	1,500,000	500,000
Ross Levin	600,000	500,000
	44,405,430	3,500,000

Renumeration Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Remuneration Policy for Directors and Other Key Management Personnel

This report details the nature and amount of remuneration for each director and executive of the Company.

Details of Directors and Other Key Management Personnel

Directors
A Sage – Executive Chairman
T Turner – Non-Executive Director
B Maher – Non-Executive Director
R Levin - Non-Executive Director

Other Key Management Personnel
J Hamilton
K Bischoff (resigned effective 1 June 2012)
GV Ariti (resigned effective 26 June 2012)
M Chapman (appointed effective 14 May 2012)
F Taylor (resigned effective 31 May 2012)
C Tolcon

RENUMERATION REPORT (CONTINUED)

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately skilled directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and other key management personnel is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Executive Chairman and approved by the Board after seeking professional advice from independent external consultants.

All executives receive a base salary (which is based on factors such as length of service and experience) and fringe benefits.

The Cape Lambert Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented individuals, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The Board endorses the use of incentive and bonus payments for directors and senior executives.

Options and performance incentives may also be issued as the Cape Lambert Group invests in projects which are subsequently successfully monetised, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance.

All remuneration paid to directors is valued at the cost to the Company and expensed. Shares awarded to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes option pricing model.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Chairman, in consultation with independent advisors, determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy aims to increase goal congruence between shareholders and directors via the issue of options to directors to encourage the alignment of personal and shareholder interests. During the financial year, the Company's share price traded between a low of \$0.31 and a high of \$0.61. The price volatility is a concern to the Board but is not considered abnormal for medium sized exploration entities. In order to keep all investors fully informed and minimise market fluctuations, the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

Details of Remuneration

Remuneration packages contain the key elements incorporated in the Company's Remuneration Policy as detailed above.

The following table discloses the remuneration of the directors and key management personnel of the Company:

	Primary					% of Total Remuneration		
2012	Cash Salary & Fees	Cash Bonus	Post employment benefits	Share Based Payments – Equity Options[5]	Total	Fixed	At Risk Short Term Incentive	At Risk Long Term Incentive
	$	$	$	$	$	%	%	%
Directors								
A Sage	767,339	1,047,190[8]	-	122,181	1,936,710	40%	54%	6%
B Maher	48,000	-	-	30,545	78,545	61%	-	39%
T Turner	60,000	-	-	30,545	90,545	66%	-	34%
R Levin	48,000	-	4,320	30,545	82,865	63%	-	37%
Other Key Management Personnel								
J Hamilton	337,575	-	-	18,327	355,902	95%	-	5%
K Bischoff[1]	293,925	-	-	-	293,925	100%	-	-
GV Ariti[2]	387,900	-	-	-	387,900	100%	-	-
F Taylor[3]	111,775	-	-	18,327	130,102	86%	-	14%
M Chapman[4]	24,006	-	3,430	-	27,436	100%	-	-
C Tolcon	127,190	-	-	18,327	145,517	87%	-	13%
	2,205,710	1,047,190	7,750	268,797	3,529,447	62%	30%	8%

[1]Mr K. Bischoff resigned effective 1 June 2012.

[2]Mr. GV Ariti resigned effective 26 June 2012.

[3]Ms. F Taylor resigned effective 31 May 2012.

[4]Ms. M Chapman was appointed on 14 May 2012.

[5]The share options issued to directors and key management personnel during the year were issued for no consideration and did not have performance conditions attached given that they were issued for services already rendered. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders held on 25 November 2011. The share options have been valued using the Black Scholes option valuation method at $0.06 on the date of issue on 6 October 2011. The amount payable upon exercise of each share option is $0.45 and the share options will expire on 30 November 2012.

[6]For executives who were appointed or resigned during the year, the remuneration reflected above is that from date of appointment or to date of resignation.

[7]No non monetary benefits were provided to directors or key management personnel during the year.

[8]As recommended by the Remuneration Committee and in accordance with his consultancy agreement, a success fee was paid to Tony Sage equal to 1% of cash proceeds received by the Company in respect of the sale of the Sappes project and the investment in African Iron Limited.

DETAILS OF REMUNERATION (CONTINUED)

	Primary					% of Total Remuneration		
2011	**Cash Salary & Fees**	**Cash Bonus**	**Post employment benefits**	**Share Based Payments – Equity Options[2]**	**Total**	**Fixed**	**At Risk Short Term Incentive**	**At Risk Long Term Incentive**
	$	**$**	**$**	**$**	**$**	**%**	**%**	**%**
Directors								
A Sage	550,000	-	-	265,165	815,165	67%	33%	0%
B Maher	48,000	-	-	56,821	104,821	46%	54%	0%
T Turner	60,000	-	-	85,232	145,232	41%	59%	0%
R Levin	48,000	-	4,320	56,821	109,141	48%	52%	0%
Other Key Management Personnel								
J Hamilton	303,038	-	-	14,205	317,243	96%	4%	0%
K Bischoff	183,502	-	-	14,205	197,707	93%	7%	0%
GV Ariti	421,014	-	-	56,821	477,835	88%	12%	0%
F Taylor	101,700	-	-	28,411	130,111	78%	22%	0%
E von Puttkammer	72,000	-	-	28,411	100,411	72%	28%	0%
C Tolcon[1]	69,392	-	-	47,351	116,743	59%	41%	0%
	1,856,646	-	4,320	653,443	2,514,409	74%	26%	0%

[1]Ms Claire Tolcon was appointed on 1 December 2010 following the resignation of Ms Eloise von Puttkammer on that date.
[2]The share options issued to directors and key management personnel during the year were issued for no consideration and did not have performance conditions attached given that they were issued for services already rendered. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders held on 30 November 2010. The share options have been valued using the Black Scholes option valuation method at $0.09 on the date of issue on 9 December 2010. The amount payable upon exercise of each share option is $0.45 and the share options will expire on 30 September 2011.
[3]For directors and executives who were appointed or resigned during the year, the remuneration reflected above is that from date of appointment or to date of resignation.
[4]No non monetary benefits were provided to directors or key management personnel during the year.

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance. By remunerating senior executives through performance and incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

	2007	2008	2009	2010	2011	2012
Closing Share Price 30 June	$0.690	$0.660	$0.32	$0.32	$0.445	$0.32
Profit/(loss) for the year	($3,945,284)	$2,179,472	$229,009,330	$72,248,076	($11,846,271)	22,723,709
Basic EPS	($0.0158)	$0.0077	$0.47	$0.13	($0.02)	$0.034

Value of Options Issued to Directors, Executives and Key Management Personnel

The options were issued for nil consideration in October 2011 with shareholder approval obtained in November 2011. No performance conditions were attached to the options given that they were issued for services already rendered.

All of the options that were issued to key management personnel during the current year are disclosed in the table below:

2012	Options Granted Value at Grant Date	Options Exercised Value at Exercise Date	Options Lapsed Value at Time of Lapse	Total Value of Options Granted, Exercised or Lapsed	Percentage of Total Remuneration for the Year that Consists of Options
	$	$	$	$	%
Directors					
A Sage	122,181	(265,165)	-	(142,984)	6%
B Maher	30,545	(56,821)	-	(26,276)	39%
T Turner	30,545	(9,470)	(75,762)	(54,687)	34%
R Levin	30,545	(56,821)	-	(26,276)	37%
Other Key Management Personnel					
J Hamilton	18,327	-	(14,205)	4,122	5%
K Bischoff	-	-	-	-	-
GV Ariti	-	-	(56,821)	(56,821)	-
F Taylor	18,327	(46,738)	-	(28,411)	14%
M Chapman	-	-	-	-	-
C Tolcon	18,327	(47,351)	-	(29,024)	13%
Total	268,797	(482,366)	(146,788)	(360,357)	

2012	Number of Options Granted Number	Number of Options Exercised Number	Number of Options Lapsed Number	Total number of Options Granted, Exercised or Lapsed
Directors				
A Sage	2,000,000	(2,800,000)	-	(800,000)
B Maher	500,000	(600,000)	-	(100,000)
T Turner	500,000	(100,000)	(800,000)	(400,000)
R Levin	500,000	(600,000)	-	(100,000)
Other Key Management Personnel				
J Hamilton	300,000	-	(150,000)	150,000
K Bischoff	-	-	-	-
GV Ariti	-	-	(600,000)	(600,000)
F Taylor	300,000	(600,000)	-	(300,000)
M Chapman	-	-	-	-
C Tolcon	300,000	(500,00)	-	(200,000)
Total	4,400,000	(5,200,000)	(1,550,000)	(2,350,000)

VALUE OF OPTIONS ISSUED TO DIRECTORS, EXECUTIVES AND KEY MANAGEMENT PERSONNEL (CONTINUED)

All of the options that were issued to key management personnel during the prior year are disclosed in the table below:

	Options Granted	Options Exercised	Options Lapsed		
2011	Value at Grant Date	Value at Exercise Date	Value at Time of Lapse	Total Value of Options Granted, Exercised or Lapsed	Percentage of Total Remuneration for the Year that Consists of Options
	$	$	$	$	%
Directors					
A Sage	265,165	-	-	265,165	33%
B Maher	56,821	-	-	56,821	59%
T Turner	85,232	-	-	85,232	54%
R Levin	56,821	-	-	56,821	52%
Other Key Management Personnel					
J Hamilton	14,205	-	-	14,205	4%
K Bischoff	14,205	(14,205)	-	-	7%
GV Ariti	56,821	-	-	56,821	12%
C Tolcon	47,351	-	-	47,351	41%
F Taylor	28,411	-	-	28,411	22%
E von Puttkammer	28,411	-	-	28,411	28%
Total	653,443	(14,205)	-	639,238	

2011	Number of Options Granted Number	Number of Options Exercised Number	Number of Options Lapsed Number	Total number of Options Granted, Exercised or Lapsed
Directors				
A Sage	2,800,000	-	-	2,800,000
B Maher	600,000	-	-	600,000
T Turner	900,000	-	-	900,000
R Levin	600,000	-	-	600,000
Other Key Management Personnel				
J Hamilton	150,000	-	-	150,000
K Bischoff	150,000	(150,000)	-	-
GV Ariti	600,000	-	-	600,000
F Taylor	300,000	-	-	300,000
E von Puttkammer	300,000	-	-	300,000
C Tolcon	500,000	-	-	500,000
Total	6,900,000	(150,000)	-	6,750,000

Service Agreements

Executive Directors

The engagement conditions of the Executive Chairman, Antony Sage were approved by the Board on 28 August 2009 with a fee of $550,000 (2011: $550,000) per annum plus GST. Under the terms of Mr Sage's contract, Mr Sage's annual fee increases to $750,000 per annum plus GST upon the market capitalisation of the Company exceeding $300 million for a 30 consecutive trading day period. This occurred in January 2011. Under the terms of Mr Sage's contract, employment may be terminated by the Company or Mr Sage by giving the other party 4 weeks' notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time. The employment contract is for a period of three (3) years from the date of entering the agreement on 28 August 2009. The terms of the new consulting agreement are currently being negotiated.

Non-Executive Directors

The engagement conditions of non-executive director Timothy Turner were approved by the Board on 30 November 2007. A fee of $60,000 per annum plus GST was subsequently approved by the Board on 28 August 2009.

The engagement conditions of non-executive director Brian Maher were approved by the Board on commencement of engagement. A fee of $48,000 per annum was subsequently approved by the Board with effect from 1 April 2010.

The engagement conditions of non-executive director Ross Levin were approved by the Board on commencement of engagement on 1 April 2010 with a fee of $48,000 per annum.

Other Key Management Personnel

The engagement conditions of contractor J Hamilton were approved by the Board on commencement of his engagement in April 2006. A subsequent review was undertaken and a fee of $1,500 per day plus GST was approved (2011: $1,200 per day).

The engagement conditions of contractor K Bischoff were approved by the Board on commencement of his engagement in February 2008 with a fee of $1,200 per day plus GST (2011: $1,200 per day). K Bischoff resigned effective 1 June 2012.

The engagement conditions of contractor GV Ariti were approved by the Board on commencement of his engagement in August 2006 with a fee of $1,500 per day plus GST (2011: $1,500 per day). GV Ariti resigned effective 26 June 2012.

The engagement conditions of contractor C Tolcon were set out in a service agreement upon appointment in December 2010 with a fee of $4,000 per month plus GST for general company secretarial services and a fee of $1,460 per day plus GST for legal services.

The engagement conditions of contractor F Taylor were agreed upon appointment in April 2009. A subsequent review was undertaken and a fee of $850 per day plus GST was approved. F Taylor resigned effective 31 May 2012.

The engagement conditions of contractor E von Puttkammer were agreed upon appointment in April 2009. A subsequent review was undertaken and a fee of $72,000 per annum plus GST was approved (2011:72,000 per annum plus GST).

The engagement conditions of employee M Chapman were agreed upon appointment in May 2012 including a total remuneration package of $200,000 per annum.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Cape Lambert Group or intervene in any proceedings to which the Cape Lambert Group is a party for the purpose of taking responsibility on behalf of the Cape Lambert Group for all or any part of those proceedings.

The Cape Lambert group was not a party to any such proceedings during the year.

Cape Lambert commenced legal action against MCC Australia Sanjin Mining Pty Ltd and its parent company Metallurgical Corporation of China Limited to recover the payment of $80 million due in relation to the sale of the Cape Lambert Iron Ore Project.

Non Audit Services

The Board of Directors is satisfied that the provision of any non-audit services by the Company's auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* because:

- All non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided is reviewed to ensure that they do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the current year no amounts were paid or payable (2011: Nil) to the auditor or its related practices for any non audit services.

SHARE OPTIONS

Share Options Granted to Directors and Employees and Consultants

During the financial year, 8,800,000 share options were granted to directors, employees and consultants (2011: 8,000,000).

Share Options on Issue at Year End

As at 30 June 2012, there were 7,800,000 share options on issue (2011: 7,850,000).

Details of shares issued during the financial year as a result of the exercise of options are:

Number of Shares Issued	Class of Shares	Amount Paid for Shares	Amount Unpaid on Shares
6,200,000	ORD	$2,790,000	-

Shares under option

Unissued ordinary shares of Cape Lambert under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
6 October 2011	30 November 2012	$0.45	7,800,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Since 30 June 2012, nil share options have been exercised for total consideration of nil. No amounts are unpaid on any of the shares.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 28 for the year ended 30 June 2012.

This report is signed in accordance with a resolution of the Board of Directors.

Antony Sage
Director

Dated this 27th day of September 2012

Auditor's Independence Declaration

As lead auditor for the audit of Cape Lambert Resources Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cape Lambert Resources Limited and the entities it controlled during the period.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
27 September 2012

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STATEMENT OF COMPREHESIVE INCOME

	Note	For the year ended 30 June 2012	30 June 2011
		$	**$**
Continuing Operations			
Revenue	3(a)	**4,393,562**	4,563,720
Other income	3(b)	**65,040,903**	43,906,146
Share based payments		**(537,595)**	(797,277)
Directors remuneration and employee benefits expenses		**(4,471,806)**	(2,191,400)
Consulting expenses		**(7,838,387)**	(8,112,617)
Occupancy expenses	3(e)	**(1,149,235)**	(1,220,364)
Compliance and regulatory expenses		**(515,376)**	(544,188)
Travel and accommodation		**(1,228,115)**	(750,426)
Share registry maintenance		**(75,718)**	(161,034)
Depreciation and amortisation expense	3(c)	**(738,432)**	(338,623)
Finance costs	3(d)	**(109,278)**	(115,560)
Loss on fair value of financial assets through profit and loss		**(5,280,140)**	(962,916)
Other expenses	3(f)	**(5,902,595)**	(4,289,316)
Impairment of investments	8(d)	**(6,200,000)**	-
Impairment of loans and interest receivable	7(c)	**(91,472)**	(2,931,025)
Impairment of investment in associate	12(e)	**(1,563,184)**	(4,419,058)
Impairment of capitalised exploration	11	**(317,194)**	(36,591,446)
Share of net losses of associates accounted for using the equity method	12(b)	**(5,000,534)**	(7,847,148)
Loss on extinguishment of debt	13(a)	**(1,094,445)**	-
Profit / (loss) before income tax		**27,320,959**	(22,802,531)
Income tax benefit / (expense)	4	**(4,597,250)**	10,956,260
Net profit / (loss) for the year		**22,723,709**	(11,846,271)
Other comprehensive income/(expenditure) net of tax			
Foreign exchange differences arising on translation of foreign operations		**524,630**	390,980
Share of reserves of associates accounted for using the equity method		**(1,402,755)**	831,975
Total comprehensive income/(loss) for the year		**21,845,584**	(10,623,316)
Profit/(loss) for the year attributable to:			
Members of Cape Lambert Resources Limited		**22,723,709**	(11,846,271)
Non controlling interests		**-**	-
		22,723,709	(11,846,271)
Total comprehensive income/(loss) for the year attributable to:			
Members of Cape Lambert Resources Limited		**21,845,584**	(10,623,316)
Non controlling interests		**-**	-
		21,845,584	(10,623,316)
Earnings / (loss) per share for profit from continuing operations attributable to members of Cape Lambert Resources Limited:			
Basic earnings /(loss) per share (cents per share)	18	**3.40**	(1.96)
Diluted earnings /(loss) per share (cents per share)	18	**3.37**	(1.96)

The accompanying notes form part of this financial report.

STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2012	30 June 2011
		$	$
CURRENT ASSETS			
Cash and cash equivalents	27(a)	**87,524,867**	43,096,285
Restricted cash	9	**652,344**	544,240
Trade and other receivables	7	**11,681,678**	8,235,536
Inventories		**-**	150,113
Assets classified as held for sale	31	**110,520,018**	-
TOTAL CURRENT ASSETS		**210,378,907**	52,026,174
NON-CURRENT ASSETS			
Trade and other receivables	7	**-**	1,175,761
Other financial assets	8	**26,705,963**	30,325,436
Investments accounted for using the equity method	12	**9,085,972**	38,109,367
Restricted cash	9	**2,473,807**	3,082,372
Plant and equipment	10	**3,037,362**	2,870,627
Exploration and evaluation expenditure	11	**145,498,558**	242,987,407
Deferred tax asset	4	**77,644**	-
TOTAL NON-CURRENT ASSETS		**186,879,306**	318,550,970
TOTAL ASSETS		**397,258,213**	370,577,144
CURRENT LIABILITIES			
Trade and other payables	13	**4,620,459**	22,864,528
Provisions	14	**68,517**	887,457
Current tax liabilities		**6,428,925**	2,870,542
Deferred income		**26,647**	14,652
Liabilities directly associated with assets held for sale	31	**12,468,241**	-
TOTAL CURRENT LIABILITIES		**23,612,789**	26,637,179
NON-CURRENT LIABILITIES			
Provisions	14	**-**	2,349,210
Deferred tax liability	4	**-**	5,547,955
TOTAL NON-CURRENT LIABILITIES		**-**	7,897,165
TOTAL LIABILITIES		**23,612,789**	34,534,344
NET ASSETS		**373,645,424**	336,042,800
EQUITY			
Issued capital	15	**197,050,776**	167,528,846
Reserves	16	**(1,215,677)**	728,772
Retained earnings	17	**177,810,325**	155,086,616
Parent interests		**373,645,424**	323,344,234
Non-controlling interests	23(b)	**-**	12,698,566
TOTAL EQUITY		**373,645,424**	336,042,800

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY

	Note	Issued Capital	Retained earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Business Combination Reserve	Non-controlling interests	Total
		$	$	$	$	$	$	$
Balance at 1 July 2011		167,528,846	155,086,616	1,828,484	(1,099,712)	-	12,698,566	336,042,800
Profit for the year		-	22,723,709	-	-	-	-	22,723,709
Other comprehensive income								
Foreign exchange differences arising on translation of foreign operation	16	-	-	-	524,630	-	-	524,630
Share of associate's reserves	16	-	-	(724,106)	(678,649)	-	-	(1,402,755)
Total comprehensive income/(loss) for the year		-	22,723,709	(724,106)	(154,019)	-	-	21,845,584
Transactions with owners in their capacity as owners								
Issue of shares as consideration of non controlling interests	15, 16, 23(a)	9,302,485	-	-	-	(1,603,919)	(12,698,566)	(5,000,000)
Issue of shares in settlement of deferred purchase consideration	15	17,429,445	-	-	-	-	-	17,429,445
Issue of shares upon exercise of options	15	2,790,000	-	-	-	-	-	2,790,000
Share based payments expense	5, 16	-	-	537,595	-	-	-	537,595
Transactions with equity holders in their capacity as owners		29,521,930	-	537,595	-	(1,603,919)	(12,698,566)	15,757,040
Balance at 30 June 2012		**197,050,776**	**177,810,325**	**1,641,973**	**(1,253,731)**	**(1,603,919)**	**-**	**373,645,424**

The accompanying notes form part of this financial report.

STATEMENT OF CHANGES IN EQUITY

	Note	Issued Capital	Retained earnings	Share Based Payment Reserve	Foreign Currency Translation Reserve	Non-controlling interests	Total
		$	$	$	$	$	$
Balance at 1 July 2010		177,603,225	166,932,887	167,308	(1,458,768)	10,128,214	353,372,866
Loss for the year		-	(11,846,271)	-	-	-	(11,846,271)
Other comprehensive income							
Foreign exchange differences arising on translation of foreign operation		-	-	-	390,980	-	390,980
Share of associate's share based payment reserves		-	-	863,899	(31,924)	-	831,975
Total comprehensive income/(loss) for the year		-	(11,846,271)	863,899	359,056	-	(10,623,316)
Transactions with owners in their capacity as owners							
Acquisition of remaining shares in non-controlling interest			-	-	-	(10,128,214)	(10,128,214)
Shares issued on acquisition of controlled entity	15	21,780,000		-	-	12,698,566	34,478,566
Share based payments expense	5, 16	-	-	797,277	-	-	797,277
Issue of shares upon exercise of options	16	67,500	-	-	-	-	67,500
Share reduction via on-market buy back	16	(31,921,879)	-	-	-	-	(31,921,879)
Transactions with equity holders in their capacity as owners		(10,074,379)	-	797,277	-	2,570,352	(6,706,750)
Balance at 30 June 2011		**167,528,846**	**155,086,616**	**1,828,484**	**(1,099,712)**	**12,698,566**	**336,042,800**

The accompanying notes form part of this financial report.

STATEMENT OF CASH FLOWS

		For the year ended 2012	2011
		$	**$**
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		**(24,741,204)**	(17,226,459)
Interest received		**2,160,523**	4,092,304
Interest and other finance costs paid		**(109,278)**	(115,560)
Receipts – other		**132,093**	218,888
Income tax paid		**-**	(1,611,935)
Net cash used in operating activities	27(b)	**(22,557,866)**	(14,642,762)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payment for acquiring interests in associated entities		**(4,139,620)**	(21,682,681)
Proceeds on disposal of interest in associated entity		**72,219,000**	20,690,740
Payments for exploration and evaluation		**(22,525,317)**	(38,957,481)
Purchase of property, plant and equipment		**(2,985,196)**	(572,702)
Cash balances disposed of on disposal of controlled entity		**(92,720)**	(290,133)
Release of restricted cash balances in relation to environmental bonds / performance bonds		**610,110**	1,689,694
Payment of restricted cash in relation to environmental bonds / performance bonds		**(131,396)**	(3,933,830)
Loans to associated entities		**-**	(10,493,646)
Proceeds on repayment of loans		**-**	19,838,246
Payment on subscription to convertible loan notes		**-**	(2,000,000)
Loans to associated entity		**(1,289,000)**	(2,936,799)
Purchase of equity investments		**(7,570,743)**	(15,008,334)
Proceeds from sale of equity investments		**3,155,480**	12,292,923
Payment pursuant to a business combination		**-**	(6,651,185)
Payment pursuant to prior year business combination		**-**	(22,233,433)
Proceeds from sale of controlled entity		**-**	47,000,000
Proceeds from sale of prospect		**-**	30,000,000
Repayment of loans on disposal of controlled entity		**32,760,660**	984,000
Exclusivity payment received		**-**	250,000
Net cash provided by/(used in) investing activities		**70,011,258**	7,985,379
CASHFLOWS FROM FINANCING ACTIVITIES			
On-market buy back		**-**	(31,921,879)
Dividend paid to Shareholders		**-**	(43,803,183)
Proceeds from issues of equity securities		**2,790,000**	67,500
Purchase of non-controlling interests		**(5,000,000)**	(10,134,440)
Net cash used in financing activities		**(2,210,000)**	(85,792,002)
Net increase / (decrease) in cash and cash equivalents		**45,243,392**	(92,449,385)
Cash and cash equivalents at beginning of period		**43,096,285**	135,709,067
Foreign exchange		**72,232**	(163,397)
Cash and cash equivalents at end of period	27(a)	**88,411,909**	43,096,285
Non-cash financing and investing activities	27(c)		

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF ANNUAL REPORT

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The financial report covers Cape Lambert Resources Limited and its controlled entities ("the Consolidated Entity"). Cape Lambert Resources Limited is a public listed company, incorporated and domiciled in Australia.

Compliance with IFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2. SUMMARY OF ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) New Accounting Standards and Interpretations

Changes in accounting policy and other disclosures

The following standards and interpretations have been applied by the Consolidated Entity during the current year. The standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2011 did not have any impact on the current period or any prior period and are not likely to affect future periods.

Accounting Standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Consolidated Entity for the annual reporting period ended 30 June 2012 are set out below. Unless otherwise stated, it is expected that there will be no impact on the Consolidated Entity on applying the new standards and interpretations once they are effective.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Consolidated Entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Consolidated Entity recognised nil of such losses in other comprehensive income.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(a) New Accounting Standards and Interpretations (continued)

Accounting Standards and interpretations issued but not yet effective (continued)

There will be no impact on the Consolidated Entity's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Consolidated Entity does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Consolidated Entity has not yet decided when to adopt AASB 9.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Cape Lambert Resources Limited has public accountability as defined in AASB 1053 and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of new and amended standards which address the accounting for consolidated financial statements and associated disclosures.

AASB 10 introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Consolidated Entity does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. As the group is not party to any joint arrangements, this standard will not have any impact on its financial statements.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(a) New Accounting Standards and Interpretations (continued)

Accounting Standards and interpretations issued but not yet effective (continued)

AASB 12 sets out the required disclosures for entities reporting under the new AASB 10 standard and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Consolidated Entity will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

The Consolidated Entity does not expect to adopt the new standards before their operative date.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Consolidated Entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Consolidated Entity does not intend to adopt the new standard before its operative date.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The group intends to adopt the new standard from 1 July 2012.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) and Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective 1 January 2014 and 1 January 2013 respectively)
In December 2011, the IASB made amendments to the application guidance in IAS 32 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the group's current offsetting arrangements. However, the IASB has also introduced more extensive disclosure requirements into IFRS 7 which will apply from 1 January 2013. The AASB is expected to make equivalent changes to IAS 32 and AASB 7 shortly. When they become applicable, the group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The group intends to apply the new rules for the first time in the financial year commencing 1 July 2013.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(a) New Accounting Standards and Interpretations (continued)

Accounting Standards and interpretations issued but not yet effective (continued)

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities and AASB 2012-2 Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively) In June 2012, the AASB approved amendments to the application guidance in AASB 132 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The group intends to apply the new rules for the first time in the financial year commencing 1 July 2013.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013) In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The group will apply the amendments from 1 July 2012.

There are no other standards that are not yet effective and that are expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cape Lambert Resources Limited ("Cape Lambert") and its subsidiaries (as outlined in note 23) as at and for the period ended 30 June each year. Interests in associates are equity accounted and are not part of the Consolidated Entity.

Subsidiaries are all those entities over which Cape Lambert has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Cape Lambert controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Investments in subsidiaries held by Cape Lambert are accounted for at cost in the separate financial statements of the parent less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their fair values at the date of acquisition. Any difference between the fair value of the consideration and the fair values of the identifiable net assets acquired is recognised as goodwill or a gain on bargain purchase.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented with equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

If Cape Lambert loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying value of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the statement of comprehensive income;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

If ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) Associates

Associates are entities over which the Consolidated Entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Consolidated Entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in statement of comprehensive income and reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Restricted cash relates to term deposits held with various financial institutions as security for bank guarantees.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Office equipment	3 years
Plant and equipment	5 years
Leasehold improvements	over the period of the lease

(h) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Consolidated Entity has the following financial assets:

a. Financial Assets at Fair Value through Profit or Loss

Certain shares and options held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months otherwise they are classified as non-current assets.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(h) Financial Assets (continued)

b. Loans and Receivables

Trade receivables, loans, and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. They are included in current assets, other than those with maturities greater than 12 months from reporting date which are classified as non-current assets.

c. Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available for sale or are not classified as 'at fair value through profit or loss', 'held-to-maturity' investments or 'loans and receivables'. Available for sale financial assets are measured at cost until the investment is disposed of or determined to be impaired, at which time the gain or loss on disposal or the impairment is recognised in the profit or loss. They are included in non-current assets unless management intends to dispose of the investment within 12 months.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

(i) Financial Instruments Issued by the Consolidated Entity

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(j) Foreign Currency

Foreign currency transactions and balances

All foreign currency transactions occurring during the financial year are recognised at the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the profit or loss in the period in which they arise except those exchange differences which relate to assets under construction for future productive use which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Functional and presentation currency

Items included in the financial statements of each of the companies within the Consolidated Entity are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Cape Lambert's functional and presentation currency.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
b. income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
c. all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(l) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Refer also to note 2(q) for accounting policy regarding share based payments.

(m) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(n) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(o) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.
The Consolidated Entity has implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(p) Revenue recognition

Sale of Goods

Revenue from the sale of goods is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(q) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(r) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest where right of tenure is current. Costs associated with these identifiable areas of interests are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the statement of comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(s) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision makers – being the executive management team.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 "Operating Segments" are combined and disclosed in a separate category called "other".

(t) Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interests and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are expensed.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non controlling shareholders' interest. The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of the fair value of the identifiable net assets acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Any contingent consideration to be transferred by the acquiree is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(v) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Parent entity financial information

The financial information for the parent entity, Cape Lambert Resources Limited, disclosed in note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Cape Lambert Resources Limited. Dividends received from associates are recognised in the parent entity's statement of comprehensive income, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Cape Lambert Resources Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Cape Lambert Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Cape Lambert Resources Limited for any current tax payables assumed and are compensated by Cape Lambert Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Cape Lambert Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(y) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

(z) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed as balance date.

(aa) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less cost to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(bb) Critical Judgements in Applying the Consolidated Entity's Accounting Policies

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and Evaluation

The Consolidated Entity's accounting policy for exploration and evaluation is set out at note 1(r). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves may be determined. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure, it is determined that recovery of the expenditure by future exploitation or sale is unlikely, then the relevant capitalised amount is written off in the statement of comprehensive income.

As at 30 June 2012, management have recognised impairment losses in respect of capitalised exploration and evaluation to the extent of $317,194 (30 June 2011: $36,591,446).

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(bb) Critical Judgements in Applying the Consolidated Entity's Accounting Policies (continued)

Income taxes

The Consolidated Entity is subject to income taxes in Australia and jurisdictions where it has foreign operations.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity estimates its tax liabilities based on the Consolidated Entity's understanding of the tax laws in the relevant jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Consolidated Entity has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Business Combination

Significant judgement is required in determining whether the acquisition of a project constitutes a business combination. The Consolidated Entity assess whether the project acquired meets the definition of a business as set out in AASB 3 "Business Combination". If the project acquired falls within the prescribed definition of a business, it is accounted for as a business combination. Where the project acquired does not fall within the prescribed definition of a business, it is treated as an asset acquisition.

During the prior financial year, the Company through its wholly owned subsidiary, Cape Lambert Leichhardt Pty Ltd, completed the acquisition of the Leichhardt Copper project from Matrix Metals Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (In Liquidation). Management have determined that the acquisition is a business combination and have made a number of assumptions in determining the fair values of the assets acquired and the liabilities assumed pursuant to this business combination.

The Company's acquisition of Pinnacle in the current year has been determined by management to be an asset acquisition.

Impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the assets are determined.

As at 30 June 2012, management have recognised impairment losses in respect of those assets which had a carrying value which exceeded their recoverable amounts.

Contingent assets and liabilities

The Company has a number of significant contingent assets and liabilities as disclosed in note 20. Any changes in the estimates and assumptions underlying these contingencies could result in a material adjustment to the carrying values of assets and liabilities.

3. PROFIT/(LOSS) FROM OPERATIONS

			Consolidated	
			2012	2011
			$	$
(a)	**Revenue**			
	Interest income		**4,273,465**	4,333,158
	Rental revenue		**95,009**	198,659
	Other revenue		**25,088**	31,903
			4,393,562	4,563,720
(b)	**Other income**			
	Gain on disposal of financial assets through profit and loss		**1,006,576**	5,210,596
	Gain on disposal of associate	12 (b)	**45,305,407**	8,621,099
	Gain on disposal of controlled entity	22	**17,720,572**	26,857,705
	Gain on recognition of deferred consideration receivable		**700,000**	2,500,000
	Gain on recognition of equity instruments received		**-**	396,395
	Foreign currency exchange gains		**229,369**	-
	Other income		**78,979**	320,351
			65,040,903	43,906,146
(c)	**Depreciation and amortisation expense**			
	Depreciation of plant and equipment	10	**(602,920)**	(302,082)
	Amortisation of leasehold improvements	10	**(135,512)**	(36,541)
	Depreciation and amortisation expense		**(738,432)**	(338,623)
(d)	**Finance costs**			
	Interest and finance charges paid or payable		**(109,278)**	(115,560)
(e)	**Occupancy expenses**			
	Rental expense relating to operating leases - minimum lease payments		**(850,041)**	(899,399)
	Other occupancy expenses		**(299,194)**	(320,965)
			(1,149,235)	(1,220,364)
(f)	**Other expenses**			
	Other expenses		**(4,519,086)**	(3,245,338)
	Exploration expenditure expensed		**(1,383,509)**	-
	Loss on disposal of financial assets through profit and loss	8c	**-**	(179,071)
	Foreign currency exchange losses		**-**	(864,907)
			(5,902,595)	(4,289,316)

4. INCOME TAXES

	Consolidated 2012	Consolidated 2011
	$	**$**
Major components of income tax expense for the year are:		
Income statement		
Current income tax	**3,927,187**	2,332,909
Relating to origination and reversal of temporary differences	**1,510,214**	(14,038,135)
Adjustments in respect of current and deferred tax of previous year	**(840,151)**	-
Benefit from unrecognised tax loss used to reduce deferred tax expense	**-**	748,966
Income tax expense / (benefit) reported in income statement	**4,597,250**	(10,956,260)
Statement of changes in equity		
Deferred income tax		
Capital raising costs	**-**	-
Income tax expense reported in equity	**-**	-

Reconciliation

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax rate for the year is as follows:

	Consolidated 2012	Consolidated 2011
	$	**$**
Accounting profit / (loss) before income tax	**27,320,959**	(22,802,531)
Income tax expense / (benefit) at the statutory income tax rate of 30% (2011: 30%)	**8,196,288**	(6,840,759)
Adjusted for :-		
Non-deductible expenses	**(52,581)**	17,982
Share based payments	**161,279**	239,183
Deferred tax assets and tax losses not recognised	**3,704,588**	770,064
Derecognition of deferred tax assets subject to available fraction	**1,483,646**	-
Net capital gain on disposal of controlled entity	**178,095**	3,374,505
Net capital loss on disposal of associate	**(276,003)**	-
Net capital loss on disposal of financial assets	**-**	(12,522,524)
Share of losses of associates	**1,500,160**	2,197,815
Impairment of associates	**468,955**	1,325,717
Deferred tax on entities joining the consolidated tax group	**(3,124,311)**	-
Adjustments in respect of current and deferred tax of previous year	**(840,151)**	-
Utilisation of previously unrecognised tax losses	**(6,322,116)**	-
Other	**(480,599)**	481,757
At effective income tax rate of 13.51% (2011: nil)	**4,597,250**	(10,956,260)
Income tax expense / (benefit) reported in income statement	**4,597,250**	(10,956,260)

4. INCOME TAXES (CONTINUED)

Recognised deferred tax assets and liabilities

The deferred tax liability balance comprises temporary differences attributable to:

	Consolidated	
	2012	2011
	$	$
Accrued income	**(139,730)**	(58,862)
Capitalised expenditure	**(1,963,342)**	(3,914,619)
Unrealised foreign exchange gains / losses	**(2,418,557)**	-
Deferred tax liabilities recognised in foreign jurisdictions	**(300,379)**	(1,117,893)
Financial assets	**-**	(4,217,115)
Deferred tax liability	**(4,822,008)**	(9,308,489)
The deferred tax asset balance comprises temporary differences attributable to:		
Finance assets	**2,465,092**	-
Accrued expenses and provisions	**750,778**	100,460
Business related costs	**1,683,782**	2,112,314
Losses available for offset against future taxable income	**-**	1,483,645
Unrealised foreign exchange gains / losses	**-**	64,115
Deferred tax asset	**4,899,652**	3,760,534
Net deferred tax asset /(liability)	**77,644**	(5,547,955)

Movement in temporary differences during the current year

	Balance 1 July 2011	Adjustments in respect of deferred income tax of previous year	Recognised in Income	Reclassified as liability directly associated with assets classified as held for sale	Balance 30 June 2012
	$	$	$	$	$
Consolidated					
Accrued income	(58,862)	39,278	(105,477)	(14,669)	**(139,730)**
Financial assets	(4,217,115)	604,134	6,078,073	-	**2,465,092**
Accrued expenses and provisions	100,460	-	650,318	-	**750,778**
Business related costs	2,112,314	-	(428,532)	-	**1,683,782**
Tax losses	1,483,645	-	(1,483,645)	-	**-**
Capitalised exploration expenditure	(3,914,619)	-	(1,491,575)	3,442,852	**(1,963,342)**
Unrealised foreign exchange gains / losses	64,115	-	(2,482,672)	-	**(2,418,557)**
Deferred tax liabilities recognised in foreign jurisdictions	(1,117,893)	-	(2,246,704)	3,064,218	**(300,379)**
Net deferred tax asset / (liability)	(5,547,955)	643,412	(1,510,214)	6,492,401	**77,644**

4. INCOME TAXES (CONTINUED)

Movement in temporary differences during the prior year

	Balance 1 July 2010	Recognised in Income	Balance 30 June 2011
	$	$	$
Consolidated			
Accrued income	(432,946)	374,084	(58,862)
Financial assets	(1,978,964)	(2,238,151)	(4,217,115)
Accrued expenses and provisions	53,739	46,721	100,460
Business related costs	2,393,568	(281,254)	2,112,314
Tax losses	1,483,645	-	1,483,645
Capitalised exploration expenditure	(20,444,281)	16,529,662	(3,914,619)
Unrealised foreign exchange gains / losses	(45,498)	109,613	64,115
Deferred tax liabilities recognised in foreign jurisdictions	(615,353)	(502,540)	(1,117,893)
Net deferred tax liability	(19,586,090)	14,038,135	(5,547,955)

	Consolidated	
	2012	2011
	$	$
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	**14,915,507**	2,566,880
@ 30%	**4,474,652**	770,064

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

5.SHARE-BASED PAYMENT ARRANGEMENTS

Share-based payments granted during the current year

During the current year 8,800,000 share options were issued to directors and key management personnel, employees and consultants to the Company. The share options were issued for no consideration as part of their remuneration package. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders on 25 November 2011. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The assessed fair value at grant date of options granted to Directors, key management personnel, employees and consultants during the year ended 30 June 2012 was $0.06 per option. The model inputs for options granted during the year ended 30 June 2012 included:

(a) options were issued for no consideration with no vesting conditions attached.
(b) exercise price: $0.45
(c) grant date: 6 October 2011
(d) expiry date: 30 November 2012
(e) share price at grant date: $0.37
(f) expected price volatility of the company's shares: 53%
(g) expected dividend yield: 0.0%
(h) risk-free interest rate: 3.16%

The expected price volatility is based on the historic volatility based on the year pre-grant date.

Share-based payments granted during the prior year

During the year ended 30 June 2011, 8,000,000 share options were issued to directors and key management personnel, employees and consultants to the Company. The share options were issued for no consideration as part of their remuneration package. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders on 30 November 2010. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The assessed fair value at grant date of options granted to Directors during the year ended 30 June 2011 was $0.10 per option. The model inputs for options granted to Directors during the year ended 30 June 2011 included:

(a) options were issued for no consideration with no vesting conditions attached.
(b) exercise price: $0.45
(c) grant date: 30 November 2010
(d) expiry date: 30 September 2011
(e) share price at grant date: $0.49
(f) expected price volatility of the company's shares: 38%
(g) expected dividend yield: 0.0%
(h) risk-free interest rate: 5%

The expected price volatility is based on the historic volatility based on the period 6 months pre-grant date.

5. SHARE-BASED PAYMENT ARRANGEMENTS (CONTINUED)

Share-based payments granted during the prior year (continued)

The assessed fair value at grant date of options granted to key management personnel, employees and consultants during the year ended 30 June 2011 was $0.10 per option. The model inputs for options granted to key management personnel, employees and consultants during the year ended 30 June 2011 included:

(i) options were issued for no consideration with no vesting conditions attached.
(ii) exercise price: $0.45
(iii) grant date: 17 December 2010
(iv) expiry date: 30 September 2011
(v) share price at grant date: $0.50
(vi) expected price volatility of the company's shares: 37%
(vii) expected dividend yield: 0.0%
(viii) risk-free interest rate: 5%

The expected price volatility is based on the historic volatility based on the period 6 months pre grant date.

Options outstanding at balance date

There were 7,800,000 options outstanding at 30 June 2012 (2011:7,850,000).

Reconciliation of options on issue

The following reconciles the outstanding share options granted, exercised and lapsed during the financial year:

	2012		2011	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at beginning of the financial year	**7,850,000**	**0.450**	-	-
Granted during the financial year (i)	**8,800,000**	**0.450**	8,000,000	0.450
Exercised during the financial year (ii)	**(6,200,000)**	**(0.450)**	(150,000)	(0.450)
Lapsed during the financial year (iii)	**(2,650,000)**	**(0.450)**	-	-
Balance at end of the financial year	**7,800,000**	**0.450**	7,850,000	0.450
Exercisable at end of the financial year	**7,800,000**	**0.450**	7,850,000	0.450

(i) During the current year, 8,800,000 shares options were issued at a weighted exercise price of $0.45.
(ii) During the current year, 6,200,000 (30 June 2011: 150,000) share options were exercised for a weighted average exercise price of $0.45 (30 June 2011: $0.45).
(iii) During the current year, 2,650,000 share options lapsed (30 June 2011: nil).

Rights attaching to options

The Employee Incentive Scheme, approved by the shareholders in December 2000, entitles each option holder to one share exercisable any time up to or on the expiry date at the stated exercise price; does not confer the right to a change in exercise price; subject to the *Corporations Act 2001*, the ASX Listing Rules and the Company's Constitution are freely transferable; the shares, upon exercise of the options, will rank pari passu with the Company's then issued shares; will be applied for quotation; the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company if the Options are exercised before the record date of an entitlement; in the event of any reconstruction of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

6. REMUNERATION OF AUDITORS

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Paid or payable to PricewaterhouseCoopers		
Audit or review of the consolidated financial reports	**190,133**	185,000
Paid or payable to Stantons International		
Audit of the financial reports of controlled entities	**37,596**	14,762
Paid or payable to Ernst & Young		
Audit of the financial reports of controlled entities	**31,472**	29,696
	259,201	229,458

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Trade and other receivables – current		
Trade debtors	**314,324**	307,087
GST recoverable and other debtors	**314,228**	699,720
Prepayments	**161,087**	166,770
Interest receivable	**1,436,881**	754,311
Deferred consideration receivable	**3,200,000**	2,500,000
Loans to unlisted entities (a)	**2,400,000**	2,400,000
Loans to ASX-listed entities (b)	**6,678,218**	3,226,017
Provision for impairment of loans (including interest receivable) (c)	**(3,022,497)**	(2,931,025)
Funds in trust	**199,437**	1,112,656
	11,681,678	8,235,536
Trade and other receivable – non current		
Loans to ASX-listed entities[2]	**-**	1,175,761
	-	1,175,761

(a) Current and non current loans to unlisted entities:

The balance owing at 30 June 2012 includes an amount of $2,400,000 (30 June 2011: $2,400,000) in the form of a convertible loan note which bears interest at the rate of 12% per annum. The conversion option embedded in the loan note allows the Company to convert the outstanding principal and any accrued interest balance at a conversion rate which results in the Company holding a 10% interest in the borrower's share capital post conversion. Given that the borrower is an unlisted entity, the fair value of the conversion option cannot be reliably measured. Accordingly, a nil value has been assigned to the conversion option.

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Current and non current loans to ASX listed entities

The amounts owing at balance date are made up as follows:

	Interest rate	Carrying value of loans 30 June 2012	30 June 2011
		$	$
Current			
Drawdown from $2,000,000 loan facility (i)	7.3%	**1,289,000**	-
Convertible loan note of $2,000,000 (ii)	12.0%	**1,693,841**	1,693,841
Convertible loan note of $2,000,000 (ii)	10.0%	**1,098,667**	1,098,667
Convertible loan note of $1,500,000 (ii)	10.0%	**1,020,822**	-
Fair value of loans at inception		**5,102,330**	2,792,508
Interest receivable recognised using the effective interest rate		**2,798,737**	922,057
Interest received at the coupon rate		**(1,122,849)**	(488,548)
Partial repayment of loan note		**(100,000)**	-
Current carrying value at amortised cost at balance date		**6,678,218**	3,226,017
Non current			
Convertible loan note of $1,500,000 (ii)	10.0%	**-**	1,020,822
Fair value of loans at inception		**-**	1,020,822
Interest receivable recognised using the effective interest rate		**-**	446,309
Interest received at the coupon rate		**-**	(291,370)
Non current Carrying value at amortised cost at balance date		**-**	1,175,761

(i) In June 2011, the Company entered into a $2,000,000 standby facility agreement ("Facility") with Fe Limited in which Cape Lambert holds a 19.9% interest. Pursuant to the terms of the Facility, Fe Limited will have access to $2,000,000, and any amounts drawn down will be payable in full 18 months from the date of execution of the Facility agreement. Interest is payable on the amounts drawn down under the facility at the cash rate plus 3%. Any funds received by Fe Limited from sales of assets or capital raisings must first be used to reduce funds drawn down under the facility.

(ii) At inception, the conversion options embedded within the above convertible loan agreements were fair valued using a Black-Scholes Option Pricing Model. The fair values of the options were recognised as financial assets at fair value through profit and loss and reduced the carrying value assigned to the loans receivable balances. Subsequent to their initial recognition, the loans receivable have been measured at amortised cost using the effective interest rate method.

(c) Provision for impairment of loans (including interest receivable)

The recoverability of loans provided to ASX-listed and unlisted entities (including interest receivable) have been assessed for impairment as at 30 June 2012. A provision for impairment of $3,022,497 has been recognised in respect of a loan and accumulated interest that was due for repayment in August 2011 but remains outstanding as at the date of this report. The impairment provision recognised in the current period is $91,472.

Risk Exposure

The Consolidated Entity's exposure to risk is discussed in more detail at note 29.

8. OTHER FINANCIAL ASSETS

Financial Assets at Fair value through Profit or Loss

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Shares in listed entities	**19,127,628**	17,725,237
Conversion options (a)	**-**	57,809
Call options (b)	**578,335**	342,390
	19,705,963	18,125,436
Financial Assets Available-for-sale		
Shares in unlisted entities (d)	**7,000,000**	12,200,000
Total Financial Assets	**26,705,963**	30,325,436

(a) Conversion options

During the prior year, the Company advanced $2,000,000 to ASX listed entities in the form of convertible loans. At inception, the conversion options and call options within these loan agreements were fair valued using a Black-Scholes Option Pricing Model. The fair values of the options were recognised as financial assets at fair value through profit and loss. Subsequent to their initial recognition, the conversion options have been measured at fair value, with any gains or losses being recognised in the statement of comprehensive income. Details are summarised below:

2012	Interest rate	Option conversion price	No. of call options issued	Call option exercise price	Fair value of loan at inception[4]	Fair value of conversion option at inception	Fair value of call option at inception
					$	$	$
Loan note of $1,500,000	10%	$0.50[1]	-	-	1,020,821	479,179	-
Loan note of $2,000,000	12%	$0.30[3]	-	-	1,693,841	306,159	-
Loan note of $2,000,000	10%	$0.20[2]	-	-	1,098,667	901,333	
					3,813,329	1,686,671	-
Loss on fair value of options through profit and loss						(1,686,671)	-
Carrying value at 30 June 2012						-	-

[1] option conversion price is the lower of $0.50 or the VWAP over the 20 days prior to conversion. The minimum conversion price is set at $0.425.

[2] option conversion price is the volume weighted average closing price of the Company's Ordinary Shares as quoted on ASX over the last five (5) trading days immediately preceding delivering of a conversion notice less a discount of 20%.

[3] option conversion price is the higher of $0.30 or the VWAP over the 5 days prior to conversion.
[4] refer to note 9 for further details of the loan component of the convertible loan note.

8. OTHER FINANCIAL ASSETS (CONTINUED)

(a) Conversion options (continued)

2011	Interest rate	Option conversion price	No. of call options issued	Call option exercise price	Fair value of loan at inception[4]	Fair value of conversion option at inception	Fair value of call option at inception
					$	$	$
Loan note of $1,500,000	10%	$0.50[1]	-	-	1,020,821	479,179	-
Loan note of $2,000,000	12%	$0.30[3]	-	-	1,693,841	306,159	-
Loan note of $2,000,000	10%	$0.20[2]	-	-	1,098,667	901,333	
					3,813,329	1,686,671	-
Loss on fair value of options through profit and loss						(1,628,862)	-
Carrying value at 30 June 2011						57,809	**-**

[1] option conversion price is the lower of $0.50 or the VWAP over the 20 days prior to conversion. The minimum conversion price is set at $0.425.

[2] option conversion price is the volume weighted average closing price of the Company's Ordinary Shares as quoted on ASX over the last five (5) trading days immediately preceding delivering of a conversion notice less a discount of 20%.

[3] option conversion price is the higher of $0.30 or the VWAP over the 5 days prior to conversion.

[4] refer to note 9 for further details of the loan component of the convertible loan note.

(b) Call options

During the current year, the Company received call options in ASX listed entities. The call options have been fair valued using a Black-Scholes Option Pricing Model and have been recognised as financial assets at fair value through profit and loss. The gain on receipt of the options has been recognised in the Statement of Comprehensive Income. Subsequent to their initial recognition, the call options have been measured at fair value, with any gains or losses being recognised in the Statement of Comprehensive Income. Details are summarised below:

2012

No. of call options received	Call option exercise price	Call option expiry date	Fair value of call options at inception	Gain / (loss) on fair value of options through profit and loss	Fair value of call options at 30 June 2012
			$	$	$
10,000,000	$0.20	24/02/2012	691,655	(691,655)	**-**
1,583,334	$0.45	31/10/2012	74,670	(74,670)	**-**
2,000,000	$0.15	08/08/2012	19,335	(19,335)	**-**
4,400,000	$0.30	31/03/2013	52,896	126,649	**179,545**
6,666,667	$0.18	31/12/2012	779,076	(693,153)	**85,923**
5,600,000	$0.07	29/06/2014	293,809	(91)	**293,718**
2,392,857	$0.20	30/11/2014	110,746	(91,596)	**19,150**
			2,022,187	(1,443,851)	**578,336**

8. OTHER FINANCIAL ASSETS (CONTINUED)

(b) Call options (continued)

2011

No. of call options received	Call option exercise price	Call option expiry date	Fair value of call options at inception	Gain / (loss) on fair value of options through profit and loss	Fair value of call options at 30 June 2011
			$	$	$
10,000,000	$0.20	24/02/2012	691,655	(650,477)	**41,178**
1,583,334	$0.45	31/10/2012	74,670	(68,093)	**6,577**
4,400,000	$0.30	31/03/2013	52,896	229,905	**282,801**
2,000,000	$0.15	08/08/2012	19,335	(7,501)	**11,834**
			838,556	496,166	**342,390**

(c) Conversion and call options exercised during the year

No conversion or call options were exercised during the year.

During the prior year, a $3,500,000 loan note provided to an ASX listed company was repaid. In addition, the Company exercised the 35 million options it received pursuant to the loan note agreement and subsequently sold the shares. The loss on disposal has been recognised in the Statement of Comprehensive Income. Details are as follows:

2011	Total
	$
Value of options at inception	1,792,675
Gain / (loss) on fair value of options through profit and loss	(1,123,604)
Carrying value of options at 30 June 2010	669,071
Consideration received from sale of shares	2,240,000
Amount paid on exercise of call options	(1,750,000)
Carrying value of options at conversion	(669,071)
Loss on disposal	(179,071)

(d) Shares in unlisted entities

Investments in unlisted entities are classified as available for sale financial assets. These are traded in inactive markets and are carried at cost because their fair values cannot be reliably measured. Management have assessed impairment and booked a provision of $6,200,000 in relation to unlisted investments as at 30 June 2012. Of the total impairment charges, $2,200,000 relates to an investment in a junior investment resource investment company which ceased operations during the second half of fiscal 2012. The remaining $4,000,000 relates to an investment in a renewable energy company whose future prospects have been curtailed due to the progress of several key mining projects in the Jack Hills and Weld Range areas.

(e) Impairment and Risk exposure

Refer to note 29 for further details.

9. RESTRICTED CASH

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Current restricted cash		
Term deposits	**652,344**	544,240
Non current restricted cash		
Term deposits	**2,473,807**	3,082,372

Restricted cash relates to term deposits held with financial institutions as security for bank guarantees issued to:

(a) Various environmental regulatory departments in respect of the potential rehabilitation of exploration areas; and
(b) Landlords of leased properties.

The term deposits are not readily accessible to the Cape Lambert Group.

Risk Exposure
The Cape Lambert Group's exposure to risk is discussed in note 29.

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Plant and Equipment		
At cost	**2,301,058**	3,541,200
Accumulated depreciation	**(521,528)**	(670,573)
	1,779,530	2,870,627
Leasehold Improvements		
At cost	**1,393,344**	105,637
Accumulated depreciation	**(135,512)**	(105,637)
	1,257,832	-
Total Property, Plant and Equipment	**3,037,362**	2,870,627

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

2012	Consolidated Plant & Equipment	Leasehold Improvements	Total
	$	$	$
Balance at beginning of the year	**2,870,627**	**-**	**2,870,627**
Additions	**1,591,852**	**1,393,344**	**2,985,196**
Disposed of through sale of controlled entity	**(114,845)**	**-**	**(114,845)**
Depreciation expense	**(602,920)**	**(135,512)**	**(738,432)**
Write off of assets	**(100,245)**	**-**	**(100,245)**
Foreign exchange movement	**(56,162)**	**-**	**(56,162)**
Transfer of assets classified as held for sale	**(1,808,777)**	**-**	**(1,808,777)**
Carrying amount at 30 June 2012	**1,779,530**	**1,257,832**	**3,037,362**

2011	Consolidated Plant & Equipment	Leasehold Improvements	Total
	$	$	$
Balance at beginning of the year	1,172,807	36,243	1,209,050
Additions	553,281	298	553,579
Acquired through business combination	1,704,645	-	1,704,645
Disposed of through sale of controlled entity	(258,024)	-	(258,024)
Depreciation expense	(302,082)	(36,541)	(338,623)
Carrying amount at 30 June 2011	2,870,627	-	2,870,627

11. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Exploration and evaluation phases – at cost	**145,498,558**	242,987,407
Movement in carrying amounts		
Brought forward	**242,987,407**	200,148,822
Exploration and evaluation expenditure capitalised during the year	**24,627,599**	20,653,956
Exploration assets acquired through a business combination	**-**	8,305,185
Exploration assets acquired (a)	**-**	128,568,958
Exploration assets sold during the year (b)	**(14,600,000)**	(78,098,068)
Exploration expenditure impaired during the year (c)	**(317,194)**	(36,591,446)
Reclassified as held for sale (d)	**(107,199,254)**	-
Total exploration and evaluation phases	**145,498,558**	242,987,407

The value of the exploration expenditure is dependent upon:

- the continuance of the rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Certain of Cape Lambert's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

(a) Exploration assets acquired

During the year ended 30 June 2011, Cape Lambert increased its interest in Pinnacle Group Assets Limited ("Pinnacle") from 37.2% to 90.2%. The acquisition was accounted for as an asset acquisition and the purchase consideration paid was been attributed to Pinnacle's exploration projects.

(b) Exploration assets sold

On 16 December 2011, the Company completed the sale of the Sappes Gold Project ("Sappes") to ASX listed Glory Resources Limited ("GLY")

(c) Impairment

During the year ended 30 June 2012, Cape Lambert recognised impairment losses in respect of capitalised exploration and evaluation to the extent of $317,194 (30 June 2011: $36,591,446). The impairment loss relates to the relinquishment of tenements during the year. The impairment loss in the prior year relates to Cape Lambert's 25% interest in the Lady Loretta project which was sold in March 2011 for $30,000,000.

(d) Held for sale

Exploration expenditure relating to Marampa and the Leichhardt copper project has been reclassified as held for sale. Refer to note 31 for further details.

12. INVESTMENTS IN ASSOCIATED ENTITIES

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Investments in associates accounted for using the equity method	**9,085,972**	38,109,367

(a) Investment details

Listed	Percentage held at balance date 30 June 2012 %	Percentage held at balance date 30 June 2011 %	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
International Goldfields Limited	29.1	28.7	**4,680,073**	8,900,326
Fe Limited	19.9	19.9	**712,652**	2,068,991
Cauldron Energy Limited	18.4	19.9	**772,691**	1,336,437
Kupang Resources Limited	14.0	6.9	**959,200**	-
Global Strategic Metals NL	19.8	-	**1,961,356**	-
African Iron Limited	-	25.0	**-**	25,803,613
			9,085,972	38,109,367

(b) Movements in the carrying amount of the investment in associates

	Consolidated 30 June 2012 $	Consolidated 30 June 2011 $
Balance at beginning of period	**38,109,367**	66,785,069
Acquisition of shares in associates (i)	**4,139,620**	21,682,681
Fair value of interest in associate acquired as consideration on disposal of controlled entity	**-**	27,047,432
Share of losses of associates recognised during the year	**(5,000,534)**	(7,847,148)
Share of reserves of associates recognised during the year	**(582,092)**	831,975
Interest in listed shares transferred to interest in associate (ii)	**1,000,000**	4,951,654
Interest in associate disposed of during the period (iii)	**(27,017,205)**	(5,578,900)
Interest in associate transferred to controlled entities during the period	**-**	(65,344,338)
Impairment loss (e)	**(1,563,184)**	(4,419,058)
	9,085,972	38,109,367

(i) The Company participated in a Global Strategic Metals NL share placement to the extent of 28,019,365 shares for $1,961,356 on 29 June 2012 resulting in a 19.81% interest.

(ii) Kupang Resources Limited ("Kupang") (previously Chameleon Mining NL) was previously classified as an investment at fair value through profit and loss. In March 2012, Kupang issued 40,000,000 shares to the Company in settlement of any entitlement to proceeds from Federal Court Proceedings and any outstanding claims that the Company may have.

(iii) On 11 January 2012, Exxaro Australia Investments Pty Ltd, a wholly owned subsidiary of Exxaro Resources Limited ("Exxaro"), made a takeover offer of all the shares and listed options in African Iron Limited (ASX: AKI) ("African Iron") ("Takeover Offer"). Pursuant to the terms of the Takeover Offer, Exxaro offered $0.51 cash for each African Iron share and varied the Takeover Offer to increase the offer price to $0.57 per African Iron share on 27 February 2012 subsequent to acquiring a relevant interest in over 75% of African Iron shares. The Company accepted the Takeover Offer in respect of all African Iron shares and received cash proceeds of $72,219,000. The company has recognised a pre-tax gain on sale of African Iron of $45,305,407 during the current period.

12. INVESTMENTS IN ASSOCIATED ENTITIES (CONTINUED)

(b) Movements in the carrying amount of the investment in associates (continued)

The gain on disposal of African Iron Limited recognised is comprised as follows:

Cash proceeds received	**72,219,000**
Less:	
Carrying value of investment in associate sold	**(27,017,205)**
Share of reserves released on disposal of associate	**103,612**
Gain on disposal of associate	**45,305,407**

(c) Fair value of investments in listed associates

The fair value of listed associates has been determined by reference to published price quotations in an active market.

	30 June 2012	30 June 2011
	$	$
International Goldfields Limited	**4,982,595**	7,700,315
Fe Limited[1]	**712,652**	2,068,991
Cauldron Energy Limited[1]	**2,922,084**	1,859,508
Kupang Resources Limited[1]	**2,126,433**	666,667
Global Strategic Metals NL[1]	**1,400,968**	-
African Iron Limited	**-**	28,800,000

[1] Although the Company holds less than a 20% interest, these investments are equity accounted given the significant influence the Company has through Mr Sage's role on the Board's of these companies and the interchange of management personnel.

(d) Summarised financial information

The following table illustrates summarised financial information relating to listed associates:

	30 June 2012	30 June 2011
	$	$
Extract from statement of financial position at 100%:		
Assets	**97,122,519**	199,125,045
Liabilities	**32,980,029**	19,121,709
Extract from statement of comprehensive income at 100%:		
Revenue	**26,549,259**	9,340,116
Net Profit / (Loss)	**(4,514,532)**	(27,638,798)

The above financial information has been reported for investments in listed associates only. The financial information for unlisted associates is not publicly available and consequently has not been reported.

(e) Impairment assessment

The carrying amounts of the investments in associates were assessed for impairment at 30 June 2012. The market prices of some investments were below their carrying value for a prolonged period of time. As a result, the recoverable amount has been measured at fair value less cost to sell. Impairment losses of $1,563,184 have been recognised (2011: $4,419,058).

13. TRADE AND OTHER PAYABLES

Current	Consolidated 30 June 2012 $	30 June 2011 $
Unsecured		
Trade payables	**989,856**	3,565,437
Deferred consideration payable (a)	**-**	16,335,000
Other creditors and accruals	**3,630,603**	2,964,091
	4,620,459	22,864,528

(a) On 1 December 2011, the Company satisfied the deferred component of the consideration for 42.8% stake in Pinnacle acquired in the prior year. The Company issued 35,937,000 shares with a fair value of $17,429,445 in lieu of a cash payment of $16,335,000 resulting in a loss of $1,094,445.

Risk Exposure

The Cape Lambert Group's exposure to risk is discussed in note 29.

Terms and Conditions

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 45 day terms.

(ii) Sundry creditors and accruals are non-interest bearing and have an average term of 45 days.

14. PROVISIONS

	Consolidated 30 June 2012 $	30 June 2011 $
Current provisions		
Employee entitlements	**68,517**	887,457
	68,517	887,457
Non-current provisions		
Provision for site restoration and rehabilitation	**-**	2,349,210
Balance at beginning of year	**2,349,210**	-
Recognised pursuant to business combination	**-**	2,349,210
Reclassified as liability directly associated with asset held for sale	**(2,349,210)**	-
Balance at end of year	**-**	2,349,210

15. ISSUED CAPITAL

	Consolidated	
	30 June 2012	30 June 2011
	$	$
689,108,792 fully paid ordinary shares (2011: 626,299,603)	**197,050,776**	167,528,846

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movement in ordinary shares on issue

2012	**Ordinary fully paid shares**	
	Number	**$**
Shares on issue at 1 July 2011	626,299,603	167,528,846
Shares issued as part consideration for the purchase of non controlling interests (a)	20,672,189	9,302,485
Shares issued in settlement of deferred consideration for the purchase of controlled entity (b)	35,937,000	17,429,445
Shares issued on exercise of unlisted options (c)	6,200,000	2,790,000
Shares on issue at 30 June 2012	**689,108,792**	**197,050,776**

(a) On 9 September 2011, the Company acquired the remaining 9.8% of Pinnacle Group Assets Limited ("Pinnacle"), making it a wholly owned subsidiary of the Company. The consideration paid for the remaining 9.8% comprised $5,000,000 in cash and the issue of 20,672,189 shares in the Company.

(b) On 1 December 2011, the Company satisfied the deferred component of the consideration for 42.8% stake in Pinnacle acquired in the prior year. The Company issued 35,937,000 shares in lieu of a cash payment of $16,335,000.

(c) During the year ended 30 June 2012, 6,200,000 shares were issued on exercise of 6,200,000 unlisted options.

2011	**Ordinary fully paid shares**	
	Number	**$**
Shares on issue at 1 July 2010	625,759,256	177,603,225
Shares issued on exercise of unlisted options (a)	150,000	67,500
On-market share buyback (b)	(54,059,653)	(31,921,879)
Shares issued as part consideration for the purchase of controlled entity (c)	54,450,000	21,780,000
Shares on issue at 30 June 2011	**626,299,603**	**167,528,846**

(a) On 10 February 2011, 150,000 shares were issued on the exercise of 150,000 unlisted options.

(b) On 22 February 2011, the Company completed the on-market share buy-back. A total amount of $31,921,879 was paid to buy-back 54,059,653 ordinary shares. Shares that have been bought back by the Company have been cancelled.

(c) On 16 June 2011, the Company completed the acquisition of shares in Pinnacle Group Assets Limited (Pinnacle) increasing its interest in Pinnacle to 90.2%.

15. ISSUED CAPITAL (CONTINUED)

Capital Risk Management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "borrowings" and "trade and other payables" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

	Consolidated	
	30 June 2012	**30 June 2011**
	$	**$**
Total Trade and other payables	**4,620,459**	22,864,528
less: Cash and cash equivalents	**(87,524,867)**	(43,096,285)
Net (cash)/debt	**(82,904,408)**	(20,231,757)
Total equity	**373,645,422**	336,042,800
Total capital	**290,741,014**	315,811,043
Gearing ratio	**0%**	0%

16. RESERVES

	Consolidated	
	30 June 2012	**30 June 2011**
	$	**$**
Foreign currency translation reserve	**(1,253,731)**	(1,099,712)
Share based payments reserve	**1,641,973**	1,828,484
Business combination reserve	**(1,603,919)**	-
	(1,215,677)	728,772
Foreign currency translation reserve		
Balance at beginning of financial year	**(1,099,712)**	(1,458,768)
Foreign currency exchange differences arising on translation of foreign operation	**524,630**	390,980
Share of movement of associate's foreign currency translation reserve	**(678,649)**	(31,924)
Balance at end of financial year	**(1,253,731)**	(1,099,712)
Share based payments reserve		
Balance at beginning of financial year	**1,828,484**	167,308
Share of movement of associate's share based payments reserve	**(724,106)**	863,899
Options issued	**537,595**	797,277
Balance at end of financial year	**1,641,973**	1,828,484

16. RESERVES (CONTINUED)

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Business combination reserve		
Balance at beginning of financial year	**-**	-
Acquisition of non controlling interests (note 23(b)	**(1,603,919)**	-
Balance at end of financial year	**(1,603,919)**	-

Nature and Purpose of Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Share based payments reserve

The share based payments reserve records items recognised as expenses on valuation of employee share options, and options issued to directors and consultants.

Business combination reserve

The business combination reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

17. RETAINED EARNINGS

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Balance at beginning of financial year	**155,086,616**	166,932,887
Profit / (loss) for the year	**22,723,709**	(11,846,271)
Balance at end of financial year	**177,810,325**	155,086,616

18. EARNINGS PER SHARE

	2012 Cents per Share	2011 Cents per Share
Basic earnings / (loss) per share (a)	**3.40**	(1.96)
Diluted earnings / (loss) per share (b)	**3.37**	(1.96)

(a) Basic Earnings per Share

The profit / (loss) and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	30 June 2012 $	30 June 2011 $
Profit / (loss) for the year	**22,723,709**	(11,846,271)

	2012 Number	2011 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**668,965,447**	604,895,179

(b) Diluted Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	30 June 2012 $	30 June 2011 $
Profit / (loss) for the year	**22,723,709**	(11,846,271)

	2012 Number	2011 Number
Weighted average number of ordinary shares for the purposes of diluted earnings per share (c)	**674,303,488**	604,895,179

(c) Weighted average number of shares

	2012 Number	2011 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**668,965,447**	604,895,179
Effect of dilution:		
Share options	**5,338,041**	-
	674,303,488	604,895,179

Since 30 June 2012 and the date of completion of these financial statements, nil share options have been exercised.

19. COMMITMENTS

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Operating lease commitments		
Minimum lease payments not provided for in the financial report and payable:		
not later than one year	**1,059,548**	708,610
later than one year but not later than five years	**3,792,400**	3,387
later than five years	**-**	-
Aggregate expenditure contracted for at balance date but not provided for	**4,851,967**	711,997

(i) The Company entered into a lease commencing on 1 April 2012 for office premises at 32 Harrogate Street, West Leederville, for a period of 5 years, terminating on 31 March 2017.

(ii) Cape Lambert Minsec Pty Ltd (a wholly owned subsidiary of the Company) has a lease obligation for office premises located in Golden Square, London. The lease of these premises terminates on 2 July 2017.

In June 2011, the Company entered into a $2 million loan standby facility agreement ("Facility") with Fe Limited. Cape Lambert is a substantial shareholder in Fe Limited and currently holds a 19.9% interest. Pursuant to the terms of the Facility, Fe Limited will have access to $2 million, and any amounts drawn dow n will be payable in full 18 months from the date of execution of the Facility agreement. Interest is payable on the amounts drawn down under the facility at the cash rate plus 3%. Any funds received by Fe Limited from sales of assets or capital raisings must first be used to reduce funds drawn down under the facility. The amount drawn down as at 30 June 2012 is $1,667,000.

Mineral Tenement Discretionary Commitments

In order to maintain current rights of tenure to mining tenements, the Cape Lambert Group has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Not longer than one year	**11,659,702**	11,875,868
Longer than one year, but not longer than five years	**11,994,771**	18,188,867
Longer than five years	**10,365**	35,795
	23,664,837	30,100,530

If the Cape Lambert Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

20. CONTINGENT ASSETS AND LIABILITIES

At 30 June 2012, the Cape Lambert Group has the following contingent liabilities and contingent assets:

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Contingent Assets		
Consideration receivable in relation to the sale of the Cape Lambert Project[1]	**80,000,000**	80,000,000
Consideration receivable in relation to the sale of the Lady Annie Project[2]	**-**	2,500,000
Consideration receivable in relation to the sale of the Sappes Gold Project[4]	**10,000,000**	-
Royalty in relation to the sale of African Iron Limited[5]	**-**	-
Contingent Liabilities		
Income tax and interest and penalties payable under an amended tax assessment[3]	**(95,787,254)**	-
Commission payable in relation to the sale of the Cape Lambert Project[1]	**(7,600,000)**	(7,600,000)

[1] Contingent asset and liability in relation to the sale of Cape Lambert Project

During the year ended 30 June 2008, the Company entered into an agreement with Chinese conglomerate MCC Mining (Western Australia) Pty Ltd ("**MCC WA**"). MCC WA's rights and obligations under that agreement were subsequently assigned to MCC Australia Sanjin Mining Pty Ltd, ("**MCC Sanjin**") for, amongst other things, the sale of the tenements and assets related to and comprising the Cape Lambert Iron Ore Project ("**Project**").

The total cash consideration payable under the agreement was $390,000,000, which was to be paid in three tranches, namely:

a. $230,000,000 at settlement date (6 August 2008);
b. $80,000,000 within 45 days of the settlement date; and
c. $80,000,000 within 7 days of satisfaction of certain mining approval conditions in respect of the Project.

The first two payments have been received by the Company. The third tranche payment of $80,000,000 has not been paid.

The agreement required the buyer of the Project (initially MCC WA, and after novation, MCC Sanjin) to act in good faith and to use all reasonable endeavours to do all things reasonably requested by the Company to assist it with obtaining the satisfaction of the mining approvals conditions within 2 years of the agreement, namely on or before 11 June 2010. The mining approval conditions were not satisfied by this date.

The obligations of MCC WA, and after novation, MCC Sanjin under the agreement, including its obligations to make payment of the third tranche of $80,000,000 were guaranteed by the Metallurgical Corporation of China ("**MCC China**"), a Chinese state owned parent company of MCC WA and MCC Sanjin.

The Company has demanded that MCC China make payment of the third tranche payment.

In September 2010, the Company commenced legal action to recover the third tranche payment owing to it, against all three MCC entities. Legal proceedings were commenced in the Supreme Court of Western Australia ("**Court**") after discussions between MCC and the Company to resolve the non-payment proved unsuccessful. On 4 May 2012, a mediation hearing between MCC and the Company was held in Singapore however no agreement between the parties was reached. In August 2012, the Court made orders, inter alia, for the dispute to be determined by an arbitrator and for the Company to propose (such proposal to be consented to by the MCC parties) that the dispute between the Company and MCC China be heard and determined by the arbitrator prior to the hearing of the disputes between the Company and MCC Sanjin.

20. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

As at 30 June 2012, the payment of $80,000,000 had not been received. Given the uncertainty surrounding the receipt of this payment, the Company has not recognised the payment owing as a receivable.

In the event that the payment is received, the Company will be liable to pay an additional commission fee of $7,600,000 to an unrelated party.

[2]*Contingent asset in relation to the sale of the Lady Annie Project*

During the year ended 30 June 2010, the Company disposed of 100% of its interest in Cape Lambert Lady Annie Exploration Pty Ltd, the holder of the Lady Annie Project, to China Sci-Tech Holdings Limited; a Hong Kong listed Company, for $135 million. The purchase consideration includes two contingent payments of $2.5 million each, which are payable once certain production and reserve related milestones are achieved. As at 30 June 2011, the Company had recognised the first contingent payment of $2.5 million as a receivable and the second milestone payment of $2.5 million as a contingent asset. As at 30 June 2012, the Company has recognised both milestone payments as a receivable.

[3]*Contingent liability for income tax including interest and penalties in relation to an amended tax assessment*

During the year the Company was subject to an audit from the Australian Taxation Office ("ATO") on its income tax return for the 2009 year. Following the conclusion of this audit, in May 2012 a notice of assessment was received for additional income taxes payable together with interest and associated penalties ("Amended Assessment"). The Amended Assessment totalled $95,787,254 which comprised $57,642,715 of additional income taxes payable with respect to the 2009 income tax year, $28,821,357 in penalties and $9,323,182 in interest charges.

The Amended Assessment relates to a number of issues which the Company disputes. The additional income taxes payable that have been assessed by the ATO primarily relate to the following key matters:

(a) the ATO have assessed that income tax should have been paid in 2009 on the fair value of the contingent receivable due from MCC (refer Note 20(1)) and have determined a fair value of $56,300,00 (tax effect of $16,890,000) for this purpose;
(b) the ATO have assessed that deductions claimed for exploration arising from the acquisition of the Lady Annie and Lady Loretta projects in the 2009 year of $137,526,510 (tax effect of $41,257,953) were not immediately deductible against 2009 taxable income. These deductions would then be realised in subsequent years when these projects were sold; and
(c) following the adjustments made in (a) and (b) above, the ATO have also assessed other adjustments that give rise to an increase in carried forward tax losses amounting to $1,684,128 (tax effect of ($505,238))

On 29 May 2012, the Company, together with its tax and legal advisors, met with an Assistant Commissioner from the ATO. During the meeting it was agreed that the Company and the ATO would continue to discuss the issues underlying the Amended Assessment with a view to achieving a resolution. The ATO has confirmed that any recovery action in respect of the disputed Amended Assessment has been deferred until at least 30 September 2012.

The Company continues in its discussions with the ATO in respect of the issues included in the Amended Assessment.

Except for the effect of interest and penalties, the disputed items are timing in nature which means they impact which income tax year they are included in either assessable income or allowable deductions. The Company believes that it has a strong defence to the disputed matters.

20. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

If the Company was unsuccessful in its dispute on the amended assessment, the Company would have a cash outflow of $95,787,254 to the ATO together with any costs incurred in defending its position plus additional interest that may accrue to the point of resolution. All interest, penalties and costs of defending its position including the $38,144,539 (being $28,821,357 plus $9,323,182) contained in the amended assessment would be expensed to the profit and loss and the $137,526,510 of deductions claimed in the 2009 year would be carried forward as deductions against taxable income declared in years subsequent to the 2009 year and/or available as carried forward tax losses that could be recognised as an asset in the financial statements to the extent that it was probable that future taxable income would be available to utilise them.

[4]Contingent asset in relation to the sale of the Sappes Gold Project

During the year ended 30 June 2012, the Company disposed of 100% of its interest in the Sappes Project to Glory Resources Limited, an Australian listed Company, for a consideration of $46.5 million. The purchase consideration includes two contingent payments of $5.0 million each, which are payable once certain operating permits and production related milestones are achieved. As at 30 June 2012, the Company has not recognised either amount as a receivable.

[5] Contingent asset for future royalties payable from the Mayoko Iron Ore Project

In March 2012, Johannesburg Stock Exchange listed Exxaro Resources Limited completed a takeover offer for all of the shares and listed options in African Iron Limited, a company in which the Company held 126,700,000 shares, delivering $72.2 million in cash to the Company. The Company retains a production royalty of $1.00 per tonne of iron ore shipped from the Mayoko Iron Ore Project owned by African Iron Limited.

21. BUSINESS COMBINATION

a) Current year

No business combinations took place during the current year.

b) Prior year - Leichhardt Copper Project

On 18 August 2010, the Company, through its wholly owned subsidiary, Cape Lambert Leichhardt Pty Ltd, completed the acquisition of 100% of the Leichhardt Copper Project from Matrix Metals Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (In Liquidation). Payment on completion amounted to $6,645,566 in addition to the deposit of $1,000,000 paid in November 2009. No goodwill or gain on bargain purchase amounts have arisen in relation to the Leichhardt Copper Project as set out below:

	$
Deposit cash paid	1,000,000
Settlement cash paid	6,645,566
Total purchase consideration	7,645,566
Share of fair value of net identifiable assets acquired (refer to (i) below)	7,645,566
Goodwill / (gain on bargain purchase)	-

(i) Summary of assets and liabilities acquired

The fair values of the assets and liabilities arising from the business combination are as follows:

	Fair value[1] $
Inventory – consumables and spares	95,000
Property, plant & equipment	1,704,645
Exploration assets	8,299,565
Total assets	10,099,210
Provision for employee benefits	(104,434)
Provision for rehabilitation	(2,349,210)
Total liabilities	(2,453,644)
Provisional fair value of identifiable net assets	7,645,566
Net assets acquired	**7,645,566**

[1]The fair values of assets and liabilities acquired are based on discounted cash flows and other pertinent valuation techniques. No acquisition provisions were created.

(ii) Summary of cash outflow

The impact on the Consolidated Entity's cash flow in the current year is set out below:

	$
Settlement cash paid	6,645,566
Outflow of cash - investing activity during the year ended 30 June 2011	6,645,566

Acquisition related costs of $76,460 were incurred during the current year are included within consulting expenses in the Statement of Comprehensive Income.

(iii) Contribution to revenues and profits

The acquired business did not contribute any revenues and contributed a loss of $1,885,085 to the Consolidated Entity for the period from 18 August 2010 to 30 June 2011. The impact on contributed loss to the Consolidated Entity had it been acquired for the period 1 July 2010 to 30 June 2011 is unknown as there is no access to the accounting records prior to completion of the acquisition.

22. DISPOSAL OF CONTROLLED ENTITY

a) Current year

On 16 December 2011, the Company completed the sale of the Sappes Gold Project ("Sappes") to ASX listed Glory Resources Limited (ASX: GLY) ("Glory"). Pursuant to the terms of the sale agreement, the Company received $32,500,000 cash and 16,000,000 shares in Glory. In addition, the Company is entitled to receive $5,000,000 in cash or Glory shares, at the election of the Company, on the granting of an operating permit (or equivalent) for Sappes, and $5,000,000 in cash or Glory shares, at the election of the Company, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from Sappes.

The profit on sale of Sappes recognised in the consolidated statement of comprehensive income is comprised as follows:

	$
Cash proceeds received	32,500,000
Fair value of shares received in Glory Resources Limited	3,440,000
	35,940,000
Less:	
Carrying value of Sappes project	(14,600,000)
Fees incurred in relation to sale	(3,610,000)
Other	(9,428)
Profit on disposal	17,720,572

b) Prior year

On 10 January 2011, the Company completed the sale of wholly owned subsidiary DMC Mining Ltd ("DMC Mining") to African Iron Limited ("African Iron"). The Company received $47 million in cash and 120 million African Iron shares which equates to a 25% interest in African Iron. In addition, Cape Lambert will receive a production royalty of $1 per tonne of iron ore shipped.

The profit on sale of DMC Mining recognised in the consolidated statement of comprehensive income is comprised as follows:

	$
Cash proceeds received	47,000,000
Fair value of shares received in African Iron	36,000,000
	83,000,000
Less: Carrying value of investment in DMC Mining	(47,189,727)
Less: Profit deferred as a consequence of retaining 25% interest in African Iron.	(8,952,568)
Profit on disposal	26,857,705

23. SUBSIDIARIES

		Ownership Interest	
Name of Entity	**Country of Incorporation**	**2012 %**	**2011 %**
Parent entity			
Cape Lambert Resources Limited	Australia	-	-
Subsidiaries			
African Minerals Exploration Limited	Australia	100%	100%
Algarrobo Holdings (BVI) Limited	British Virgin Islands	-	100%
Allied Mining Pty Ltd	Australia	100%	100%
Andalucia Mineral Services Limited	UK	-	100%
Australian Ferroalloys Pty Ltd	Australia	100%	100%
Australis Exploration Limited	Australia	100%	100%
Buka Minerals (No 2) Pty Ltd[1]	Australia	100%	100%
Buka Minerals Pty Ltd	Australia	100%	100%
Buka Technologies Pty Ltd	Australia	100%	100%
CopperCo Minerals Pty Ltd	Australia	100%	100%
Copperwell Pty Ltd	Australia	100%	100%
Cape Lambert Leichhardt Pty Ltd	Australia	100%	100%
Cape Lambert Minsec Pty Ltd	Australia	100%	100%
Cape Lambert Projects Pty Ltd	Australia	100%	100%
Central African Resources Limited	Mauritius	100%	-
Cuesta Resources (BVI) Limited	British Virgin Islands	-	100%
Danae Resources Pty Ltd	Australia	100%	100%
Dempsey Resources Bermuda Limited	Bermuda	100%	-
Dempsey Resources Pty Ltd	Australia	100%	100%
Evanston Resources NL	Australia	100%	100%
Goodwest Investments Pty Ltd	Australia	100%	100%
Greenwich Resources (CR) [2]	Czech Republic	-	100%
International Goldfields (Romania) Pty Ltd	Australia	100%	100%
Kadina Pty Ltd	Australia	100%	100%
Kukuna Resources Limited	Australia	100%	-
Kyprou Gold Limited[2]	UK	-	100%
Manor Resources Limited	Australia	100%	100%
Manor Resources NL	Australia	-	100%
Marampa Iron Ore (Bermuda) Limited	Bermuda	100%	100%
Marampa Iron Ore Limited	British Virgin Islands	100%	-
Marampa Iron Ore (SL) Limited	Sierre Leone	100%	100%
Metals Exploration (Australia) Limited	Australia	100%	100%
Metals Exploration (Bermuda) Limited	Australia	100%	100%
Metals Exploration (Guinea) Limited SA	Guinea	100%	100%
Metal Exploration (Mauritius) Limited	Mauritius	100%	100%
Metal Exploration (SL) Limited	Sierra Leone	100%	-
Millennium Minerals Operations Pty Ltd	Australia	100%	100%
Mineral Exploration (Bermuda) Limited	Bermuda	100%	100%
Mineral Exploration (Bermuda) Limited	Bermuda	100%	100%
Mineral Assets (Bermuda) Limited	Bermuda	100%	100%
Mineral Assets Limited	Australia	100%	100%
Mineral Projects Limited	Australia	100%	100%
Mineral Securities (China) Pty Ltd	Australia	100%	100%

23. SUBSIDIARIES (CONTINUED)

		Ownership Interest	
Name of Entity	**Country of Incorporation**	**2012 %**	**2011 %**
Mineral Securities Investments (Australia) Pty Ltd	Australia	100%	100%
Mineral Securities Holdings Pty Ltd	Australia	100%	100%
Mineral Securities Hong Kong (NK) Limited	Hong Kong	88%	88%
Mineral Securities Limited	British Virgin Islands	100%	100%
Mineral Securities (NK) Pty Ltd	Australia	100%	100%
Mineral Securities Operations Limited	Australia	100%	100%
Mineral Securities (SA) P/L	South Africa	83.3%	83.3%
Mineral Securities (UK) Ltd	UK	100%	100%
Mining International Limited	Australia	100%	-
Mining Quest Limited	Australia	100%	-
Minsec Investments (BVI) Limited	British Virgin Islands	100%	100%
Minsec Investment Holdings (BVI) Limited	British Virgin Islands	100%	100%
Mojo Mining Pty Ltd	Australia	100%	100%
MS Corporate Director Limited	UK	-	100%
MS Corporate Secretary Limited	UK	-	100%
Mt Anketell Pty Ltd	Australia	100%	100%
Multiplex Development Zarmitan Limited	UK	-	100%
Pinnacle Group Assets Limited	British Virgin Islands	100%	90.2%
Pinnacle Group Assets (SL) Limited	Sierra Leone	100%	90.2%
Platmin Holdings Pty Ltd	Australia	100%	100%
Project Afrique Limited	Australia	100%	-
Q Copper (BVI) Limited	British Virgin Islands	-	100%
Q Copper Australia Limited	Australia	100%	90%
Scarborough Minerals (Australia) Pty Ltd	Australia	100%	100%
Scarborough Minerals (Finance) Ltd	UK	100%	100%
Scarborough Minerals International BV[2]	Netherlands	-	100%
Scarborough Minerals Overseas Holdings Ltd[2]	UK	-	100%
Scarborough NL	Australia	100%	100%
Sierra Exploration SA	Chile	100%	100%
Sierra Minerals Limited	UK	-	100%
Thrace Investments BV[2]	Netherlands	-	100%
Thrace Minerals Exploration & Mining SA[2]	Greece	-	100%

[1] Change in Name from Buka Minerals (Lady Loretta No2) Pty Ltd
[2] Entity disposed of as part of Sappes Gold Project

a) Transactions with non-controlling interests

On 9 September 2011, the Company acquired the remaining 9.8% of Pinnacle Group Assets Limited ("Pinnacle"). The consideration paid for the remaining 9.8% included the issue of 20,672,189 shares in the Company valued at $9,302,485 and cash of $5,000,000. The difference of $1,603,919 between the consideration paid of $14,302,485 and the carrying value amount of non-controlling interests of $12,698,566 has been recognised in a Business Combination Reserve in note 16.

24. SEGMENT INFORMATION

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources. The Consolidated Entity has one main operating segment being mineral exploration which comprises the costs associated with acquiring mineral assets, the costs incurred in carrying out exploration work at key projects and the costs incurred and any revenues generated from investments in junior exploration companies in the form of either equity investments or convertible loan notes.

	Mineral Exploration		Other		Total	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	$	$	$	$	$	$
Capitalised exploration expenditure	**145,498,558**	242,987,407	**-**	-	**145,498,558**	242,987,407
Investments in associates	**9,085,972**	38,109,367	**-**	-	**9,085,972**	38,109,367
Financial assets	**16,145,655**	11,604,236	**10,560,308**	18,721,200	**26,705,963**	30,325,436
Assets classified as held for sale	**110,520,018**	-	**-**	-	**110,520,018**	-
Other assets	**104,236,122**	59,154,934	**1,211,580**	-	**105,447,702**	59,154,934
Total segment assets	**385,486,325**	351,855,944	**11,771,888**	18,721,200	**397,258,213**	370,577,144
Total segment liabilities	**(17,183,864)**	(31,230,563)	**(6,428,927)**	(3,303,781)	**(23,612,791)**	(34,534,344)
Interest received	**1,529,768**	1,717,110	**2,743,696**	2,616,048	**4,273,465**	4,333,158
Rental income	**-**	-	**95,009**	198,659	**95,009**	198,659
Other revenue	**-**	-	**25,088**	31,903	**25,088**	31,903
Total segment revenue	**1,529,768**	1,717,110	**2,863,794**	2,846,610	**4,393,562**	4,563,720

24. SEGMENT INFORMATION (CONTINUED)

	Mineral Exploration		Other		Total	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	$	$	$	$	$	$
Segment net operating profit / (loss) after tax	**29,342,645**	(16,137,011)	**(6,618,936)**	4,290,740	**22,723,709**	(11,846,271)

Segment net operating profit after tax includes the following significant items:

Interest and other finance charges	**(109,278)**	(115,560)	**-**	-	**(109,278)**	(115,560)
Share of losses of associate	**(5,000,534)**	(7,847,148)	**-**	-	**(5,000,534)**	(7,847,148)
Gain on disposal of associate	**45,305,407**	8,621,099	**-**	-	**45,305,407**	8,621,099
Gain on disposal of controlled entity	**17,720,572**	26,857,705	**-**	-	**17,720,572**	26,857,705
Gain/(loss) on fair value of financial assets through profit & loss	**(337,410)**	(2,407,046)	**(4,942,730)**	1,444,130	**(5,280,140)**	(962,916)
Gain on disposal of financial assets	**1,006,576**	5,210,596	**-**	-	**1,006,576**	5,210,596
Depreciation	**(738,432)**	(338,623)	**-**	-	**(738,432)**	(338,623)
Provision for impairment of loans	**(2,291,472)**	(2,931,025)	**(4,000,000)**	-	**(6,291,472)**	(2,931,025)
Impairment of capitalised exploration	**(317,194)**	(36,591,446)	**-**	-	**(317,194)**	(36,591,446)
Impairment of investment in associate	**(1,563,184)**	(4,419,058)	**-**	-	**(1,563,184)**	(4,419,058)
Cash flow information						
Net cash in/(out) from operating activities	**(24,850,485)**	(16,678,071)	**2,292,616**	2,035,309	**(22,557,869)**	(14,642,762)
Net cash in/(out) from investing activities	**71,076,521**	10,298,213	**(1,065,263)**	(2,312,834)	**70,011,258**	7,985,379
Net cash in/(out) from financing activities	**(5,000,000)**	(10,134,440)	**2,790,000**	(75,657,562)	**(2,210,000)**	(85,792,002)

Segment information by geographical region

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	Consolidated Entity	
	30 June 2012	30 June 2011
	$	$
Australia	**17,006,781**	56,246,472
United Kingdom	**-**	1,255
Africa	**140,615,112**	213,032,588
Greece	**-**	14,687,084
	157,621,893	283,967,399

25. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Cape Lambert Resources Limited and the subsidiaries listed in note 23.

(b) Ultimate parent

The ultimate Australian parent entity is Cape Lambert Resources Limited

(c) Transactions with related parties

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Agreements entered into

Office lease agreement with Okewood Pty Ltd

The Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the lease of 32 Harrogate Street, West Leederville WA 6007 on 1 April 2012.

The lease covers the rental, outgoings and parking charges for the term of the lease (1 April 2012 to 31 March 2017).

The lease agreement was made on commercial terms and conditions at market rates.

Refer to the table below which outlines the amount paid to Okewood Pty Ltd during the current year for rent, outgoings and parking as well as the security bond issued at the inception of the lease.

25. RELATED PARTY DISCLOSURES (CONTINUED)

Sub-lease agreements for office space

The Company has entered into sub-lease agreements with the following related entities:
African Petroleum Corporation Limited
International Petroleum Limited
Fe Limited
Glory Resources Limited
Cauldron Energy Limited

The lease covers the rental, outgoings and parking charges for a five year term that mirrors the lead lease agreement.

The sub- lease agreement was made on commercial terms and conditions at market rates.

Refer to the table below which outlines the recharges during the current year for rent, outgoings and parking.

Current year related party transactions

Sales transactions

2012	Recharge of rent, outgoings and parking	Recharge of consultants / employees (incl. travel) costs incurred	Recharge of legal fees incurred	Total
African Petroleum Corporation Limited	9,148	16,305	-	25,453
International Petroleum Limited	9,148	14,242	1,104	24,494
Fe Limited	9,148	6,138	-	15,286
Glory Resources Limited	9,598	-	1,711	11,308
Cauldron Energy Limited	9,598	34,620	-	44,218
International Goldfields Limited	-	13,159	50,000	63,159
Kupang Resources Limited (previously Chameleon Mining NL)	-	11,489	199,310	210,799
Total	**46,640**	**95,953**	**252,125**	**394,717**

25. RELATED PARTY DISCLOSURES (CONTINUED)

Current year related party transactions (continued)

Purchase transactions

2012	Rent, outgoings and parking	Security Bond issued	Consulting fees paid (iii)	Sponsorships	Total
Perth Fashion Festival Pty Ltd	-	-	-	27,436	27,436
Perth Glory Football Club	-	-	-	62,372	62,372
Okewood Pty Ltd	155,760	80,533	1,814,529	-	2,050,822
Total	**155,760**	**80,533**	**1,814,529**	**89,808**	**2,140,630**

Share trading transactions

2012	Shares purchased	Shares purchased	Shares sold	Shares sold
	No.	$	No.	$
African Petroleum Corporation Limited	-	-	690,609	898,905
International Petroleum Limited	1,126,590	280,743	-	-
Glory Resources Limited (i)	20,000,000	5,000,000	-	-
International Goldfields Limited	2,250,000	71,000	-	-
Kupang Resources Limited (previously Chameleon Mining NL) (ii)	1,717,226	77,275	-	-
Global Strategic Metals	28,019,365	1,961,356	-	-
African Iron Limited	6,700,000	2,029,990	126,700,000	72,219,000
Total	**59,813,181**	**9,420,364**	**127,390,609**	**73,117,905**

Other

(i) On 16 December 2011, the Company completed the sale of the Sappes Gold Project ("Sappes") to Glory Resources Limited ("Glory"). Pursuant to the terms of the sale agreement, the Company received $32,500,000 cash in satisfaction of loan amounts receivable and 16,000,000 shares in Glory. In addition, the Company is entitled to receive $5,000,000 in cash or Glory shares, at the election of the Company, on the granting of an operating permit (or equivalent) for Sappes, and $5,000,000 in cash or Glory shares, at the election of the Company, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from Sappes. The Company holds a significant interest of 16.4% in the issued capital of Glory Resources as at 30 June 2012.

(ii) In March 2012, Kupang Resources Limited (previously Chameleon Mining NL) issued 40,000,000 shares to the Company in settlement of any entitlement to proceeds from Federal Court Proceedings and any outstanding claims that the Company may have.

(iii) Consulting fees paid consisted of cash remuneration paid for the services of Tony Sage.

25. RELATED PARTY DISCLOSURES (CONTINUED)

Prior year related party transactions

Sales transactions

2011	Recharge of consultants / employees (incl. travel) costs incurred	Recharge of legal fees incurred	Recoupment of expenditure incurred	Total
African Petroleum Corporation Limited	92,670	-	-	92,670
International Petroleum Limited	76,546	-	-	76,546
Fe Limited	56,829	-	-	56,829
Cauldron Energy Limited	57,463	-	-	57,463
International Goldfields Limited	57,938	-	-	57,938
Kupang Resources Limited (previously Chameleon Mining NL)	-	289,238	-	289,238
African Iron Limited	-	-	4,919,459	4,919,459
Total	**341,446**	**289,238**	**4,919,459**	**5,550,143**

Purchase transactions

2011	Consulting fees paid	Sponsorships	Total
Perth Glory Football Club	-	5,223	5,223
Okewood Pty Ltd	550,000	-	550,000
Hewitt Turner & Gelevitis	1,046	-	1,046
Total	**551,046**	**5,223**	**556,269**

Share trading transactions

2011	Shares purchased	Shares purchased	Shares sold	Shares sold
	No.	$	No.	$
African Petroleum Corporation Limited	4,314,856	3,455,617	7,089,014	5,816,909
International Petroleum Limited	4,371,910	1,164,461	3,368,500	990,333
Fe Limited	6,118,435	1,018,074	-	-
Cauldron Energy Limited	1,204,087	394,361	-	-
International Goldfields Limited	2,200,000	155,806	-	-
Total	**18,209,288**	**6,188,319**	**10,457,514**	**6,807,242**

Other

Cape Lambert subscribed to a $2 million convertible note in Cauldron Energy Limited in March 2011.

25. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel

The following table discloses the remuneration of the directors and key management personnel of the Company:

	Consolidated	
	2012	2011
	$	$
Short-term employee benefits	**3,252,900**	1,856,646
Post-employment benefits	**7,750**	4,320
Share based payments	**268,798**	653,443
	3,529,448	2,514,409

Detailed remuneration disclosures are provided in the remuneration report on pages 19 to 25.

Share holdings of directors and key management personnel

Details of fully paid ordinary shares of Cape Lambert Resources Limited held by directors and key management personnel are set out below:

	Balance 01-Jul-11	Share based payment received	Received on exercise of options	On market purchases	On market sales	Balance 30-Jun-12	Balance held nominally
	Number	Number	Number	Number	Number	Number	Number
Directors							
A Sage	35,740,430	-	2,800,000	1,900,000	-	40,440,430	40,440,430
T Turner	1,400,000	-	100,000	-	-	1,500,000	1,500,000
R Levin	-	-	600,000	-	-	600,000	600,000
B Maher	1,365,000	-	600,000	300,000	(1,450,000)	815,000	815,000
Other Key Management Personnel							
J Hamilton	650,000	-	-	400,000	(355,000)	695,000	695,000
K Bischoff	425,000	-	-	-	(425,000)[i]	-	-
GV Ariti	1,550,000	-	-	-	(1,550,000)[ii]	-	-
F Taylor	250,000	-	600,000	-	(850,000)	-	-
M Chapman	-	-	-	-	-	-	-
C Tolcon	-	-	500,000	30,000	(412,250)	112,750	-
	41,380,430	-	5,200,000	2,630,000	(5,042,250)	44,163,180	44,050,430

i) Mr K Bischoff resigned effective 1 June 2012. At the date of his resignation he held 25,000 shares and had sold 400,000 shares on market during the year.

ii) Mr GV Ariti resigned effective 26 June 2012. At the date of his resignation he held 1,200,000 shares and has sold 350,000 shares on market during the year.

25. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel (continued)

Share holdings of directors and key management personnel (continued)

	Balance 01-Jul-10 Number	Share based payment received Number	Received on exercise of options Number	On market purchases Number	On market sales Number	Balance 30-Jun-11 Number	Balance held nominally Number
Directors							
A Sage	32,090,430	-	-	3,650,000	-	35,740,430	35,740,430
T Turner	1,400,000	-	-	-	-	1,400,000	1,400,000
R Levin	-	-	-	-	-	-	-
B Maher	1,365,000	-	-	-	-	1,365,000	1,365,000
Other Key Management Personnel							
J Hamilton	699,000	-	-	-	(49,000)	650,000	650,000
K Bischoff	275,000	-	150,000	-	-	425,000	425,000
GV Ariti	1,550,000	-	-	-	-	1,550,000	-
F Taylor	250,000	-	-	-	-	250,000	-
E von Puttkammer	220,000	-	-	-	-	220,000	-
C Tolcon	-	-	-	112,750	-	112,750	-
	37,849,430	-	150,000	3,762,750	(49,000)	41,713,180	39,580,430

Option holdings of directors and key management personnel

Details of options over ordinary shares of Cape Lambert Resources Limited held by directors and key management personnel are set out below.

	Balance 01-Jul-11 No.	Granted as remuneration No.	Lapsed during the year No.	Exercised during the year No.	Balance 30-Jun-12 No.	Vested and exercisable 30-Jun-12 No.
Directors						
A Sage	2,800,000	2,000,000	-	(2,800,000)	2,000,000	2,000,000
T Turner	900,000	500,000	(800,000)	(100,000)	500,000	500,000
R Levin	600,000	500,000	-	(600,000)	500,000	500,000
B Maher	600,000	500,000	-	(600,000)	500,000	500,000
J Hamilton	150,000	300,000	(150,000)	-	300,000	300,000
K Bischoff	-	-	-		-	-
GV Ariti	600,000	-	(600,000)	-	-	-
F Taylor	300,000	300,000	-	(600,000)	-	-
M Chapman	-	-	-	-	-	-
C Tolcon	500,000	300,000	-	(500,000)	300,000	300,000
	6,450,000	4,400,000	(1,550,000)	(5,200,000)	4,100,000	4,100,000

During the current year, 4,400,000 share options were issued to directors and key management personnel. The share options were issued for no consideration as part of their remuneration package. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders on 25 November 2011.

25. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel (continued)

Option holdings of directors and key management personnel (continued)

The share options have been valued using the Black-Scholes option pricing model at a grant date.

	Balance 01-Jul-10	Granted as remuneration	Lapsed during the year	Exercised during the year	Balance 30-Jun-11	Vested and exercisable 30-Jun-11
	No.	No.	No.	No.	No.	No.
Directors						
A Sage	-	2,800,000	-	-	2,800,000	2,800,000
T Turner	-	900,000	-	-	900,000	900,000
R Levin	-	600,000	-	-	600,000	600,000
B Maher	-	600,000	-	-	600,000	600,000
Other Key Management Personnel						
J Hamilton	-	150,000	-	-	150,000	150,000
K Bischoff	-	150,000	-	(150,000)	-	-
GV Ariti	-	600,000	-	-	600,000	600,000
Claire Tolcon	-	500,000		-	500,000	500,000
F Taylor	-	300,000	-	-	300,000	300,000
E von Puttkammer	-	300,000	-	-	300,000	300,000
	-	6,900,000	-	(150,000)	6,750,000	6,750,000

During the prior year, 6,900,000 share options were issued to directors and key management personnel. The share options were issued for no consideration as part of their remuneration package. The share options issued were approved by the Company's shareholders at the Annual General Meeting of the Company's shareholders on 30 November 2010.

The share options have been valued using the Black-Scholes option pricing model at a grant date.

26. EVENTS SUBSEQUENT TO REPORTING DATE

The following significant events and transactions have taken place subsequent to 30 June 2012:

- On 1 August 2012, the Company converted its convertible notes in Cauldron Energy Limited (ASX: CXU) with a face value of $3,500,000 plus interest into 19,829,452 shares resulting in a 24.2% holding in Cauldron Energy Limited.
- On 30 August 2012, the Company paid $1,000,000 to subscribe for 1 million convertible notes in OGL Resources Limited (ASX: OGL) which upon conversion, result in a fully diluted interest of 15.2% in OGL (9.8% in shares and 7.6% in options).

Other than the above, no event has arisen since 30 June 2012 that would be likely to materially affect the operations of the Cape Lambert Group, or its state of affairs which have not otherwise been disclosed in this financial report.

27. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	30 June 2012	30 June 2011
	$	$
Cash and cash equivalents		
Cash in banks and on hand	**8,119,314**	22,859,331
Deposits at call	**80,292,595**	20,236,954
Cash and cash equivalents per consolidated statement of cash flows	**88,411,909**	43,096,285
Less: cash and cash equivalents classified as held for sale	**(887,042)**	-
Cash and cash equivalents per consolidated statement of financial position	**87,524,867**	43,096,285

(b) Reconciliation of Net Profit/ (loss) to Net Cash Flows from Operating Activities

(Loss) / Profit from ordinary activities	**22,723,709**	(11,846,271)
Adjusted for non cash items:		
Gain on disposal of financial assets through profit & loss	**(1,006,576)**	(5,210,596)
Loss on disposal of financial asset	**-**	179,071
Gain on disposal of associates	**(45,305,407)**	(8,621,099)
Gain on equity instruments received	**-**	(396,395)
Gain on recognition of deferred consideration	**(700,000)**	(2,500,000)
Loss on fair value of financial assets through profit & loss	**5,280,139**	962,916
Interest income on loan facilities deferred	**342,110**	445,891
Non cash effective interest income	**(1,430,371)**	(862,465)
Shares received as payment for interest on loan	**-**	(190,696)
Depreciation and amortisation of non-current assets	**738,432**	338,623
Write off of assets	**100,245**	-
Share of losses of associates	**5,000,534**	7,847,148
Impairment of investment in associate	**1,563,184**	4,419,058
Share based payments	**537,595**	797,277
Impairment of capitalised exploration	**317,194**	36,591,446
Provision for impairment of loans	**6,291,472**	2,931,025
Profit on disposal of controlled entity	**(17,720,572)**	(26,857,705)
Loss on extinguishment of debt	**1,094,445**	-
Exclusivity payment included in investing activities	**-**	(250,000)
Other	**7,350**	25,257
Changes in net assets and liabilities, net of effects from business combination acquisitions:		
(Increase)/decrease in trade and other receivables	**(1,826,592)**	595,525
(Increase)/decrease in inventories	**30,267**	(55,113)
Increase / (decrease) in deferred tax balances	**866,801**	(13,826,804)
Increase / (decrease) in trade and other liabilities	**(3,020,212)**	(417,465)
Increase / (decrease) in income tax payable	**3,558,383**	1,258,610
Net cash used in operating activities	**(22,557,866)**	(14,642,762)

27. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(c) Non-Cash Activities

Current year

On 9 September 2011, the Company acquired the remaining 9.8% of Pinnacle Group Assets Limited ("Pinnacle"). The consideration paid for the remaining 9.8% included the issue of 20,672,189 shares in the Company valued at $9,302,485.

On 1 December 2011, the Company satisfied the deferred component of the consideration payable for the 42.8% stake in Pinnacle acquired in the prior year. On 1 December 2011, the Company issued 35,937,000 shares valued at $17,429,445 in lieu of a cash payment of $16,335,000.

On 17 December 2011, the Consolidated Entity completed the sale of the Sappes Gold Project ("Sappes") to ASX listed Glory Resources Limited (ASX: GLY) ("Glory"). Pursuant to the terms of the sale agreement, the Company received 16,000,000 shares in Glory valued at $3,440,000 in addition to cash received.

Prior year

On 10 January 2011, 120,000,000 shares in African Iron Limited (ASX: AKI) were received as part consideration for the sale of DMC Mining Ltd valued at $36,000,000.

On 16 June 2011, 54,450,000 fully paid ordinary shares were issued as part consideration for the acquisition of a further 42.8% interest in Pinnacle Group Assets Limited. The share price on the date the shares were issued was $0.40. Consequently a share based payment of $21,780,000 was recognised.

28. DIVIDENDS PAID AND PROPOSED

	30 June 2012 $	30 June 2011 $
Declared and paid during the year:		
Dividends on ordinary shares:		
Paid: franked dividend for 2010: 7.0c per share	-	43,803,183
	-	43,803,183

29. FINANCIAL RISK MANAGEMENT

The Cape Lambert Group is exposed to a variety of financial risks including market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Cape Lambert Group's overall risk management program focuses on the unpredictability of financial markets and seeks to meet its financial targets whilst minimising potential adverse effects on financial performance. The Cape Lambert Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the Board.

The Cape Lambert Group holds the following financial instruments:

	30 June 2012 $	30 June 2011 $
Financial assets:		
Cash and cash equivalents	**87,524,867**	43,096,285
Cash and cash equivalents reclassified as held for sale	**887,042**	-
Restricted cash	**3,126,151**	3,626,612
Trade and other receivables	**11,681,678**	9,411,297
Trade and other receivables reclassified as held for sale	**505,099**	-
Other financial assets	**26,705,963**	30,325,436
	130,430,800	86,459,630
Financial liabilities:		
Trade and other payables	**4,620,459**	22,864,528
Trade and other payables reclassified as liabilities directly associated with assets held sale	**1,398,278**	-
	6,018,737	22,864,528

(a) Market Risk

(i) Foreign Currency Risk

The Cape Lambert Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions. The Consolidated Entity converted assets and liabilities into the functional currency where balances were denominated in a currency other than the Australian dollars.

The Consolidated Entity also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

As at 30 June 2012, the Consolidated Entity had the following exposure to foreign currency:

	30 June 2012 $	30 June 2011 $
Financial assets:		
Cash and cash equivalents - USD	**$2,658,334**	$9,436,816
Cash and cash equivalents - GBP	**£7,451**	£21,072
Cash and cash equivalents - EUR	**€405,829**	€870,765

The Consolidated Entity recognised a foreign currency exchange profit for the year ended 30 June 2012 of $229,369 (2011: $864,907 loss) as a result of translating funds held in foreign currency to Australian dollars.

Movement of 10% in the foreign currency exchange rates as at 30 June 2012 would have increased the consolidated profit by $22,937 (2011: $86,490 loss).

Managements have set up a policy to monitor and measure this risk using sensitivity analysis and cash flow forecasting.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Cash Flow Interest Rate Risk

The Consolidated Entity's exposure to market interest rates relates primarily to the Consolidated Entity's cash and cash equivalents. The Consolidated Entity is exposed to movements in market interest rates on short term deposits.

At the reporting date, the Cape Lambert Group had the following variable rate cash and cash equivalents and restricted cash:

	30 June 2012 $	30 June 2011 $
Financial assets:		
Cash and cash equivalents	**87,524,867**	43,096,285
Cash and cash equivalents reclassified as held for sale	**887,042**	-
Restricted cash	**3,126,151**	3,626,612
	91,538,060	46,722,897
Weighted average interest rate	**4.47%**	4.34%

Movement of 50 basis points on the interest rate would have increased/ (decreased) the consolidated profit by $297,646 (2011:$279,891).

(iii) Price Risk

The Cape Lambert Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as at fair value through profit or loss. The Cape Lambert Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Cape Lambert Group diversifies its portfolio which is done in accordance with the limits set by the Board of Directors.

The majority of the Cape Lambert Group's equity investments are publicly traded on the Australian Stock Exchange (ASX).

The table below summarises the impact of increases/decreases of financial assets at fair value through profit and loss on the Cape Lambert Group's post tax profit for the year and on equity. The analysis is based on the assumption that the value of financial assets at fair value through profit and loss had increased/decreased by 10% (2011 – 10%) with all other variables held constant.

Consolidated	Impact on Post-Tax Profit/(Loss)		Impact on Equity	
	2012 $	2011 $	2012 $	2011 $
Shares in listed entities	**1,912,763**	1,772,524	**-**	-
Conversion options	**-**	5,781	**-**	-
Call options	**57,834**	34,239	**-**	-
	1,970,597	1,812,544	**-**	-

(b) Credit Risk

Credit risk is managed on a consolidated basis. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Cape Lambert Group. The Cape Lambert Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on financial assets, excluding investments, of the Cape Lambert Group, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Cape Lambert Group is exposed to credit risk as a result of subscribing to loan notes and convertible loan notes issued by listed and unlisted entities. This credit risk is managed by obtaining adequate security over the loans, generally in the form of a fixed and floating charge over the assets of the borrower. Details of the loan notes and convertible loan notes to which the Cape Lambert Group had subscribed during the year are listed in notes 8.

The majority (76%) of the Company's cash and cash equivalents are held by banks with a Moody's credit rating on Aa2.

	30 June 2012	30 June 2011
	$	$
Financial assets:		
Cash and cash equivalents and restricted cash	**90,651,018**	46,722,897
Loans and receivables[1]	**11,681,678**	9,411,297
Other financial assets	**26,705,963**	30,325,436
	129,038,659	86,459,630

[1] Included in loans and receivables is a loan note of $1,900,000 from a listed entity that was due for repayment in November 2011 and remains past due at balance date. Recovery is expected therefore no provision for impairment has been made at balance date.

(c) Liquidity Risk

The Cape Lambert Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows in relation to its operational, investing and financing activities.

At the reporting date, the Cape Lambert Group had no financing arrangements in place.

All financial liabilities are current and expected to settle within six months.

(d) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables / other receivables and payables are assumed to approximate their fair values due to their short-term nature.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table presents the Consolidated Entity's assets measured at fair value at 30 June 2012.

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets:				
Financial assets at Fair value through Profit and Loss				
Shares in listed entities	19,127,628	-	-	19,127,628
Shares in unlisted entities	-	-	7,000,000	7,000,000
Conversion options	-	-	-	-
Call options	-	578,335	-	578,335
	19,127,628	578,335	7,000,000	26,705,963

The following table presents the Consolidated Entity's assets measured at fair value at 30 June 2011.

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets:				
Financial assets at Fair value through Profit and Loss				
Shares in listed entities	17,725,238	-	-	17,725,238
Shares in unlisted entities			12,200,000	12,200,000
Conversion options	-	57,809	-	57,809
Call options	-	342,390	-	342,390
	17,725,238	400,199	12,200,000	30,325,437

The following table presents the changes in level 3 instruments for the years ended 30 June 2012 and 30 June 2011:

	Level 3 $
	Unlisted equity securities
Financial assets at Fair value through Profit and Loss	
Opening balance 1 July 2011	12,200,000
Purchases	1,000,000
Impairment	(6,200,000)
Closing balance 30 June 2012	7,000,000

Investments in unlisted entities are classified as available for sale financial assets. These are traded in inactive markets and are carried at fair value. Management have assessed impairment and booked a provision of $6,200,000 in relation to unlisted investments as at 30 June 2012. Of the total impairment charges, $2,200,000 relates to an investment in a junior investment resource investment company which ceased operations during the second half of fiscal 2012. The remaining $4,000,000 relates to an investment in a renewable energy company whose future prospects have been curtailed due to the progress of several key mining projects in the Jack Hills and Weld Range areas.

30. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	30 June 2012 $	30 June 2011 $
Statement of financial position		
Current assets	**303,038,407**	235,921,353
Total assets	**432,136,929**	357,407,912
Current liabilities	**(136,184,875)**	(132,648,660)
Total liabilities	**(157,288,731)**	(132,648,660)
Shareholders' equity		
Issued capital	**197,050,776**	167,528,846
Reserves	**1,334,872**	797,277
Retained earnings	**76,462,550**	56,433,129
Total equity	**274,848,198**	224,759,252
Net profit for the year	**20,029,421**	23,580,401
Total comprehensive income	**20,029,421**	23,580,401

(b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	**-**	-

The parent entity has provided financial guarantees in respect of environmental performance bonds for subsidiaries during the current year amounting to $2,351,710 (2011: $2,349,210). Subsequent to balance date, the parent entity has provided an additional $2,102,282 in respect of environmental performance bonds for a subsidiary.

(c) Tax Consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Cape Lambert Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At balance date, the possibility of default is remote. The head entity of the tax consolidated group is Cape Lambert Resources Limited.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes. The allocation of tax under the tax funding agreement is recognised as an increase/decrease in the controlled entities' intercompany accounts with the tax consolidated group head Company, Cape Lambert Resources Limited. In this regard the Company has assumed the benefit of tax losses from controlled entities of Nil (2010: Nil) as of the balance date. The Company has received a payment from the controlled entities of $5,484,180 (2010: $5,215,749) as of the balance date in respect of the current year tax liability for the tax consolidated group. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

31. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 20 September 2011, the Company announced that it intended to pursue an initial public offering ("IPO") of Marampa Iron Ore Limited ("Marampa") and a listing on the AIM market of the London Stock Exchange. The timing with proceeding with the IPO remains subject to market conditions. The Company's Quarterly Report lodged with the ASX on 31 July 2012 indicated that the planned IPO listing of Marampa on the AIM board of the London Stock Exchange was deferred until at least Q4 2012, following the Olympics and summer holidays in the northern hemisphere. Consistent with the Company's business model, the Company continues to respond to interest from third parties for an asset sale of the Marampa Project.

During the June 2012 quarter, the Company entered into a binding terms sheet to sell its wholly owned subsidiary Cape Lambert Leichhardt Pty Ltd, the holder of the Leichhardt Copper Project, in consideration for $25million cash. Completion of the sale is subject to, and conditional on, due diligence to the satisfaction of the purchaser, execution of formal documentation and all the governmental and third party consents and authorisations being obtained in respect of the transaction.

The major classes of assets and liabilities of Cape Lambert Leichhardt and Marampa as at 30 June 2012 are as follows:

	Cape Lambert Leichhardt	Marampa	Total
	$	$	$
Assets			
Cash and cash equivalents	238,475	648,567	887,042
Trade and other receivables	431,357	73,742	505,099
Inventory	119,846	-	119,846
Property, plant and equipment	1,458,888	349,889	1,808,777
Capitalised exploration and evaluation costs	15,927,666	91,271,588	107,199,254
Assets classified as held for sale			110,520,018
Liabilities			
Trade and other payables	313,166	1,085,112	1,398,278
Provisions	32,965	93,105	126,070
Rehabilitation provision	4,451,492	-	4,451,492
Deferred tax liability	3,428,183	3,064,218	6,492,401
Liabilities directly associated with assets classified as held for sale			12,468,241
Net assets classified as held for sale as at 30 June 2012			**98,051,777**

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cape Lambert Resources Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Cape Lambert Resources Limited for the financial year ended 30 June 2012 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2011 and of its performance, for the period ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as disclosed in note 1.

   (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2012.

Signed in accordance with a resolution of the Directors:

Antony Sage
Director

Perth, 27 September 2012

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Cape Lambert Resources Limited

Report on the financial report

We have audited the accompanying financial report of Cape Lambert Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Cape Lambert Resources Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' of the company responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent auditor's report to the members of Cape Lambert Resources Limited (cont'd)

Auditor's opinion

In our opinion:

(a) the financial report of Cape Lambert Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date, and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001,* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of matter

We draw your attention to Note 20(3) to the financial statements which describes the uncertainty related to the outcome of the notice of amended tax assessment issued to the company by the Australian Taxation Office. Our opinion is not modified in respect of this matter.

Report on the Remuneration Report

We have audited the remuneration report included in pages 19 to 25 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Cape Lambert Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

N Henry

Nick Henry
Partner

Perth
27 September 2012

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Cape Lambert Resources Limited (**Cape Lambert**) is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council's (**CGC**) Corporate Governance Principles and Recommendations (**Recommendations**) and CGC published guidelines.

In accordance with ASX Listing Rule 4.10.3, this corporate governance statement discloses the extent to which the Company has followed the Recommendations by detailing the Recommendations that have not been adopted by the Company and the reasons why they have not been adopted. The Company is pleased to advise that the Company's practices are largely consistent with CGC recommendations, however, in areas where they do not correlate, the Company is working toward compliance or do not consider that the practices are appropriate for the current size and scale of operations.

Cape Lambert, corporate governance practices were in place throughout the year ended 30 June 2012. The current corporate governance policies are posted in a dedicated corporate governance information section of the Company's website at www.capelam.com.au.

Adherence to the Guide on Best Practice Recommendations

Recommendation		Comply Yes / No
Principal 1 – Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the guide to reporting on Principle 1.	Yes
Principal 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	Yes
2.2	The chairperson should be an independent director.	No
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No
2.4	The Board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the guide to reporting on Principle 2.	Yes
Principal 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Yes
	3.1.1 The practices necessary to maintain confidence in the Company's integrity.	
	3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	
	3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Provide the information indicated in the guide to reporting on Principle 3.	Yes

Recommendation		Comply Yes / No
Principal 4 – Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Yes
1.2	The audit committee should be structured so that it:	Yes
	1.1.2 consists only of non-executive directors;	
	1.1.3 consists of a majority of independent directors;	
	4.2.4 is chaired by an independent chairperson, who is not chairperson of the Board; and	
	1.1.5 has at least three members.	
4.3	The audit committee should have a formal charter.	Yes
4.4	Provide the information indicated in the guide to reporting on Principle 4.	Yes
Principal 5 – Make timely and balanced disclosure		
5.1	Companies should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the guide to reporting on Principle 5.	Yes
Principal 6 – Respect the rights of shareholders		
6.1	Companies should design a communication policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the guide to reporting on Principle 6.	Yes
Principal 7 – Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the guide to reporting on Principle 7.	Yes
Principal 8 – Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it:	Yes
	• consists of a majority of independent directors;	
	• is chaired by an independent chair; and	
	• has at least three members.	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the guide to reporting on Principle 8.	Yes

The Board of Directors

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available on the Company's website.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Structure of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report. Directors are appointed based on the specific skills required by the Company and on other attributes such as their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Timothy Turner, Mr Ross Levin and Mr Brian Maher are Non-Executive Directors, and are independent directors as they meet the following criteria for independence adopted by the Company.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Antony Sage is the Executive Chairman of the Company and does not meet the Company's criteria for independence. The Board believes his experience and knowledge of the Company makes him the most appropriate person to lead the Board.

The role of Chief Executive Officer of the Company is currently discharged by the Executive Chairman, Mr Antony Sage. The Board considers relevant industry experience and specific expertise important in providing strategic guidance and oversight of the Company, and it believes, Mr Antony Sage, remains the most appropriate person to fulfil the role of Chief Executive Officer.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Mr Antony Sage	11 years & 9 months	(Executive Chairman)
Mr Timothy Turner	8 years	(Non-Executive Director)
Mr Brian Maher	6 years & 9 months	(Non-Executive Director)
Mr Ross Levin	2 year & 3 months	(Non-Executive Director)

Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

The performance of the Chief Executive Officer (Executive Chairman) is monitored by the non-executive Directors. A formal performance review of the Executive Chairman did not occur during the year.

The performance of senior management is monitored by the Executive Chairman.

The Board has established formal practices to evaluate the performance of the Board, committees, non-executive Directors, the Chief Executive Officer, and senior management. Details of these practices are available on the Company's website. No formal performance evaluation of the Board, individual directors of senior management took place during the year.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skill gaps where they are identified.

Securities Trading Policy

The Company has a Securities Trading Policy in place which is in compliance with the ASX Listing Rules.

Under the Company's Securities Trading Policy, a Director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. Additionally, the Board and other employees may not deal in the Company's securities 2 days preceding the release of annual results and half year results.

Before commencing to trade outside of those black-out periods, a Director, executive or other employee must notify the Chairman of their intention to do so and obtain confirmation from the chairman that there is no impediment to the person in trading in the Company's securities.

As is required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by a Director in the securities of the Company.

A copy of the Company's Securities Trading Policy can be found on the Company's website, www.capelam.com.au.

Diversity Policy

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.

The Company has adopted a diversity policy which provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviors for the benefit of all staff;

- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board is primarily responsible for setting achievable objectives on gender diversity and monitoring the progress of the Company towards them on an annual basis. Due to the size and scale of operations of the Company, the Board has determined that a long term gender diversity objective is more appropriate.

The following table shows the representation of women in the Company as at 30 June 2012.

	Total Number	Women	% Women
Whole organisation	54	16	30%
Permanent technical staff (excl senior exec)	25	2	8%
Permanent admin staff (excl senior exec)	19	11	58%
Senior exec (including executive chairman)	7	3	43%
Senior exec (excluding executive chairman)	6	3	50%
Board members	4	0	0%

Attestations by Chief Executive Officer and Chief Financial Officer

It is the Board's policy, that the Chief Executive Officer and the Chief Financial Officer make the attestations recommended by the CGC as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company did not have a designated Chief Executive Officer. The role of the Chief Executive Officer is discharged by the Executive Chairman. The certification required in accordance with section 295A of the *Corporations Act* is provided by the relevant director and Chief Financial Officer prior to acceptance by the Board as a whole.

Audit and Risk Committee

The Board has established an Audit and Risk Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. The Audit and Risk Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards, and reviewing the integrity of the Company's financial reporting to the Audit and Risk Committee.

The Audit and Risk Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit and Risk Committee is also responsible for establishing policies on risk oversight and management.

The members of the Audit and Risk Committee during the year were:

Mr Timothy Turner (Committee Chairman)
Mr Brian Maher
Mr Ross Levin

All members of the Audit and Risk Committee are non-executive directors. The qualifications and experience of the Audit and Risk Committee members are stated in the Directors' Report.

Further information regarding Cape Lambert's Audit and Risk Committee charter can be found on the Company's website, www.capelam.com.au.

Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. The Board has established a formal policy for risk management and a framework for monitoring and managing material business risks on an ongoing basis. The governance of this policy has been delegated to the Audit and Risk Committee. The Audit and Risk Committee reviews the material business risks determined and reported by executive management on a regular basis and ensures that an effective, integrated and comprehensive risk management system and process is being operated by management. The policies and procedures adopted are directed at meeting the following objectives:

- effectiveness and efficiency in the use of the Company's resources.
- compliance with applicable laws and regulations.
- preparation of reliable published financial information.

Remuneration Committee

The Board has established a Remuneration Committee, which operates under a charter approved by the Board. The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees, executives and directors.

The Remuneration Committee consists of the Non-Executive Directors. Members of the remuneration committee throughout the year were:

Mr Timothy Turner
Mr Brian Maher
Mr Ross Levin

Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Officer's performance.

Remuneration Policy

Directors' Remuneration has been approved by resolutions of the Board and resolutions of the Remuneration Committee on various dates as and when Directors have been appointed to the Company.

Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed fee that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives would be calculated using the Black-Scholes option pricing model.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.
The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

Nomination Committee

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. As the whole Board only consisted of four members for the year, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on these specific issues.

Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with relevant industry experience. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

ADDITIONAL STOCK EXCHANGE INFORMATION

Cape Lambert Resources Limited is a listed public company, incorporated in Australia.

The Company's registered and principal place of business is 32 Harrogate Street, West Leederville, Western Australia 6007 Australia.

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 25 September 2012 are as follows:

Category (size of holding)	Total Holders
1 - 1,000	187
1,001 - 5,000	1,410
5,001 - 10,000	1,077
10,001 - 100,000	1,992
100,001 – 999,999,999	293
1,000,000,000 and over	0
Total	**4,959**

Equity Securities

There are 4,959 shareholders, holding 689,108,792 fully paid ordinary shares.

All issued ordinary shares carry one vote per share and are entitled to dividends.

The number of shareholders holding less than a marketable parcel of shares is 343.

Options

The Company currently has 7,800,000 unlisted options exercisable at $0.45 each on or before 30 November 2012 on issue. The options are held by 30 holders.

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options do not carry a right to vote.

Substantial Holders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act* are as follows:

	Fully paid ordinary shareholders	Number as per the Notice	% held of Issued Capital at the time of Notice
1	African Minerals Limited	122,023,000	18.71
2	Black Rock Investment Management (Australia) Limited & associated entities	59,037,660	8.57
3	The Capital Group of Companies Inc	52,242,889	8.01
4	JP Morgan Chase & Co & its affiliates	52,764,178	7.59
5	Antony William Paul Sage	40,690,430	6.40

Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 25 September 2012 are as follows:

	Name	Number of Fully Paid Ordinary Shares Held	% held of Issued Capital
1	African Minerals Limited	122,023,000	17.71
2	National Nominees Limited	101, 816,318	14.78
3	HSBC Custody Nominees (Australia) Limited	93,556,758	13.58
4	JP Morgan Nominees Australia Limited	65,361,127	9.48
5	Antony William Paul Sage <Egas Super Fund A/C>	40,440,430	5.87
6	BNP Paribas Noms Pty Ltd <DRP>	31,062,052	4.51
7	HSBC Custody Nominees (Australia) Limited A/C 2	19,099,705	2.77
8	JP Morgan Nominees Australia Limited <Cash Income A/C>	15,311,213	2.22
9	Citicorp Nominees Pty Limited	9,526,145	1.38
10	HKT AU Pty Ltd <Moramba Serv Super Plan A/C>	5,714,309	0.83
11	Matthew Parrish Pty Ltd <The Parrish Family A/C>	4,803,535	0.70
12	Ganbaru Pty Ltd <The Parrish Super Fund A/C>	4,369,465	0.63
13	Mr John Finlay McKenzie Rowley	2,600,000	0.38
14	Dr Deidre Christine O'Neill	2,300,000	0.33
15	HSBC Custody Nominees (Australia) Limited <CW A/C>	2,041,594	0.30
16	Mr Paul James Newcombe	1,873,303	0.27
17	QIC Limited	1,807,837	0.26
18	Katsu Capital Pty Ltd <Chikara A/C>	1,726,500	0.25
19	Bairdos Pty Ltd	1,650,000	0.24
20	Mr Robert William Higham & Mrs Patricia Anne Lloyd <Higham Family S/F A/C>	1,605,000	0.23
		528,688,291	**76.72**

Schedule of Mineral Tenements Held at Balance Sheet Date

Tenement	Locality	Tenement Name
E47/1493-I	WA	Cape Lambert South
EPM11025	QLD	Mt Cuthbert Copper
EPM11090	QLD	Hidden Treasure
EPM11387	QLD	Mt Cuthbert North
EPM14282	QLD	Mt Cuthbert North 2
EPM14622	QLD	Julius Road
EPM15005	QLD	Watson 4
EPM15251	QLD	Alsace
EPM15687	QLD	Glenorn 4
EPM15688	QLD	Glenorn 12
EPM15690	QLD	Glenorn 2
EPM15691	QLD	Glenorn 11
EPM15692	QLD	Glenorn 3
EPM15693	QLD	Glenorn 10
EPM15694	QLD	Glenorn 9
EPM15695	QLD	Glenorn 5
EPM15696	QLD	Glenorn 7
EPM15697	QLD	Glenorn 13
EPM15698	QLD	Glenorn 6
EPM15699	QLD	Glenorn 15
EPM15700	QLD	Glenorn 8
EPM15701	QLD	Glenorn 16
EPM15702	QLD	Glenorn 14
EPM16609	QLD	West Isa
EPM16633	QLD	West Isa
EPM16792*	QLD	West Isa
EPM16794	QLD	West Isa
EPM16795	QLD	West Isa
EPM16796*	QLD	West Isa
EPM16798	QLD	West Isa
EPM16991	QLD	Mt Stanley
EPM16998	QLD	Cabbage Tree
EPM17449	QLD	Rosebud
EPM17482	QLD	South Isa
EPM17483	QLD	South Isa
EPM17651*	QLD	Upper Dugald
EPM 17688	QLD	Mount Earl
EPM 17776	QLD	South Isa

Tenement	Locality	Tenement Name
EPM17777	QLD	Tobermory
EPM17778	QLD	Boulia
EPM17779	QLD	Boulia
EPM17780	QLD	West Isa
EPM17781	QLD	West Isa
EPM17902	QLD	Pindora North
EPM17903	QLD	Eureka Creek
EPM17904	QLD	Split Rock West
EPM17905	QLD	Point 347
EPM17906*	QLD	Cameron River
EPM17907	QLD	Rosebud West
EPM17908	QLD	Old Man Creek
EPM17909*	QLD	Breakfast Creek
EPM17910	QLD	Rocky Creek
EPM17912	QLD	Cordelia Creek
EPM17916	QLD	Dust Bowl Bore
EPM17429*	QLD	Rocky West Central
EPM9867	QLD	Mt Watson 1
MDL75	QLD	Mighty Atom
MDL76	QLD	Two Mac Mighty Atom
MDL77	QLD	Eiffel Tower - Mighty Atom
MDL78	QLD	Merry March - Mighty Atom
MDL88	QLD	Excelsior – Mighty Atom
ML2492	QLD	Hidden Treasure Ext West
ML2494	QLD	Sparklet
ML2504	QLD	Wee Macgregor
ML2514	QLD	Dinkum Digger
ML2515	QLD	Scotch Man
ML2635	QLD	Orphan South
ML2636	QLD	Orphan North
ML2705	QLD	Dobbyn
ML2706	QLD	Crusader
ML2708	QLD	Crusader No 2
ML2715	QLD	Orphan
ML2747	QLD	Mt Cuthbert No 1
ML2748	QLD	Mt Cuthbert No 2
ML2771	QLD	Lady Ethleen
ML2773	QLD	Rosebud

Tenement	Locality	Tenement Name
ML2784	QLD	Hidden Treasure
ML7520	QLD	Warwick Castle
ML90066	QLD	Leichhardt
ML90090	QLD	Mt Cuthbert South
ML90091	QLD	Borefield
ML90092	QLD	Warwick Castle Surrounded
ML90098	QLD	Wee Macgregor Consolidated
ML90101	QLD	Standby
ML90137	QLD	Hidden Treasure South Extended
ML90141	QLD	Mighty Atom
ML90142	QLD	Ned Kelly
ML90154	QLD	Mount Watson 1
WWL 407032	QLD	Lot7 TG20
WWL 43825J	QLD	Water licence
WWL 93210J	QLD	Water licence
EL26308	NT	Glasshouse 6
EL26309	NT	Glasshouse 7
EL26310	NT	Glasshouse 8
EL26311	NT	Glasshouse 9
EL26312	NT	Glasshouse 10
EL26314	NT	Glasshouse 11
EL26701	NT	Glasshouse 12
EL26702	NT	Glasshouse 14
EL26928	NT	Tobermory
Permit I A2010 057	Guinea	Sandenia
Permit II A2010 057	Guinea	Sandenia
EL11/2011	Sierra Leone	Gbahama
EL12/2011	Sierra Leone	Yaya
EL13/2011	Sierra Leone	Gbinti
EL14/2011	Sierra Leone	Magbeti
EL15/2011	Sierra Leone	Lamkono
EL16/2011	Sierra Leone	Makonkari
EL17/2011	Sierra Leone	Karina
EL18/2011	Sierra Leone	Kukuna North
EL19/2011	Sierra Leone	Lankona North
EL21/2011	Sierra Leone	Mawanka
EL22/2011	Sierra Leone	Kambia East
EL22/2012	Sierra Leone	Kukuna

Tenement	Locality	Tenement Name
EL23/2011	Sierra Leone	Magbosi
EL24/2011	Sierra Leone	Gbangbama
EL25/2011	Sierra Leone	Gbinti West
EL20/2011	Sierra Leone	Marampa East
EL46/2011	Sierra Leone	Marampa

*Application pending

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