

**CAPE LAMBERT IRON ORE LIMITED**  
**ABN 71 095 047 920**  
**(formerly International Goldfields Limited)**

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**PROSPECTUS**

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For the offer of up to 95,100,000 Shares at an issue price of \$0.30 each, together with up to 47,550,000 free attaching 2008 Options on the basis of one (1) 2008 Option for every two (2) Shares allotted and issued, to raise up to \$28,530,000 (**General Offer**).

**AND**

For the offer of up to 49,666,667 Shares at a deemed issue price of \$0.30 each, together with 50,000,000 2008 Options, 50,000,000 2009 Options and 40,000,000 2010 Options as part consideration for the Acquisition (**Mt Anketell Offer**).

The Offers are conditional upon the Acquisition Agreement becoming unconditional. Please refer to Sections 4 and 6 for further details.

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**IMPORTANT NOTICE**

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This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## SECTION 1

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### 1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

#### 1.1 Summary of Important Dates

Subject to ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Transaction in accordance with the following timetable (which is subject to change by the Company):

Event	Date
Lodgement of Prospectus with the ASIC	21 November 2005
General Offer Opening Date	9am (WST) on 28 November 2005
General Offer Closing Date	5pm (WST) on 1 December 2005
Mt Anketell Offer Opening Date	9am (WST) on 2 December 2005
Mt Anketell Offer Closing Date	5pm (WST) on 2 December 2005
Allotment and issue of Securities pursuant to this Prospectus and completion of Acquisition	5 December 2005
Anticipated date the suspension of trading in Shares is lifted	7 December 2005

\* The Directors reserve the right to bring forward or extend the General Offer Closing Date or the Mt Anketell Offer Closing Date at any time after the relevant Opening Date without notice. As such, the date the Securities are expected to commence trading on ASX may vary with any change in the General Offer Closing Date or the Mt Anketell Offer Closing Date.

#### 1.2 Important Notes

Investors should read this document in its entirety and, if in doubt, should consult their professional advisors. The Shares and the 2008 Options the subject of this Prospectus should be considered speculative.

This Prospectus is dated 21 November 2005 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of the Prospectus is 13 months after the date it was lodged with the ASIC (**Expiry Date**). No Securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for official quotation of the Securities the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

A copy of this Prospectus can be downloaded from the website of the Company at [www.internationalgoldfields.com](http://www.internationalgoldfields.com). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person a General Offer Application Form or Mt Anketell Offer Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

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## SECTION 2

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### 2. CORPORATE DIRECTORY

#### Directors

Tony Sage – Executive Chairman  
Timothy Turner – Non-Executive Director  
Stockley Davis – Non-Executive Director

#### Company Secretary

Timothy Turner

#### Registered Office

18 Oxford Close  
LEEDERVILLE WA 6007

Telephone: (08) 9388 0744  
Facsimile: (08) 9382 1411

Web: [www.internationalgoldfields.com](http://www.internationalgoldfields.com)

#### Share Registry

Advanced Share Registry Services\*  
110 Stirling Highway  
NEDLANDS WA 6009

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

#### Solicitors to the Company

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
PERTH WA 6000

#### Auditors

Ord Partners\*  
Level 2  
47 Colin Street  
WEST PERTH WA 6005

\* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

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## SECTION 3

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### 3. CHAIRMAN'S LETTER

Dear Investor

On behalf of Cape Lambert Iron Ore Limited I am pleased to present this Prospectus to raise up to \$28.53 million which, in addition to funding commitments of \$4.47 million of funds raised in the UK, will fund existing projects and fund the acquisition by the Company of Mt Anketell which is the applicant for exploration licences comprising the 2.5 billion tonne JORC compliant Cape Lambert Iron Ore project (**Project**). The Prospectus also contains an offer to the Mt Anketell Shareholders to apply for Securities as part consideration for the Acquisition.

Located in the Pilbara region of Western Australia, the Cape Lambert resource has recently undergone an independent analysis, which has now confirmed the total JORC Compliant mineral resource to be 2.5 billion tonnes (at 30% Fe at 250m depth & 25% Fe cut off).

Previous owner, Robe River Mining Company Pty Ltd (**Robe River**) undertook an exploration program and scoping study between 1993 and 2001, but decided not to proceed on the grounds it was not economically feasible under the then economic conditions.

Since Robe River relinquished the Project, market conditions in the iron ore industry have improved greatly. Iron ore prices have more than doubled since Robe River surrendered the Project, due in part to a greatly increased demand from Asian steel makers.

The Directors of Cape Lambert are confident that the significant upgrade in the resource (and to JORC compliance), the expansion of the nearby Cape Lambert port facilities by Rio Tinto and nearby related infrastructure (road, rail, power and nearby towns), together with the vastly improved market conditions, the advances in technology and associated processing techniques makes the Project viable in the current market.

The Independent Consultants, Mackay & Schnellmann Pty Ltd, believe the deposit appears to be open to the north, west and south and also at depth so there is potential for significant upside if further drilling were necessary.

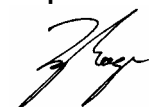
There are also a number of other higher-grade (60% - 64% Fe) target areas within the Project area.

Following the Offers, Cape Lambert will commence a feasibility study on the Project immediately which is expected to take between 12-18 months to complete.

The Board of Cape Lambert believes the Acquisition is an important strategic fit to the Company's other significant assets, which include: the Evanston and Mt Ida gold projects in the Goldfields region of Western Australia, the Sacu gold/copper project near the "Golden Quadrilateral" region of Romania and the NFX gold project in the Kirkland Lake region of Canada.

Yours sincerely

**Cape Lambert Iron Ore Limited**



**Tony Sage**  
**Executive Chairman**

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## SECTION 4

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### 4. DETAILS OF THE OFFERS

#### 4.1 General Offer

##### *Offer of Securities*

This Prospectus invites investors to apply for up to 95,100,000 Shares at an issue price of \$0.30 per Share payable in full on application, together with up to 47,550,000 free attaching 2008 Options on the basis of one (1) 2008 Option for every two (2) Shares allotted and issued, to raise up to \$28,530,000.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus. Please refer to Section 7.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares. The terms and conditions of the 2008 Options are set out in Section 7.2.

The General Offer is not underwritten.

##### *Condition of the General Offer*

The General Offer is conditional upon the Acquisition Agreement becoming unconditional. If this condition is not satisfied, none of the Securities offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act. Please refer to Section 6 for details of the Acquisition.

##### *How to Apply*

Applications for Securities under the General Offer must be made using a General Offer Application Form.

Payment for the Shares must be made in full at the issue price of \$0.30 per Share. Applications for Shares must be for a minimum of 7,000 Shares and thereafter in multiples of 1,000 Shares.

Completed General Offer Application Forms and accompanying cheques must be mailed to either:

Cape Lambert Iron Ore Limited  
C/- Advanced Share Registry Services  
PO Box 1156  
NEDLANDS WA 6909

or:

Cape Lambert Iron Ore Limited  
18 Oxford Street  
LEEDERVILLE WA 6007

Cheques should be made payable to "**Cape Lambert Iron Ore Limited – Share Application Account**" and crossed "**Not Negotiable**". Completed General Offer Application Forms must reach one of the addresses set out above by no later than the General Offer Closing Date.

## **4.2 Mt Anketell Offer**

By this Prospectus, the Company also makes an offer to the Mt Anketell Shareholders in aggregate of up to 49,666,667 Shares at a deemed issue price of \$0.30 each, together with:

- (a) 50,000,000 2008 Options;
- (b) 50,000,000 2009 Options; and
- (c) 40,000,000 2010 Options,

as part consideration for the Acquisition pursuant to the Acquisition Agreement.

The actual number of Shares to be issued to the Mt Anketell Shareholders will be determined immediately following the General Offer Closing Date as the number is dependent upon the amount of funds raised under the General Offer. Each of the Mt Anketell Shareholders will receive a personalised Mt Anketell Offer Application Form setting out the number of Securities they can apply for.

Only the Mt Anketell Shareholders may accept the Mt Anketell Offer. Accordingly, do not complete a Mt Anketell Offer Application Form unless you are authorised to do so on behalf of a Mt Anketell Shareholder.

To accept the Mt Anketell Offer, the Mt Anketell Shareholders must each complete a Mt Anketell Offer Application Form and lodge the completed form at the Company's registered office by no later than the Mt Anketell Offer Closing Date.

All of the Shares offered under this Mt Anketell Offer will rank equally with Shares on issue at the date of this Prospectus. Please refer to Section 7.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares. The terms and conditions of the 2008 Options, 2009 Options and 2010 Options are set out in Sections 7.2 - 7.4.

### ***Condition of the Mt Anketell Offer***

The Mt Anketell Offer is conditional upon the Acquisition Agreement becoming unconditional. If this condition is not satisfied, none of the Securities offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act. Please refer to Section 6 for details of the Acquisition.

## **4.3 Opening and Closing Dates of the Offers**

The General Offer Opening Date is 28 November 2005 at 9:00am WST and the General Offer Closing Date is 1 December 2005 at 5:00pm WST. The Mt Anketell Offer Opening Date is 2 December 2005 at 9:00am WST and the Mt Anketell Offer Closing Date is 2 December 2005 at 5:00pm WST.

The Directors reserve the right to close the Offers early or extend the General Offer Closing Date or Mt Anketell Closing Date (as the case may be), should it be considered by them necessary to do so.

## **4.4 Minimum Subscription**

It is a condition of the Offers that a minimum of 45,433,334 Shares are applied for pursuant to the General Offer to raise a minimum of \$13,630,000.

In the event the minimum subscription is not achieved within four (4) months of the date of lodgement of this Prospectus with the ASIC, no Securities will be issued to any of the Applicants or the Mt Anketell Shareholders, all application monies will be returned and all applications will otherwise be dealt with in accordance with the Corporations Act.

#### **4.5 UK Placement**

The Company has received irrevocable firm commitments from a number of UK investors to subscribe for 14,900,000 Shares at an issue price of \$0.30 each pursuant to placing letters to raise \$4,470,000 (**UK Placement**).

#### **4.6 Allotment of Securities**

Allotment of Securities will take place as soon as practicable after the Mt Anketell Closing Date. Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each Applicant waives the right to claim any interest.

In relation to the General Offer, the Directors will determine the allottees of all of the Securities and reserve the right to reject any application or to allocate any Applicant fewer Securities than the number applied for. Where the number of Securities allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Mt Anketell Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Mt Anketell Closing Date. Interest will not be paid on monies refunded.

#### **4.7 ASX Listing**

The Company's Shares are currently quoted on ASX. No 2008 Options are currently quoted on ASX as there are no 2008 Options currently on issue. Application will be made within 7 days after the date of issue of this Prospectus to ASX for permission for the Shares and the 2008 Options issued pursuant to this Prospectus to be listed for official quotation by ASX. The Company does not at this stage intend to apply for official quotation of the 2009 Options and 2010 Options offered under the Mt Anketell Offer.

In the event that ASX does not grant permission for the official quotation of the Shares and the 2008 Options within 3 months after the date of issue of this Prospectus (or such period as is varied by the ASIC), none of the Securities offered by this Prospectus will be allotted or issued and the Company will repay all application monies for the Shares within the time period set out under the Corporations Act, without interest.

#### **4.8 Applications outside Australia**

The distribution of this Prospectus outside of Australia may be restricted by law.

This Prospectus is not intended to, and does not, constitute an offer of, or invitation to apply for, Securities in any place which, or to any person to whom, the making of such offer or invitation would not be lawful under the laws of any jurisdiction outside Australia. Residents outside Australia should consult their professional advisor as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to



make an application for Securities on the basis of this Prospectus. No action has been taken to register or qualify the Securities or the Offers or otherwise to permit an offering of the Securities in any jurisdiction outside Australia.

#### **4.9 Payments to Brokers**

The General Offer is not underwritten. The Company will pay licensed securities dealers or other persons legally entitled to receive commission in respect of a person subscribing for securities under the General Offer, a commission of up to 7% on the amount of applications monies the subject of a General Offer Application Form which results in an allotment of Shares where the dealer has introduced the Applicant.

#### **4.10 CHESS**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd (**ASTC**), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, holders of Securities will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

#### **4.11 Taxation**

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to potential Applicants or the Mt Anketell Shareholders. Applicants and the Mt Anketell Shareholders should consult their own professional tax advisers in regard to taxation implications of the relevant Offer.

#### **4.12 Risk factors**

Prospective investors in the Company should be aware that subscribing for Securities involves a number of risks. These risks are set out in Section 8 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 8, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Securities. Accordingly, an investment in the Company should be considered speculative.

#### **4.13 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Security holder, facilitate distribution payments and corporate communications to you as a Security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

#### **4.14 Enquiries**

Any questions concerning the Offers should be directed to Timothy Turner, the Company Secretary, on (08) 9388 0744.

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## SECTION 5

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### 5. PURPOSE AND EFFECT OF THE OFFERS

#### 5.1 Purpose of the Offers

The purpose of the Mt Anketell Offer is to enable the Mt Anketell Shareholders to apply for the Securities to be issued to them as part consideration for the Acquisition.

The purpose of the General Offer is to raise up to \$28,530,000. It is intended to apply funds raised from the General Offer and from the UK Placement as follows (assuming the Offer is fully subscribed to raise \$28,530,000):

Use	Funds
Cash consideration payable to the Mt Anketell Shareholders for the Acquisition <sup>1</sup>	\$19,900,000
Exploration and evaluation of the Company's current projects <sup>2</sup>	
- Baldock Shoot development <sup>3</sup>	\$4,500,000
- Evanston – Australia <sup>4</sup>	\$1,000,000
- SACU – Romania <sup>5</sup>	\$1,000,000
- Other projects – Australia	\$750,000
Costs commencing of bankable feasibility study on Cape Lambert Project and funds for working capital	\$3,250,000
Expenses of Transaction <sup>6</sup>	\$2,600,000
<b>Total</b>	<b>\$33,000,000</b>

<sup>1</sup> If the Company raises less than \$33,000,000 pursuant to the General Offer and the UK Placement, the amount of cash paid to the Mt Anketell Shareholders will be reduced accordingly, and be satisfied by the issue of Shares (at a deemed issue price of \$0.30 per Share). Refer to Section 6.3 of this Prospectus.

<sup>2</sup> Funding is required to facilitate ongoing exploration and mining at the Company's 3 major existing projects at Mount Ida, Evanston and Sacu, and to facilitate the development of the Baldock underground mining operations and possible Marda Central open-pit operation. Mines & Resources Australia Pty Ltd (**MRA**) has agreed to spend \$7,500,000 on gold exploration over the next 5 years at the Mt Ida Project pursuant to the farm-in and joint venture agreement entered into with the Company in January 2005. Accordingly, the Company is not expecting to spend a material amount on exploration at the Mt Ida Project in the short to medium term.

<sup>3</sup> If the exploration program to be performed by MRA increases the size of the current resource or uncovers new and additional resources, this may require a

substantive change to the current mine plan in order to maximise the extraction of the resources and the return to Shareholders. The Company has undertaken an internal scoping study for the continued development of the Baldock mining operation indicating that the maximum capital requirements will be in the order of \$4,500,000.

<sup>4</sup> Recent work on the Evanston Project has highlighted the potential of the area to host a significant gold resource base. Accordingly, much work is required to initially assess and generate new targets and to follow up on the existing resource base. It is proposed that a budget of \$1,000,000 be set aside for this work.

<sup>5</sup> Current work on the Sacu Project involves the use of ground based geophysics to better define target areas the results of which may delineate several specific targets which will then require drill based exploration. The potential exists for the acceleration of exploration if this early drilling indicates that the area has potential as indicated. It is proposed that a budget of \$1,000,000 be set aside for this ongoing exploration.

<sup>6</sup> The Company will pay a commission of up to 7% on the amount raised to licensed securities dealers.

If the Company raises more than \$18,100,000 pursuant to the General Offer and the UK Placement but less than \$33,000,000, there will be a corresponding reduction in the cash consideration payable to the Mt Anketell Shareholders for the Acquisition and a reduction in the expenses of the Transaction as a result of less commission paid to licensed securities dealers.

## 5.2 Effect of the Offers

The Offers are conditional upon the Acquisition Agreement becoming unconditional.

The principal effect of the Transaction will be to:

- (a) increase cash reserves by approximately \$10,500,000 immediately after completion of the Transaction and estimated expenses of the Transaction, assuming all Securities offered under this Prospectus and the UK Placement are issued; and
- (b) increase the number of Securities on issue as set out in the table below, assuming all Securities offered under this Prospectus are issued (and therefore the Cash and/or Share Consideration is satisfied in full by cash – refer to Section 6.3 of this Prospectus).

<b>Shares</b>	<b>Number</b>
Shares currently on issue	139,250,248
Shares to be issued to UK investors pursuant to the UK Placement	14,900,000
Shares to be issued pursuant to the General Offer and/or the Acquisition <sup>1</sup>	95,100,000
<b>Total</b>	<b>249,250,248</b>
<b>Options</b>	
Options currently on issue <sup>2</sup>	500,000
2008 Options to be issued to UK investors	7,450,000

2008 Options to be issued pursuant to the Offer <sup>3</sup>	47,550,000
2008 Options to be issued pursuant to the Acquisition	50,000,000
2008 Options to be issued to Brokers, Consultants and Staff	37,500,000
2008 Options to be issued to Directors	12,500,000
2009 Options to be issued pursuant to the Acquisition	50,000,000
2010 Options to be issued pursuant to the Acquisition	40,000,000
<b>Total</b>	<b>245,500,000</b>

<sup>1</sup> If the General Offer is not fully subscribed the Mt Anketell Shareholders will be issued Shares as part of the Cash and/or Share Consideration. Accordingly, the Company will issue 110,000,000 Shares whether or not the General Offer is fully subscribed (assuming the minimum subscription is reached and the Acquisition completes) and the cash component of the Cash and/or Share Consideration will decrease by \$0.30 for every Share issued to the Mt Anketell Shareholders as part of the Cash and/or Share Consideration. Refer to Section 6.3 of this Prospectus.

<sup>2</sup> Exercisable at \$0.39 each on or before 9 February 2009.

<sup>3</sup> This assumes that the General Offer is fully subscribed. The Mt Anketell Shareholders will not receive free-attaching 2008 Options if they are issued Shares as part of the Cash and/or Share Consideration.

### **5.3 Pro-forma Statement of Financial Position**

Set out below is:

- (a) an unaudited consolidated statement of financial position of the Company as at 30 June 2005; and
- (b) an unaudited pro-forma consolidated statement of financial position of the Company as at 30 June 2005 incorporating the effect of the Transaction.

## PROFORMA FINANCIAL POSITION

	Proforma \$ ('000)	30 June 2005 (Unaudited) \$ ('000)
<b>CURRENT ASSETS</b>		
Cash assets	11,030	1,055
Receivables	132	132
	2	2
<b>TOTAL CURRENT ASSETS</b>	<b>11,164</b>	<b>1,189</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	141	141
Other financial assets	1,510	1,510
Property, plant and equipment	149	149
Exploration, evaluation and development expenditure	44,427	24,427
	46,227	26,227
<b>TOTAL NON-CURRENT ASSETS</b>	<b>46,227</b>	<b>26,227</b>
<b>TOTAL ASSETS</b>	<b>57,391</b>	<b>27,416</b>
<b>CURRENT LIABILITIES</b>		
Payables	376	376
Provisions	39	39
	415	415
<b>TOTAL CURRENT LIABILITIES</b>	<b>415</b>	<b>415</b>
<b>TOTAL LIABILITIES</b>	<b>415</b>	<b>415</b>
<b>NET ASSETS</b>	<b>56,976</b>	<b>27,001</b>
<b>EQUITY</b>		
Contributed equity	64,169	31,169
Retained earnings	(7,193)	(4,168)
	56,976	27,001
<b>TOTAL EQUITY</b>	<b>56,976</b>	<b>27,001</b>

Assumptions used in compiling the consolidated pro-forma statement of financial position:

The pro-forma statement of financial position has been prepared to reflect the consolidated financial position of the Company as at 30 June 2005 as if the following transactions had occurred on that date:

- (a) the acquisition of 100% of Mt Anketell and the payment of \$20,000,000 cash (including the \$100,000 deposit and \$50,000 for the extension of the date to satisfy the conditions precedent) to the Mt Anketell Shareholders as part consideration for the Acquisition;
- (b) the issue of 95,100,000 Shares pursuant to this Prospectus and the associated receipt of proceeds of \$28,530,000;
- (c) the issue of 14,900,000 Shares pursuant to the UK Placement and the associated receipt of proceeds of \$4,470,000;

- (d) payment of expenses associated with the Transaction totalling \$2,600,000; and
- (e) payment of budgeted overheads for July to November 2005 totalling \$425,000.

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## SECTION 6

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### 6. DETAILS OF TRANSACTION

#### 6.1 Background

On 24 August 2005, the Company announced that it had entered into a conditional heads of agreement with Mt Anketell and the Mt Anketell Shareholders to acquire the whole of the issued share capital of Mt Anketell (**Acquisition**) (**Heads of Agreement**). Mt Anketell is the holder of the applications comprising the Cape Lambert Iron Ore Project (**Project**) located in the Pilbara region of Western Australia.

The Board believes that the Acquisition represents a significant opportunity for Shareholders and is an important strategic fit to the other significant assets already held by the Company. These include the Evanston and Mt Ida gold projects in the Goldfields region of Western Australia, the Sacu gold/copper project near the "Golden Quadrilateral" region of Romania and the NFX gold project in the Kirkland Lake region of Canada.

The Acquisition and the Offer are together referred to as the **Transaction**.

Shareholders approved the following Resolutions relating to the Transaction at the general meeting held on 17 October 2005 (**General Meeting**):

- (a) a significant change in the scale of the Company's activities as a result of the Transaction;
- (b) the issue of Securities to the Mt Anketell Shareholders as part consideration for the Acquisition;
- (c) the issue of Securities pursuant to the General Offer;
- (d) the issue of 2008 Options to brokers, consultants and staff;
- (e) the issue of 2008 Options to each of the Directors; and
- (f) a change of the Company's name to "Cape Lambert Iron Ore Limited".

The Company anticipates completion of the Transaction in accordance with the timetable set out in Section 1.1.

#### 6.2 Background of Mt Anketell and the Project

##### *Background of Mt Anketell*

Mt Anketell was incorporated on 22 October 2004. Mt Anketell is the holder of the applications comprising the Cape Lambert Iron Ore Project (**Project**) located in the Pilbara region of Western Australia.

None of the Mt Anketell Shareholders are related parties of the Company or associates of the Directors.

##### *Location of the Project*

The Project is comprised of Exploration Licence Application 47/1462 and Exploration Licence Application 47/1493. Exploration Licence Application



47/1462 has an area of 223 square kilometres and is located in the northern coastal Pilbara region of Western Australia between the towns of Karratha, Roebourne and Wickham. The property is crossed by the North West Coastal Highway, gas pipeline, power transmission line and railway, and is only 10km from a suitable shipping port (refer Fig 1 below).

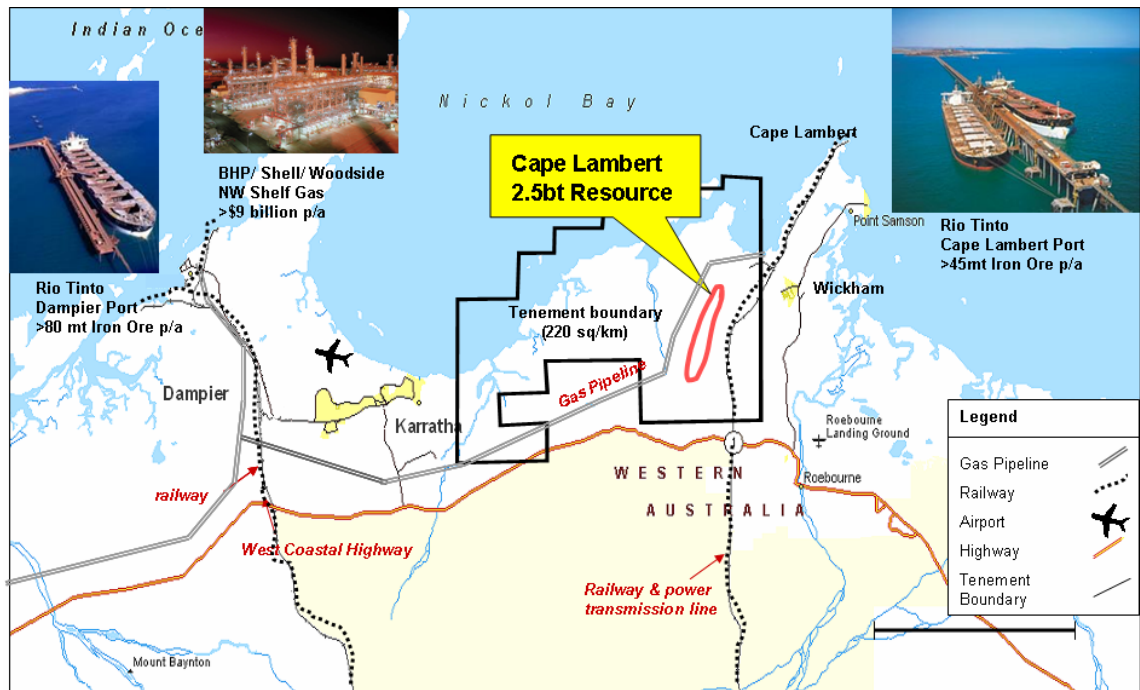


Figure 1: Map Project Area Cape Lambert Iron Ore

### Previous Exploration

Between 1993 and 2001, Robe River Mining Company Pty Ltd (**Robe River**) carried out an exploration programme on the Cape Lambert iron deposit on the Project.

Activities carried out as part of this exploration programme included:

- Aeromagnetometry;
- Geological mapping;
- RC drilling of 186 holes for 21,901 metres;
- Diamond core drilling of 3 holes for 542 metres plus RC precollars;
- Analyses of generally 2 metre samples (for Fe, SiO<sub>2</sub>, Al<sub>2</sub> O<sub>3</sub>, TiO<sub>2</sub>, MnO, CaO, P, S, MgO, K<sub>2</sub>O and Loss on Ignition);
- Down hole magnetic susceptibility and natural gamma ray logging;
- Pumping tests;
- Petrology; hole collar surveys; and
- Down hole surveys.

Mineral test work over the period was extensive and directed towards producing exceptionally high market iron pellets as a marketable commodity.

Robe River decided not to proceed with further exploration of the Cape Lambert deposit on the grounds it was not economically feasible under the economic conditions and assumptions Robe River set at the time.

#### *Recent Re-evaluation*

A recent re-evaluation of all available data by the current owners and independent geological consultants Mackay & Schnellmann Pty Ltd (**Independent Consultants**) has confirmed a significant upgrade of the indicated and inferred resources within the Project. The JORC compliant resource at the Project has been confirmed as:

- 2.5 billion tonnes @ 30% Fe (250m depth & 25%Fe cut off)
  - 1.4bt Indicated Resource
  - 1.1bt Inferred Resource
- 1.2 billion tonnes @ 33%Fe (250m depth & 30%Fe cut off)
  - .67bt Indicated Resource
  - .53bt Inferred Resource

The Independent Consultants believe the deposit appears to be open to the north, west and south and also at depth so there is potential for significant upside if further drilling were necessary.

There are also a number of other higher-grade (60% - 64% Fe) target areas within the Project area.

#### *Improved Iron Ore Market Conditions*

Since Robe River relinquished the Project, market conditions in the iron ore industry have drastically changed.

Magnetite pellets now carry a price premium due to their usefulness as a blending ore for blast furnace charging. There has also been a substantial recent price rise in the price of pellets since 1999 (A\$40 in 1999 to A\$81 at present). Australian iron ore export prices have more than doubled since Robe River held the Project, due to a greatly increased demand from Asian steel makers including China, Japan, South Korea and India.

The Project assumptions have also changed markedly, with the target analysis specifications set in 1999 (67% Fe) seen to be very high by today's standards. Iron content of approx 60% Fe is now seen to be adequate for pellet production or even direct feed to the blast furnaces. Using a very high cut off grade the previous estimated resource was approximately 255-500 million tonnes. By using a 25% cut off grade the resource increases to 2.5 billion tonnes, using a 30% cut off grade the resource is 1.2 billion tonnes.

The Directors are confident the significant upgrade in the resource (and to JORC compliance), the expansion of the nearby Cape Lambert port facility by Rio Tinto and related infrastructure (road, rail power and nearby towns), the vastly improved market conditions, together with the advances in technology and associated processing techniques will assist in the assessment of Project feasibility.

If the Acquisition completes, Cape Lambert will commence a Bankable Feasibility Study (BFS) immediately. This study will be partially funded through the Offer and is expected to take between 12-18 months to complete.

### 6.3 Summary of the Terms of the Acquisition

Pursuant to the Heads of Agreement (as amended by the parties to the Heads of Agreement), the Company agreed to acquire all of the issued shares in Mt Anketell from the Mt Anketell Shareholders.

The Heads of Agreement is subject to and conditional upon:

- (a) Shareholders having passed all resolutions as are required under the ASX Listing Rules and the Corporations Act to give effect to the transactions contemplated by the Heads of Agreement;
- (b) the Company conducting due diligence investigations in respect of Mt Anketell and the Project and being satisfied with the outcome of those investigations in its sole and absolute discretion;
- (c) the Company receiving funding commitments for a minimum of \$18,100,000 to complete the Acquisition which is proposed to be raised pursuant to the General Offer and the UK Placement; and
- (d) each of the parties executing a formal share sale agreement and any other document required to give effect to the Acquisition,

(together, the **Conditions Precedent**).

As at the date of this Prospectus, the Conditions Precedent in paragraphs (a) and (b) have been satisfied. The Conditions Precedent in paragraphs (c) and (d) must be satisfied or waived by no later than 5 December 2005 (or as otherwise agreed to by the parties in writing).

In the event that one or more of the Conditions Precedent are not satisfied or waived by the relevant date, the Heads of Agreement may be terminated by any party by giving notice in writing to the other parties, whereupon each of the parties shall be discharged from further obligations under the Heads of Agreement.

The consideration payable to the Mt Anketell Shareholders for the Acquisition is:

- (a) \$100,000 upon execution of the Heads of Agreement (which amount has already been paid and is non-refundable);
- (b) \$50,000 for an extension of time to satisfy the conditions precedent (which amount has already been paid and will be applied against monies payable by the Company at settlement. If settlement does not occur, this amount will not be refunded);
- (c) the issue of:
  - (i) 50,000,000 2008 Options;
  - (ii) 50,000,000 2009 Options;
  - (iii) 40,000,000 2010 Options; and

- (iv) \$19,900,000 to be satisfied in cash and/or Shares depending on the level of capital raised by the Company pursuant to the Offer and the UK Placement (**Cash and/or Share Consideration**).

All of the 2008, 2009 and 2010 Options are to be issued to Power United Limited, which holds approximately 49.9% of the issued capital of Mt Anketell.

The Cash and/or Share Consideration will be satisfied in cash and/or Shares according to the amount of capital raised pursuant to the General Offer and the UK Placement. If the Company raises the full \$33,000,000 pursuant to the General Offer and the UK Placement, the Cash and/or Share Consideration will be satisfied by paying the Mt Anketell Shareholders \$19,900,000 in cash.

If the Company raises less than \$33,000,000 pursuant to the General Offer and the UK Placement (despite seeking full subscription), the amount of cash paid to the Mt Anketell Shareholders will be reduced accordingly, and be satisfied by the issue of Shares (at a deemed issue price of \$0.30 per Share) to the Mt Anketell Shareholders in accordance with their percentage interest in Mt Anketell. Each individual Mt Anketell Shareholder will hold less than 20% of the Company's Shares at completion of the Acquisition.

For example:

- (a) if the Company raises \$25,000,000 pursuant to the General Offer and the UK Placement (as opposed to \$33,000,000), the Company will pay the Mt Anketell Shareholders \$11,900,000 and issue them a total of 26,666,667 Shares; or
- (b) if the Company raises \$20,000,000 pursuant to the General Offer and the UK Placement (as opposed to \$33,000,000), the Company will pay the Mt Anketell Shareholders \$6,900,000 and issue them a total of 43,333,333 Shares.

The maximum number of Shares to be issued to the Mt Anketell Shareholders will be 49,666,667 Shares in conjunction with \$5,000,000 in cash (if the Company raises \$18,100,000 pursuant to the General Offer and the UK Placement). If the Company receives subscriptions for less than \$18,100,000 pursuant to the General Offer and UK Placement, the funding commitment condition precedent will not be satisfied and the Transaction will not proceed.

The Mt Anketell Shareholders will apply for any Securities to be issued as part of the Cash and/or Share Consideration pursuant to the Mt Anketell Offer immediately following the General Offer Closing Date.

Settlement of the Acquisition will take place 7 business days after satisfaction of the conditions precedent or such other date as agreed by the parties.

At settlement, the Mt Anketell Shareholders will confer on IGL title to all of the issued capital in Mt Anketell and place the Company in effective possession and control of Mt Anketell. At settlement, the Company will:

- (b) pay \$450,000 to the Mt Anketell Shareholders;
- (c) issue the 50,000,000 2008 Options, 50,000,000 2009 Options and 40,000,000 2010 Options to the Mt Anketell Shareholders;

- (d) pay the remaining cash portion of the Cash and/or Share Consideration (up to \$19,400,000) into an interest bearing trust account controlled by the Company and held on trust for the Mt Anketell Shareholders (**Trust Account**) which will be released from the Trust Account and paid to the Mt Anketell Shareholders once Mt Anketell (or the Company) receives formal notification from the relevant government authority that ELA47/1462 has been granted.
- (e) the Share portion of the Cash and/or Share Consideration will be issued to the Mt Anketell Shareholders but will be escrowed until Mt Anketell (or the Company) receives formal notification from the relevant government authority that ELA 47/1462 has been granted. In this regard, the Mt Anketell Shareholders agree to execute voluntary escrow agreements at settlement which voluntarily escrow the Share portion of the Cash and/or Share Consideration until such time as Mt Anketell (or the Company) receives formal notification from the relevant government authority that ELA 47/1462 has been granted; and
- (f) the 40,000,000 2010 Options will be issued to the Mt Anketell Shareholder upon Mt Anketell (or IGL) receiving formal notification from the relevant government authority that ELA 47/1462 has been granted.

The parties agree that if ELA 47/1462 is not granted within 12 months after the execution date of the formal agreement, the Company may elect to rescind the agreement in its entirety and if the Company so elects to rescind, then (without regard to any party's taxation position) the parties will do all such things and acts so as to restore each party to the position prior the execution date, including, but not limited to:

- (a) the cash portion of the Cash and/or Share Consideration in the Trust Account being released to the Company (less any interest owing to the Mt Anketell Shareholders); and
- (b) the Share portion of the Cash and/or Share Consideration being bought back by the Company and cancelled. In this regard, the Mt Anketell Shareholders agree to execute all such documentation and do all such acts to give effect to the buy back and cancellation.

The parties agree that the interest earned on the cash portion of the Cash and/or Share Consideration in the Trust Account will be shared equally by IGL (of the one part) and the Mt Anketell Shareholders collectively.

The Company has also agreed to pay the Mt Anketell Shareholders (or their nominees) a royalty of \$0.50 per tonne of concentrate extracted from the Project and sold during each quarter for the life of the Project.

Mt Anketell and each of the Mt Anketell Shareholders have provided some standard warranties and undertakings in the Heads of Agreement. However, no warranties or undertakings have been provided by Mt Anketell or the Mt Anketell Shareholders in respect of native title, implied warranties or the risk of the failure of Government to grant the applications comprising the Project.

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## SECTION 7

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### 7. RIGHTS ATTACHING TO SHARES AND TERMS OF OPTIONS

#### 7.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

##### (a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

##### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

##### (c) Dividend Rights

The Directors may from time to time declare a dividend to be paid to Shareholders entitled to the dividend. The dividend shall (subject to Clause 5.5 of the Company's Constitution and to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in proportion to the number of shares held by them, irrespective of the amount paid up, or credited as paid up, on the shares in accordance with the Corporations Act. The Directors may

from time to time pay to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

**(d) Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to Shareholders, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

**(e) Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

**(f) Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (i) issue new shares of such amount as is specified in the resolution;
- (ii) consolidate and divide all or any of its shares into shares of larger amounts than its existing shares;
- (iii) sub-divide all or any of its shares into shares of smaller amount, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- (iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

**(g) Variation of Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the

Company is being wound up, with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class. Any variation of rights is subject to Part 2.F.2 of Chapter 2F of the Corporations Act.

## **7.2 Terms and Conditions of the 2008 Options**

The terms and conditions of the 2008 Options which are offered pursuant to this Prospectus are as follows:

- (a) each 2008 Option entitles the holder to one (1) Share;
- (b) the 2008 Options are exercisable at any time on or prior to 5.00pm (WST) on 31 October 2008 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the 2008 Options are exercised to the registered office of the Company;
- (c) the 2008 Option exercise price is \$0.30 per 2008 Option;
- (d) subject to paragraph (i), a 2008 Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 2008 Option can be exercised;
- (e) subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the 2008 Options are freely transferable;
- (f) all Shares issued upon exercise of the 2008 Options will rank pari passu in all respects with the Company's then issued Shares;
- (g) the Company will apply for quotation of the 2008 Options and all Shares issued upon exercise of the 2008 Options on ASX;
- (h) there are no participating rights or entitlements inherent in the 2008 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 2008 Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give 2008 Option holders the opportunity to exercise their 2008 Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of a 2008 Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.

## **7.3 Terms and Conditions of the 2009 Options**

The terms and conditions of the 2009 Options which are offered pursuant to this Prospectus are as follows:

- (a) each 2009 Option entitles the holder to one (1) Share;
- (b) the 2009 Options are exercisable at any time on or prior to 5.00pm (WST) on 31 October 2009 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of



Shares in respect of which the 2009 Options are exercised to the registered office of the Company;

- (c) the 2009 Option exercise price is \$0.35 per 2009 Option;
- (d) subject to paragraph (i), a 2009 Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 2009 Option can be exercised;
- (e) subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the 2009 Options are freely transferable;
- (f) all Shares issued upon exercise of the 2009 Options will rank pari passu in all respects with the Company's then issued Shares;
- (g) the Company will apply for quotation of all Shares issued upon exercise of the 2009 Options on ASX. The Company does not intend to apply for quotation of the 2009 Options on ASX at the time of issue, however, the Company reserves the right to make such application in the future at its discretion;
- (h) there are no participating rights or entitlements inherent in the 2009 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 2009 Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give 2009 Option holders the opportunity to exercise their 2009 Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of a 2009 Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.

#### **7.4 Terms and Conditions of the 2010 Options**

The terms and conditions of the 2010 Options which are offered pursuant to this Prospectus are as follows:

- (a) each 2010 Option entitles the holder to one (1) Share;
- (b) the 2010 Options are exercisable at any time on or prior to 5.00pm (WST) on 31 October 2010 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the 2010 Options are exercised to the registered office of the Company;
- (c) the 2010 Option exercise price is \$0.40 per 2010 Option;
- (d) subject to paragraph (i), a 2010 Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the 2010 Option can be exercised;
- (e) subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the 2010 Options are freely transferable;
- (f) all Shares issued upon exercise of the 2010 Options will rank pari passu in all respects with the Company's then issued Shares;

- (g) the Company will apply for quotation of all Shares issued upon exercise of the 2010 Options on ASX. The Company does not intend to apply for quotation of the 2010 Options on ASX at the time of issue, however, the Company reserves the right to make such application in the future at its discretion;
- (h) there are no participating rights or entitlements inherent in the 2010 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the 2010 Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give 2010 Option holders the opportunity to exercise their 2010 Options prior to the date for determining entitlements to participate in any such issue; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of a 2010 Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.

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## **SECTION 8**

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### **8. RISK FACTORS**

#### **8.1 General**

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. The future profitability of the Company will be dependent on the success of the results of the exploration on the current and any future assets of the Company and the successful commercial exploitation of these assets.

Whilst the Directors recommend the Offers, there are however numerous risk factors involved. The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Securities.

***Factors which may affect the Company's financial position, prospects and the price of its listed Securities include the following:***

#### **8.2 General Economic Conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors, which may contribute to that general economic climate, include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

#### **8.3 Additional Capital**

The Company is likely to require further financing to develop the Project and its existing projects in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

#### **8.4 ASX Share Investment Risk**

There are various risks associated with investing in any form of business and with investing in the stock market generally. The value of Securities will depend upon general stock market and economic conditions as well as the specific performance of the Company. There is no guarantee of profitability, dividends, return of capital, or the price at which the Securities will trade on ASX after completion of the Transaction. The past performance of the Shares is not necessarily an indication as to future performance as the trading price of shares can go down or up in value.

#### **8.5 Economic Risks, Commodity Risks and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities will expose the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company is and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### **8.6 Reliance on Key Personnel**

The Company's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both individually and as a group.

Further, the success of the Company largely depends on its ability to attract and retain additional highly qualified management and personnel.

#### **8.7 Tenement Rights**

The applications comprising the Project have not been granted. There are inherent risks associated with obtaining grant of any mining tenement applications. If one or both of the applications are not granted, the Company will suffer significant damage through the loss of the opportunity to develop and discover any resources on the Project area. Although the Directors are not aware of any reason why the applications may not be granted, there is no guarantee that they will, in fact, be granted.

#### **8.8 Native Title**

Native title claims could impact on the Company's operations and plans in relation to the Project and other projects in the future. The Mt Anketell Shareholders have not given the Company any warranties in respect of native title affecting the area the subject of the applications. The Company will be obliged to comply with applicable legislation in respect of native title affecting the Project area.

#### **8.9 Resource Estimates**

The resource estimate for the Project is an expression of judgement based on knowledge, experience and industry practice. Resource estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations. Further, there is no guarantee that any deposit on the Project will be able to be economically exploited.

#### **8.10 Exploration and Evaluation Risks**

Exploration and evaluation may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation, and other unforeseen contingencies.

The operations of the Company depend on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Weather conditions over a prolonged period can adversely affect exploration, mining and drilling operations and the timing of earning revenues.

Whether or not income will result from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades, and commodity prices affect successful project development, as does the design and construction of efficient processing facilities, competent operational management and prudent financial administration.

#### **8.11 Environmental Risk**

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation.

#### **8.12 Growth**

The Company intends to continue to expand its exploration activities both organically and through the acquisition of new projects. There are always risks that the benefits, synergies or efficiencies expected from such acquisitions or expansions may take longer than expected to be achieved or may not be achieved at all. Growth also brings substantial demands on management. The Company seeks to manage its growth through planning and consultation.

#### **8.13 Commercial Risks**

Like many companies, the Company faces commercial risks such as competition, litigation, industrial disputes, operational risks and liabilities.

#### **8.14 Operating Risks**

Other operating risks relating to the ability of the Company to:

- operate effective budgetary and cost controls;
- manage systems interruptions and capacity constraints; and
- maintain adequate network security measures.

#### **8.15 Legislative Changes**

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company is not aware of any specific material changes in relevant regulations or policy in this regard but it is possible that more extensive regulations may be imposed in the future. These regulations may restrict the Company from carrying out some of its existing and proposed activities.

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## SECTION 9

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### 9. ADDITIONAL INFORMATION

#### 9.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued pursuant to this Prospectus (and on conversion of the 2008 Options) will be in the same class as the Shares which are currently suspended from quotation on the official list of ASX.

In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the issuing company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Mt Anketell Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half year financial report lodged with the ASIC by the Company after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and

- (iii) any documents used to notify ASX of information relating to the Company during that period in accordance with ASX Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

For details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report refer to the table set out below.

<b>Date</b>	<b>Description of Announcement</b>
18/11/05	Capital Raising - Update
16/11/05	Change of Director's Interest Notice x 3
16/11/05	Disclosure Document
11/11/05	Appendix 3B
08/11/2005	ASX Code Change to CFE
02/11/2005	Prospectus Extension
28/10/2005	First Quarter Activities Report
28/10/2005	First Quarter Cashflow Report
27/10/2005	Annual Report 2005
27/10/2005	Notice of Annual General Meeting
17/10/2005	Results of general Meeting
17/10/2005	Cape Lambert Iron Ore Presentation Oct 2005
14/10/2005	POL: Jackson RAB Drilling - First Assay Results

ASX maintains files containing publicly available information for all listed companies which can be viewed at [www.asx.com.au](http://www.asx.com.au).

## **9.2 Consents**

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as solicitors to the Company and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Mackay & Schnellmann Pty Ltd has given its written consent to being named in Section 6.2 of this Prospectus and to the inclusion of the statements attributed to it in the Chairman's letter and Section 6.2 of this Prospectus in the form and context in which those statements are included.

None of the entities referred to in this Section 9.2 have authorised or caused the issue of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

## **9.3 Directors' Interests**

Other than as set out below or elsewhere in this Prospectus, no Director nor any organisation in which such a Director is a partner or director, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;

- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Securities pursuant to this Prospectus; or
- (c) the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or to any organisation in which any such Director is a partner or director, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Each Director's direct and indirect interests in Securities in the Company at the date of this Prospectus are:

<b>Director</b>	<b>Shares</b>
Tony Sage	11,930,075
Timothy Turner	544,004
Stockley Davis	Nil

Following completion of the Transaction (and implementation of all of the Resolutions approved at the General Meeting) the Directors will have a direct or indirect interest in the following Securities in the Company:

<b>Director</b>	<b>Shares</b>	<b>2008 Options</b>
Tony Sage	11,930,075	10,000,000
Timothy Turner	544,004	1,500,000
Stockley Davis	Nil	1,000,000

The Company's Constitution provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided between the Directors as the Directors determine (or otherwise in equal shares). The Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

In the last two years before lodgement of this Prospectus at the ASIC, \$218,000 for the year ended 30 June 2004, \$398,050 for the year ended 30 June 2005 and approximately \$124,700 for the period from 1 July 2005 to the date of this Prospectus has been paid by the Company by way of remuneration for services (exclusive of superannuation) provided by the Directors, companies associated with the Directors or their associates in their capacity as Directors, consultants or advisers.

The Directors currently receive the following emoluments from the Company:



<b>Director</b>	<b>Annual Emolument (inclusive of superannuation)</b>
Tony Sage	\$250,000
Timothy Turner	\$18,000
Stockley Davis	\$18,000

#### **9.4 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert nor any organisation in which such expert has an interest, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Securities pursuant to this Prospectus; or
- (c) the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or to any firm in which any such expert is a partner, either to induce him to become, or to qualify him as, a expert or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$5,000 for services provided in relation to this Prospectus. Additionally, Steinepreis Paganin has been paid, or will be paid, approximately \$80,000 for due diligence, preparation of the Company's notice of meeting, preparation of a previous prospectus and preparation of formal documentation in respect of the Transaction. In the last 2 years Steinepreis Paganin has been paid \$1,000 for services to the Company.

#### **9.5 Estimated Expenses of Offer**

The total expenses of the Transaction (comprising the Acquisition and the Offers) is estimated to be approximately \$2,600,000.

#### **9.6 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities (currently suspended from quotation on ASX).

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding suspension of the Company's securities from trading on 16 August 2005 and the respective dates of those sales were:

- Highest: \$0.30 per Share on 9, 10, 11, 12, 15 and 16 August 2005.
- Lowest: \$0.135 per Share on 12, 13, 20 and 21 July 2005.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.30 on 16 August 2005.

### **9.7 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

### **9.8 Directors' Consent**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.



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**TONY SAGE**

For and on behalf of

**CAPE LAMBERT IRON ORE LIMITED**

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## GLOSSARY

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**2008 Option** means an option to acquire a Share on the terms and conditions set out under the heading "Terms and Conditions of the 2008 Options" in Section 7.2.

**2009 Option** means an option to acquire a Share on the terms and conditions set out under the heading "Terms and Conditions of the 2009 Options" in Section 7.3.

**2010 Option** means an option to acquire a Share on the terms and conditions set out under the heading "Terms and Conditions of the 2010 Options" in Section 7.4.

**Acquisition** means the acquisition by the Company of the whole of the issued share capital of Mt Anketell from the Mt Anketell Shareholders.

**Acquisition Agreement** means the agreement between the Mt Anketell Shareholders and the Company in respect of the Acquisition, the material terms of which are summarised in Section 6.3.

**Applicant** means an investor that applies for Securities using a General Offer Application Form pursuant to this Prospectus.

**ASIC** means the Australian Shares and Investments Commission.

**ASX** means Australian Stock Exchange Limited (ABN 98 008 624 691).

**Cash and/or Share Consideration** has the meaning set out in Section 6.3.

**Company** or **Cape Lambert** means Cape Lambert Iron Ore Limited (ABN 71 095 047 920).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

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

**Director** means a director of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**General Meeting** means the general meeting of the Company held on 17 October 2005.

**General Offer** means the invitation to apply for Securities as set out in Section 4.1.

**General Offer Application Form** means the application form for the General Offer either attached to or accompanying this Prospectus.

**General Offer Closing Date** means the closing date for receipt of General Offer Application Forms under this Prospectus as set out in Section 4.3.

**General Offer Opening Date** means the opening date for receipt of General Offer Application Forms under this Prospectus as set out in Section 4.3.

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

**Mt Anketell** means Mt Anketell Pty Ltd (ACN 111 501 672).

**Mt Anktell Offer** means the offer of Shares, 2008 Options, 2009 Options and 2010 Options to the Mt Anketell Shareholders pursuant to this Prospectus as part consideration for the Acquisition pursuant to the Acquisition Agreement as set out in Section 4.2.

**Mt Anketell Offer Application Form** means the application form for the Mt Anketell Offer either attached to or accompanying this Prospectus.

**Mt Anketell Offer Closing Date** means the closing date for receipt of Mt Anketell Offer Application Forms under this Prospectus as set out in Section 4.3.

**Mt Anketell Offer Opening Date** means the opening date for receipt of Mt Anketell Offer Application Forms under this Prospectus as set out in Section 4.3.

**Mt Anketell Shareholders** means Sandalwood Resources Pty Ltd, Helen Wells & Associates Pty Ltd, Waterloo Australia Pty Ltd, Rodney John Whitbread and Power United Limited.

**Offers** means the offer of Securities pursuant to the General Offer and the Mt Anketell Offer as outlined in Section 4.

**Option** means an option to acquire a Share.

**Project** has the meaning set out in Section 6.1.

**Prospectus** means this Prospectus.

**Resolution** means a resolution that was put to the vote of the General Meeting.

**Securities** means Shares and Options.

**Share** means a fully paid ordinary share in the capital of the Company and where the context permits means the Shares the subject of the Offers.

**Shareholder** means a holder of a Share.

**Transaction** means the Acquisition and the Offers.

**UK Placement** means the irrevocable firm commitments received by the Company from a number of UK investors to subscribe for 14,900,000 Shares at an issue price of \$0.30 each pursuant to placing letters.

**WST** means Western Standard Time.

## GENERAL OFFER APPLICATION FORM

### CAPE LAMBERT IRON ORE LIMITED (formerly International Gold Limited) ABN 71 095 047 920

To meet the requirements of the Corporations Act, this form must not be handed on unless it is attached to or accompanies the Prospectus dated 21 November 2005.

PLEASE USE BLOCK LETTERS.

- A. I/We apply for  Shares together with free attaching options on the basis of one (1) free option for every two (2) Shares applied for and lodge in full application monies at A\$0.3

All cheques must be drawn on an Australian Bank in Australian dollars, made payable to "Cape Lambert Iron Ore Limited – Share Application Account" and crossed not negotiable.

**B. Complete Full Name Details**

Title (or Company Name & ACN)	Given Name(s)	Surname
Applicant (1)		
Joint Applicant (2)		

**C. Complete Address Details**

Number & Street		
Suburb or City	State	Postcode

**D. Telephone Details**

Home ( )	Work ( )
Contact Name	

**E. Cheque Details**

Drawer	Bank	Branch (BSB)	Amount of Cheque AUD \$

I/We declare that this application is completed according to the declarations/appropriate statements on the reverse of this form and agree to be bound by the Constitution of Cape Lambert Iron Ore Limited and the representations and warranties contained on the reverse of this Application Form and agree to take any number of Shares and 2008 Options equal to or less than the number applied for.

NO SIGNATURE IS REQUIRED.

Lodge your application form as soon as possible.

NOTE: Return of the application form with your cheque for the application monies will constitute your offer to subscribe for Shares and Options in the Company.

## HOW TO APPLY FOR SHARES

Please complete all relevant sections of the application form using block letters.

Please post or deliver the completed application form together with your cheque to the following address:

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009

Insert the NUMBER OF SHARES that you wish to apply for in box A. The minimum number that can be applied for is 7,000 Shares (\$2,010) and multiples of 1,000 Shares (\$300) thereafter.

Insert the amount of your APPLICATION MONIES in Box A. The amount must be equal to the number of Shares applied for multiplied by A\$0.30 per Share.

Write your FULL NAME in Box B. This must be either your own name or the name of a Company. You should refer to the examples noted for the correct forms of name that can be registered. Applications using the incorrect form of name may be rejected. If your application form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final. You will not however, be treated as having to subscribe for more Shares than is indicated by the amount of the accompanying cheque for the application monies referred to in Box A.

Enter your POSTAL ADDRESS for all correspondence in Box C. All communications to you from the Company (Shareholding statements, annual/interim reports, correspondence, etc) will be mailed to the person(s) and address as shown.

Enter details of contact person and telephone number, if any enquiries need to be made by the Company, in Box D.

Insert the AMOUNT OF YOUR CHEQUE(S) in Box E. The total amount of your cheque(s) must equal the total application monies (see Box A). Do not send cash. A separate cheque should accompany each application form lodged. No receipts will be issued.

### **Correct Form of Registrable Title**

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Cape Lambert Iron Ore Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable titles.

<b>Type of Investor</b>	<b>Correct Form of Registrable Title</b>	<b>Incorrect Form of Registrable Title</b>
Individual	John Smith	
Joint	John Smith & Michael Smith	
Trusts	John Smith (Smith Family Account)	John Smith Family Trust
Deceased Estates	Michael Smith (Est John Smith Account)	John Smith (deceased)
Partnerships	John Smith & Michael Smith (John Smith & Sons Account)	John Smith & Sons
Clubs/Unincorporated Bodies	John Smith (Smith Investment Club Account)	Smith Investment Co
Superannuation Funds	John Smith Pty Ltd (Superannuation Fund Account)	John Smith Pty Ltd Superannuation Fund