

21 June 2007

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

Notice of General Meeting

Please find attached the Company's Notice of General Meeting that was despatched to Shareholders on Friday 15 June 2007.

The Meeting will be held on Monday 16 July 2007, 9:30am at The Celtic Club, 48 Ord Street West Perth WA 6005.

Yours faithfully
CAPE LAMBERT IRON ORE LIMITED

Tony Sage
Executive Director

For more information please contact:

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Tony Sage

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www.capelam.com.au

CAPE LAMBERT IRON ORE LIMITED

ABN 71 095 047 920

NOTICE OF GENERAL MEETING

TIME: 9:30am

DATE: Monday, 16 July 2007

PLACE: The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9380 9555.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Cape Lambert Iron Ore Limited which this Notice of Meeting relates to will be held at 9:30am on Monday, 16 July 2007 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Computershare Investor Services, GPO Box D182, Perth WA 6840; or
- (b) send the proxy form by facsimile to Computershare on facsimile number (08) 9323 2033 (International: +61 8 9323 2033),

so that it is received not later than 9:30am WST on 14 July 2007.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Cape Lambert Iron Ore Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia at 9:30am WST on Monday, 16 July 2007.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at the opening of business on 14 July 2007.

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

AGENDA

1. RESOLUTION 1 – SALE OF INTEREST IN CAPE LAMBERT IRON ORE PROJECT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 11.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to sell 70% of its interest in Exploration Licence E47/ 1462 which constitutes the project known as the Cape Lambert Iron Ore Project on the terms and conditions described in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

2. RESOLUTION 2 – ISSUE OF SHARES AND OPTIONS TO BROKER AS SUCCESS FEE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 1, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to allot and issue up to \$10,000,000 of Shares and free attaching Options on the basis of 1 Option for every 2 Shares issued to Westlink Limited (a company incorporated pursuant to the laws of Hong Kong) as a success fee for introducing and facilitating the Transaction for the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

3. RESOLUTION 3 – APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Section 256C of the Corporations Act 2001 and for all other purposes, approval is given for the net assets of the Company to be reduced by the Company making a pro rata in specie distribution of approximately 3,125,000 Global Iron Shares to all holders of Shares on the record date on the basis of 1 Global Iron Share for every 80 Shares held by Shareholders on the record date (rounded up to the nearest whole Global Iron Share) on the terms and conditions set out in the Explanatory Statement accompanying this Notice".

4. RESOLUTION 4 – ISSUE OF OPTIONS TO EMPLOYEES AND CONSULTANTS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to allot and issue up to 7,000,000 Options to the persons and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

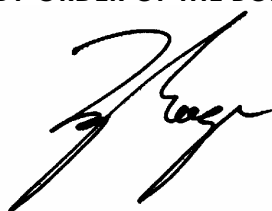
5. RESOLUTION 5 – RE-APPOINTMENT OF DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That, Mr Peter Landau who was appointed as a Director of the Company on 18 May 2007, be re-elected as a Director of the Company."

DATED: 11 JUNE 2007

BY ORDER OF THE BOARD



**TONY SAGE
DIRECTOR
CAPE LAMBERT IRON ORE LIMITED**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 16 July 2007 at 9:30am (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. RESOLUTION 1-SALE OF INTEREST IN CAPE LAMBERT IRON ORE PROJECT

1.1 Background

On 27 and 30 March 2007, the Company announced that it had entered into a conditional agreement with Mr Ding Liguu (**Ding**) pursuant to which the Company has conditionally agreed to sell and Ding has conditionally agreed to purchase, 70% of Exploration Licence E47/1462 which constitutes the project known as the Cape Lambert Iron Ore Project (**Project**) located in the Pilbara region of Western Australia for US\$192,500,000 (**Sale Agreement**).

The Project is located in the Pilbara region of Western Australia and is presently subject to various drilling programs, metallurgical, engineering, infrastructure and environmental studies with the objective of preparing a bankable feasibility study. The 2007 drilling campaign commenced in mid April 2007.

The Board believes that the Transaction not only provides the Company and Shareholders with a continued exposure to the Project (by retaining a 30% interest) but also allows the Company to fund its 30% share of the expected development expenditure of the Project from cash reserves. This means Shareholders will not be diluted. The Consideration will also allow the Company to evaluate and possibly acquire other projects. Except in their capacity as Shareholders, the Directors do not receive any fees or securities as a result of the Transaction.

1.2 Indicative Timetable

Subject to the 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
Execution of Agreement and announcement of Transaction	27 March 2007
Despatch Notice of Meeting	14 June 2007
Receipt of JORC Report on Project (condition of completion of the Transaction)	Estimated to be June 2007 but must be received prior to 31 July 2009
General Meeting to approve Resolutions	16 July 2007
Satisfaction/waiver of all conditions in Agreement	31 July 2007
Settlement of Transaction	5 August 2007

1.3 Background of the Project

Location of the Project

The Project is comprised of Exploration Licence E47/1462 and if acquired by the Company or Mr Anketell prior to settlement of the Transaction, Exploration Licences E47/1233, E47/1248 and E47/1271. Exploration Licence E47/1462 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.

Recent Re-evaluation and plans for Project in the future

The Company acquired the Project (via acquiring Mt Anketell) in December 2005.

Work commenced in mid-2006 toward the preparation of a bankable feasibility study and project environmental permits. The Company's objective is to define sufficient magnetite ore reserves to produce 10-15 million tonne per annum of magnetite concentrate over a 15-20 year mine life.

Reverse circulation (**RC**) drilling commenced within the Central Target Area (**CTA**) at Cape Lambert in July 2006. The CTA is a 6km long by 2km wide zone that has been defined from earlier drilling completed by Robe River. Within this zone metallurgical recoveries of magnetite mineralisation have been the highest. During 2006, the Company completed 69 RC drill holes largely within the CTA for a total advance of 18,052 metres. From this drilling, a total of 1,709 four metre composite samples were selected and submitted for Davis Tube Recovery (**DTR**) testwork, representing 1 DTR sample per 10.5 metres drilled. This drilling is in addition to the 21,988 metres of RC and 542 metres of diamond core completed by Robe River between 1994 and 1996.

Infill and extension RC drilling for the 2007 year recommenced in mid-April with a 10,000 metre diamond core program scheduled to commence at the end of May.

Work during 2007 will focus on:

- (a) updating the resource model and preliminary open pit mining studies;
- (b) first pass design of the process flowsheet and completing a metallurgical testwork program on diamond core to demonstrate the suitability of the flowsheet;
- (c) finalising the Port options study, detailing the preferred option(s) and preliminary capital and operating cost estimates;
- (d) commencing engineering studies and developing first pass project capital and operating cost estimates; and
- (e) commencing baseline environmental surveys.

1.4 Summary of the Sale Agreement

On 27 March 2007, the Company, Mt Anketell and Ding entered into the Sale Agreement pursuant to which the Company conditionally agreed to sell and Ding conditionally agreed to acquire 70% of the Project.

Settlement of the Transaction is subject to and conditional upon:

- (a) the Company obtaining all necessary Board and Shareholder approvals for the Transaction pursuant to the Corporations Act and the ASX Listing Rules;

- (b) the Company providing Ding with a report by a competent person(s) as defined by the JORC Code confirming an indicated resource of iron ore of 300 million tonnes on E47/1462; and
- (c) the Parties obtaining all necessary governmental consents and approvals for the Transaction, including the consent of the Minister under the *Mining Act (WA) 1978* and approval from the Foreign Investment Review Board (if required),

(together, the **Conditions**).

Each party must use their best efforts within their own capacity and at their own expense to ensure that each Condition is fulfilled or waived as expeditiously as possible but in any event the Conditions are to be satisfied by no later than 31 July 2007. In the event that one or more of the Conditions are not satisfied or waived by 31 July 2007, the Agreement shall be deemed to be at an end and of no force or effect.

The consideration payable by Ding to the Company for the 70% interest in the Project is the following:

- (a) a deposit of AUD\$2,000,000 (**Deposit**) (which amount has been paid) of which AUD\$750,000 is not refundable if settlement of the Transaction does not occur for any reason including non satisfaction of a Condition;
- (b) US\$57,750,000 at settlement of the Transaction, less the Deposit;
- (c) US\$105,875,000 on the date which is 3 months after settlement of the Transaction; and
- (d) US\$28,875,000 upon completion of a bankable feasibility study in respect of the Project and commencement of construction of the mining plant on the Project,

(together, the **Consideration**).

If Ding makes one or more of the above payments but is unable to make any further payments, the Company will retain the payments made and Ding will hold such interest in the Project equal to the amount paid as a proportion of the Consideration.

As and from Settlement of the Transaction, the parties will form a joint venture in respect of the Project on a 70% (Ding); 30% (the Company/Mt Anketell) basis (**Joint Venture**). The Company and Ding will be joint managers of the Project. The Parties agree to enter into a formal joint venture agreement as soon as possible after the settlement date which will more fully detail the terms of the Joint Venture.

If the Company or Mt Anketell becomes the registered or beneficial holder of Exploration Licences E47/1233, E47/1248 and E47/1271 (**Additional Licences**), the Additional Licences will form part of the Joint Venture. However, the parties acknowledge and agree that the Sale Agreement does not terminate if CFE or Mt Anketell does not become the registered or beneficial holder of the Additional Licences prior to settlement of the Transaction. The costs of acquiring the Additional Licences will be at the sole cost of the Company. As announced to ASX on 16 April 2007, the Company has entered into an option agreement with Donald Kimberley North (**North**) pursuant to which the Company has been granted an option to acquire from North, the Additional Licences (**Option**). The Option may be exercised by the Company at any time prior to 31 October 2007 (or such later period as agreed by the Parties).

The Company and Mt Anketell have provided in favour of Ding some standard limited warranties and undertakings in the Sale Agreement in respect to the Project. Ding has provided in favour of the Company and Mt Anketell some standard warranties in respect to his capacity to enter into the Sale Agreement.

The Sale Agreement contains other standard clauses typical for an agreement of this type.

1.5 Use of funds

It is intended to apply funds raised from the Transaction (being US\$192,500,000 which is approximately \$250,000,000) as follows:

Use	Funds
Costs of bankable feasibility study	\$10,000,000
Joint Venture costs on the Project	\$120,000,000
Costs in conducting due diligence on other projects	\$5,000,000
Acquisition costs for Additional Licences	\$2,000,000
Taxation costs as a result of Transaction	\$55,000,000
Working capital	\$33,000,000
Expenses of Transaction	\$25,000,000
Total	\$250,000,000

1.6 Capital Structure

The capital structure of the Company following implementation of all Resolutions in this Notice (and based on the assumptions set out below the table) is set out below.

Shares	Number¹	Number²
Shares currently on issue	249,924,531	249,924,531
Issue of Shares to Broker (Resolution 2)	27,777,778	25,000,000
Total Shares on Issue	277,702,309	274,924,531

Options	Number¹	Number²
Options currently on issue ³	250,561,805	250,561,805
Issue of Options to Broker (Resolution 2)	13,888,889	12,500,000
Issue of Options to employees and consultants (Resolution 4)	7,000,000	7,000,000
Total Options on Issue	271,450,694	270,061,805

General Assumptions and Notes:

- 1 Assumes the average market price of Shares on ASX calculated for the purposes of the issue of Shares pursuant to Resolution 2 is 45 cents per Share and therefore the Shares issued pursuant to Resolution 2 has a deemed issue price of 36 cents, being 80% of 45 cents.
- 2 Assumes the average market price of Shares on ASX calculated for the purposes of the issue of Shares pursuant to Resolution 2 is 50 cents per Share and therefore the Shares issued pursuant to Resolution 2 has a deemed issue price of 40 cents, being 80% of 50 cents.
- 3 Options on issue are the following:

Number	Class
136,511,805	Options exercisable at \$0.277 each on or before 31 October 2008.
50,000,000	Options exercisable at \$0.327 each on or before 31 October 2009.
40,000,000	Options exercisable at \$0.377 each on or before 31 October 2010.
550,000	Options exercisable at \$0.427 each on or before 22 October 2008.
500,000	Options exercisable at \$0.367 each on or before 9 February 2009.
16,400,000	Options exercisable at \$0.40 each on or before 31 December 2007.
3,300,000	Options exercisable at \$0.90 each on or before 30 June 2008.
3,300,000	Options exercisable at \$1.40 each on or before 30 June 2009.

Note - Columns 1 and 2 are obviously subject to change based on the average market price of Shares on ASX at the time of issue of the Shares pursuant to Resolution 2 but are used for demonstration purposes.

1.7 Pro-Forma Balance Sheet

Set out in Schedule 1 is a balance sheet of the Company as at 31 December 2006, together with the pro-forma balance sheet following completion of the Transaction (and following completion of the Demerger Transaction referred to in Resolution 3).

1.8 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Transaction:

- (a) the Transaction not only provides the Company and its Shareholders with a continued exposure to the Project (by retaining a 30% interest) but also allows

the Company to fund its 30% share of the expected development expenditure of the Project from cash reserves and therefore not dilute the capital of the Company;

- (b) under the broad terms of the joint venture in the Agreement, the Company and Ding will be joint managers of the Project so the Company will not lose operational control of the Project; and
- (c) the Transaction will provide funding not only for the Project but for the Company's existing projects and allow the Company to seek to acquire other complimentary projects.

1.9 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Transaction:

- (a) the Company will no longer hold 100% of the Project;
- (b) the Company will be changing the scale of its activities by a significant extent, which may not be consistent with the investment objectives of all Shareholders; and
- (c) the Company will be in a joint venture in respect of the Project and will only hold a 30% interest. Accordingly, it will lose voting control (but not operational control) in respect of the joint venture.

1.10 Plans for the Company if the Transaction does not proceed

If the Transaction does not complete the Company will continue to explore and develop the Project but will need to either raise significant equity or debt or enter into a farm in or purchase agreement with another party to finance the continued development of the Project.

2. RESOLUTION 1 – CHANGE IN THE NATURE AND SCALE OF ACTIVITIES

Listing Rule 11.2 states a listed entity that is proposing to make a significant change, either directly or indirectly, by disposing of its main undertaking, must get the approval from Shareholders and comply with any requirements of ASX in relation to the Notice of Meeting.

The Company has provided ASX with full details of the Transaction in accordance with Listing Rule 11.2. In accordance with Listing Rule 11.2, ASX has required the Company to seek Shareholder approval of the Transaction and for the notice of meeting to contain full disclosure of the Transaction and its impact on the Company (refer to Section 1 of this Explanatory Statement).

3. RESOLUTION 2 – ISSUE OF SHARES TO BROKER

3.1 Background

On 23 November 2006, the Company entered into an agreement with Westlink Limited (a company incorporated pursuant to the laws of Hong Kong)(**Broker**) in respect of the Broker introducing an appropriate party to the Company and facilitating a transaction on terms similar to the Transaction for the Company (**Broker Agreement**). The Broker is not a related party of the Company.

The Broker was responsible for introducing and facilitating the Transaction for the Company.

Pursuant to the terms of the Broker Agreement, the Company agreed (subject to all necessary Shareholder approvals) to issue to the Broker \$10,000,000 of Shares (and free attaching Options on the basis of 1 Option for every 2 Shares issued) to be issued in the same tranches as the consideration is paid by Ding to the Company, that is:

- (a) 30% of the Shares and Options will be issued on settlement of the Transaction;
- (b) 55% of the Shares and Options will be issued on the date which is 3 months after settlement of the Transaction; and
- (c) 15% of the Shares and Options will be issued upon completion of a bankable feasibility study in respect of the Project and commencement of construction of the mining plant on the Project.

If an instalment of the Consideration is not paid by Ding to the Company for any reason, that portion of the Shares and Options will not be issued to the Broker.

Resolution 2 seeks Shareholder approval for the allotment and issue of Shares and free attaching Options to the Broker in consideration for introducing and facilitating the Transaction to the Company. The Broker is not a related party of the Company.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires a company to obtain shareholder approval prior to the issue of shares or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

The proposed issue of Shares is to be approved to allow the number of securities issued not to be included in the calculation under ASX Listing Rule 7.1. This will allow the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

The following information is provided in relation to Resolution 2 pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued is that number of Shares equal to \$10,000,000 divided by the Issue Price together with free attaching Options on the basis of 1 Option for every 2 Shares issued;
- (b) the Shares and Options will be issued for nil cash consideration but a deemed issue price per Share equal to 80% of the average market price of Shares calculated over the last 5 days on which sale of Shares were recorded before the first tranche of Shares are issued (being the Settlement of the Transaction) **(Issue Price)**;
- (c) the Shares and Options will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that they will be issued and allotted in tranches at the same time as, and in equal proportion to the payment of the instalments of the Consideration for the Transaction, namely:
 - (i) 30% of the Shares and Options will be issued at settlement of the Transaction;

- (ii) 55% of the Shares and Options will be issued on the date which is 3 months after settlement of the Transaction; and
- (iii) 15% of the Shares and Options will be issued upon completion of a bankable feasibility study in respect of the Project and commencement of construction of the mining plant on the Project.

If an instalment of the Consideration is not paid by Ding to the Company for any reason, that portion of the Shares and Options will not be issued to the Broker.

The Company has applied for and obtained a waiver to issue the Shares and Options outside of the 3 month period after the date of the Meeting and permit the Company to issue the Shares and Options in the tranches outlined above provided the Shares and Options are issued on or before 31 December 2010.

- (d) No funds will be raised from the issue of the Shares and Options as they are being issued in consideration for the Broker introducing and facilitating the Transaction for the Company;
- (e) the Shares and Options will be issued to the Broker (or its nominee) who is not a related party of the Company; and
- (f) the Shares issued will be on the same terms as existing Shares on issue. The Options will be issued on the terms set out in Section 3.3 of this Explanatory Statement.

3.3 Terms and Options

The following is a summary of the terms of the Options to be issued pursuant to Resolution 2:

- (a) the Options will be exercisable at any time prior to 5.00pm WST on that date which is 1 year after the issue of the Options (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- (b) the exercise price of each Option will be 50 cents each;
- (c) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- (d) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted official quotation;
- (e) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;
- (f) the Company will not apply to have the Options listed on ASX;
- (g) there will be no participating entitlements inherent in the Options to participate in new issues of capital which may be offered to the Company's shareholders during the currency of the Options. Prior to any new pro rata issue of securities to the Shareholders, holders of Options will be notified by the

Company and will be afforded 7 Business Days before the record date (to determine entitlements to the issue), to exercise Options;

- (h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an optionholder are to be changed in a manner consistent with the ASX Listing Rules; and
- (i) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

4. RESOLUTION 3 – REDUCTION OF CAPITAL

4.1 Background and Overview of the Proposal

As announced to ASX on 31 May 2007, the Company proposes to restructure its assets through the distribution of the Iron Ore Rights to a 100% wholly owned subsidiary, Global Iron, in consideration for the issue of Global Iron Shares to the Company.

On 27 March 2006, Shareholders approved the demerger of the majority of the gold assets of the Company (being approximately 160 tenements) to a wholly owned subsidiary, International Goldfields Limited (**IGC**) and IGC then completed a capital raising and listed on ASX (**IGC Demerger**). To give effect to the IGC Demerger, the Company and IGC entered into an agreement pursuant to which the Company sold all of its non core tenements prospective for gold to IGC in consideration for shares in IGC (**Gold Assets Sale Agreement**). The Company distributed the majority of the IGC shares to its shareholders by way of an equal reduction of capital.

Pursuant to the terms of the Gold Assets Sale Agreement, the Company retained the right to explore and mine iron ore on the tenements. The parties agreed as guiding principles that each party may only exercise their respective rights in respect of minerals and activities on the tenements in a manner which does not unreasonably interfere with any activities and operations of the other party on the tenements. However, if any dispute arises between the Company and IGC as to the manner of exercise of their rights, the rights of IGC shall take precedence (**Iron Ore Rights**).

Global Iron will seek a listing on the official list of ASX through an initial public offering of 12,500,000 Global Iron Shares at 20 cents per Global Iron Share to raise \$2,500,000.

Subject to Global Iron receiving conditional approval to list on the official list of ASX, Global Iron will distribute all of its shareholding in Global Iron to Cape Lambert Shareholders. The proposed distribution will give Cape Lambert Shareholders approximately a 20% equity interest (collectively) in Global Iron (post Capital Raising) and assuming \$2,500,000 is raised pursuant to the Capital Raising).

Accordingly, the Company intends making a pro rata distribution of approximately 3,125,000 Global Iron Shares to Cape Lambert Shareholders on the basis of 1 Global Iron Share for every 80 Shares held on the Record Date (rounded up to the nearest whole Share). The Global Iron Shares distributed to Shareholders will be subject to a 4 month escrow restriction from the date of issue. This means that Shareholders will not be permitted to sell their Global Iron Shares for a period of 4 months from the time of issue.

To give effect to the disposition of the Iron Ore Rights to Global Iron, the Company and Global Iron have entered into an agreement (**Sale Agreement**) pursuant to which the Company has agreed to sell and Global Iron has agreed to purchase, the Iron Ore Rights (which relates to approximately 160 tenements). The Sale Agreement is subject to all consents from regulatory authorities and third parties required by law or

pursuant to contracts for the disposition of the Iron Ore Rights from the Company to Global Iron being obtained.

If the Sale Agreement becomes unconditional, Global Iron will become entitled to the Company's right, title and interest in the Iron Ore Rights and will issue 3,125,000 Global Iron Shares to the Company (**Consideration Shares**). The Company's remaining mining tenements will primarily relate to the Cape Lambert Iron Ore Project (summarised in Section 1 of the Explanatory Statement) and the Sacu gold/copper project.

Subject to the following:

- (a) Shareholders of the Company approving the in specie distribution of Global Iron Shares pursuant to Resolution 3;
- (b) Global Iron completing the Capital Raising;
- (c) Global Iron receiving conditional approval to list on ASX subject to conditions satisfactory to Global Iron; and
- (d) compliance by the Company and Global Iron in all respects with the Corporations Act and the ASX Listing Rules in respect to the Demerger Transaction,

all of the Consideration Shares held by the Company will be distributed to Shareholders in the Company pursuant to the equal capital reduction.

Pursuant to the equal reduction of capital, Cape Lambert Shareholders will be entitled to approximately 1 Global Iron Share for every 80 Cape Lambert Shares held on the Record Date (as defined in Section 4.5(f)) (rounded up to the nearest whole number) (**Return Shares**).

A pro-forma statement of financial position of Global Iron is contained in Schedule 2. This shows the financial position of Global Iron as a stand alone entity to the Company as it would be following completion of the Demerger Transaction and completion of the Capital Raising by Global Iron assuming \$2,500,000 is raised.

4.2 Effect of Proposed Equal Capital Reduction on the Company

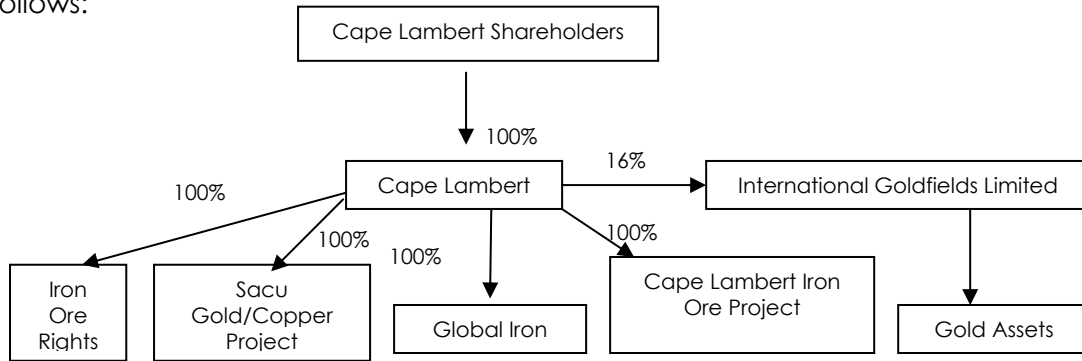
The Company does not currently place a value on the Iron Ore Rights in its balance sheet because it does not have the time, personnel or funds to exploit them. Accordingly, if the equal reduction is approved, the net assets of the Company will not be reduced.

A pro-forma statement of financial position of the Company is contained in Schedule 1 which shows the financial impact of the capital reduction on the Company and the financial impact of the Transaction (the subject of Resolution 1) on the Company.

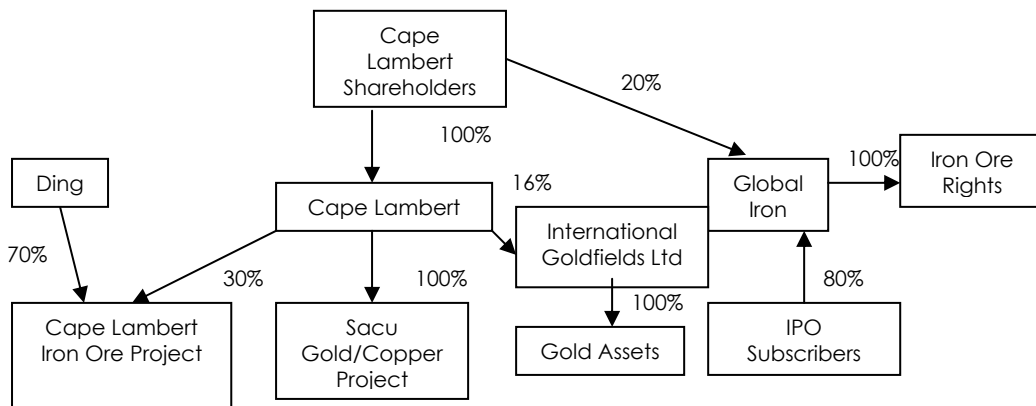
4.3 Effect of Proposed Equal Reduction on Shareholders in the Company

The effect of the proposed equal reduction is that Shareholders in the Company will receive a pro-rata distribution in specie of Global Iron Shares on the basis of 1 Global Iron Share for every 80 Cape Lambert Shares held on the Record Date (rounded up to the nearest whole number).

As at the date of this Notice, the structure of the Company and Global Iron is as follows:



Immediately after Resolution 3 is passed, the distribution of Global Iron Shares is completed and the Capital Raising is completed (assuming \$2,500,000 is raised pursuant to the Capital Raising) and completion of the Acquisition in Resolution 1, the structure of the Company and Global Iron will be as follows:



Notes:

- ¹ This excludes any Global Iron Shares acquired by Shareholders under the Capital Raising.
- ² If more than \$2,500,000 is raised pursuant to the Capital Raising, it will dilute each Shareholder's interest in Global Iron.

4.4 Advantages and Disadvantages of the Proposal

The principal advantages and disadvantages to Shareholders of the proposed equal reduction are as follows:

(a) **Advantages**

- All Shareholders retain their interest in the Company's Iron Ore Rights through their individual pro rata shareholdings in Global Iron.
- All Shareholders retain their current percentage ownership interest in the capital of the Company.
- The Directors believe that there is currently no value in the Iron Ore Rights as the Company is specifically focussed on the Cape Lambert Iron Ore Project and does not have time, funds or personnel to dedicate to the Iron Ore Rights. A new company primarily dedicated to the Iron Ore Rights may be able to extract some value thereon.
- Future capital raising should be more achievable by each individual entity as the focus of the funding will be on either specifically, the Project (being the focus of the Company) or the Iron Ore Rights (being the focus of Global Iron).
- All Shareholders are able to participate in the ownership of Global Iron prior to Global Iron undertaking an initial public offering and listing on ASX. Full details relating to Global Iron and its operations are outlined below and in the Prospectus to be issued by Global Iron.

(b) **Disadvantages**

- There is no guarantee that the Global Iron Shares will increase in value.
- Shareholders may incur additional transaction costs if they wish to dispose of the new investment in Global Iron (ie brokerage).
- There is a taxation consequence in respect of the distribution of the Global Iron Shares to the Shareholders. Details of the general taxation effect of the transaction are set out in Section 4.14 of this Explanatory Statement.

4.5 Additional Important Information for Shareholders

In accordance with Section 256C of the Corporations Act and the ASX Listing Rules, the Company provides the following information to Shareholders:

- (a) the capital reduction is conditional upon conditional approval being given by ASX to Global Iron to be admitted to the official list of ASX on such conditions as are acceptable to Global Iron and the Company.

To be admitted to the official list of ASX, Global Iron is required to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules. This includes the following requirements:

- (i) Global Iron's constitution being consistent with the ASX Listing Rules;
- (ii) the issue of a prospectus by Global Iron. The Prospectus will be lodged at the ASIC in the near future;
- (iii) the spread of shareholders of Global Iron being at least 400 holders having parcels with a minimum value of \$2,000; and
- (iv) the net tangible assets of Global Iron being at least \$2,000,000 at the time of admission of Global Iron to the official list of ASX.

- (b) the capital structure of the Company as at the date of this Notice is:

Number of Shares	Number of Options
249,924,531	250,561,805

¹ The Company has the following options on issue:

Number	Class
136,511,805	Options exercisable at \$0.277 each on or before 31 October 2008.
50,000,000	Options exercisable at \$0.327 each on or before 31 October 2009.
40,000,000	Options exercisable at \$0.377 each on or before 31 October 2010.
550,000	Options exercisable at \$0.427 each on or before 22 October 2008.
500,000	Options exercisable at \$0.367 each on or before 9 February 2009.
16,400,000	Options exercisable at \$0.40 each on or before 31 December 2007.
3,300,000	Options exercisable at \$0.90 each on or before 30 June 2008.
3,300,000	Options exercisable at \$1.40 each on or before 30 June 2009.

- (c) The capital structure of Global Iron as at the date of this Notice is:

Number of Global Iron Shares	Number of Global Iron Options
1	NIL

- (d) the capital structure of Global Iron after the issue of Global Iron Shares to the Company pursuant to the Sale Agreement will be:

Number of Global Iron Shares	Number of Global Iron Options
3,125,001	NIL

- (e) the capital structure of Global Iron after the distribution of Global Iron Shares to Cape Lambert Shareholders pursuant to this proposed equal reduction and after completion of the IPO (assuming \$2,500,000 is raised pursuant to the Capital Raising) will be:

Number of Global Iron Shares	Number of Global Iron Options
15,625,001	NIL

- (f) the **Record Date** will be 5.00pm WST on that date which is 6 business days after Shareholder approval is obtained;

- (g) the share capital of the Company will not be reduced because the Company does not currently place any value on the Iron Ore Rights in its balance sheet;

- (h) the **Return Shares** will be that number of Global Iron Shares to be distributed on a pro-rata basis to all holders of ordinary shares in the capital of the Company on the Record Date by applying the formula of 1 Global Iron Share for every 80 Cape Lambert Shares held (rounded up to the nearest whole number);

- (i) the **Return of Capital** will be effected by a pro-rata distribution of the Return Shares in specie proportionately to all of the Company's Shareholders:

- (i) registered as such as at 5.00pm WST on the Record Date; or
- (ii) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00pm WST on the Record Date and lodged with the Company at that time;

- (j) the Global Iron Shares distributed to Shareholders will be subject to a 4 month escrow restriction from the date of issue. This means that Shareholders will not be permitted to sell their Global Iron Shares for a period of 4 months from the time of issue.

4.6 Overseas Shareholders

The distribution of the Global Iron Shares to the Company's Shareholders under the reduction of capital will be subject to the legal and regulatory requirements in their relevant jurisdictions. If, in the opinion of the Directors, the requirements of any jurisdiction where a Shareholder is resident restricts or prohibits the distribution of Global Iron Shares or otherwise imposes on the Company an undue burden, the Global Iron Shares to which the relevant Shareholders are entitled will be sold by the Company on behalf of those Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. The net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the return of capital as set out in this Explanatory Statement.

4.7 Section 256C of the Corporations Act

The proposed reduction of capital by way of an in specie distribution to Shareholders is an equal capital reduction. Under Section 256C of the Corporations Act, this must be approved by an ordinary resolution passed at a general meeting of the Company.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the capital reduction is fair and reasonable to Shareholders for the reasons set out throughout this Explanatory Statement and that the capital reduction will not prejudice the Company's ability to pay its creditors.

4.8 Directors' Interests and Recommendations

Set out below is a table which indicates the securities in which the Directors have an interest prior to the capital reduction and the number of Global Iron Shares they are likely to have an interest in if Resolution 3 is passed and implemented:

Director	Cape Lambert Shares	Cape Lambert Options	Number of Global Iron Shares each Director is likely to receive if Resolution 3 is passed
Mr Sage	12,130,075	15,960,000	151,626
Mr Turner	169,004	1,100,000	2,113
Mr Burston	500,000	10,000,000	6,250
Mr Landau	Nil	Nil	Nil
Mr Maher	65,000	1,350,000	813

After considering all relevant factors, the Directors recommend the Company's Shareholders vote in favour of Resolution 3 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed transaction is in the best interests of the Company's Shareholders; and
- (b) in the opinion of the Directors, the benefits of the proposed transaction outweigh its disadvantages as referred to in Section 4.4.

4.9 Information on Global Iron

Background

Global Iron is a wholly owned subsidiary of the Company incorporated on 16 May 2007. It is an unlisted public company.

Global Iron presently has no business operations other than by virtue of the proposed acquisition of the Iron Ore Rights from the Company.

The in specie distribution of Global Iron Shares held by the Company is subject to Global Iron raising additional capital pursuant to the Capital Raising and receiving conditional approval from ASX to list on ASX. Global Iron will then continue with the exploration and production of the Iron Ore Rights and pursuing acquisitions of iron ore assets in Australia and overseas.

Global Iron will be specifically focused on the Iron Ore Rights having an experienced management team with relevant experience in iron ore exploration and development. Global Iron will also seek to acquire iron ore assets in Australia and overseas.

Shareholders are encouraged to read the Prospectus, which provides detailed information on Global Iron, its board and the Iron Ore Rights. However, a summary of the Iron Ore Rights is contained below.

Iron Ore Rights

As outlined in Section 4.1, pursuant to the Gold Assets Sale Agreement between the Company and IGC, the Company retained the right to explore and mine iron ore on the tenements that were transferred to IGC (being the non core tenements of the Company at the time of the IGC Demerger and more particularly described below). The parties agreed as guiding principles that each party may only exercise their respective rights in respect of minerals and activities on the tenements in a manner which does not unreasonably interfere with any activities and operations of the other party on the tenements. However, if any dispute arises between the Company and IGC as to the manner of exercise of their rights, the rights of IGC shall take precedence.

In total there are one hundred and sixty (160) tenements to which the Company has retained the Iron Ore Rights. A full listing of the tenements, subject to the Iron Ore Rights will be set out in the Prospectus. Five (5) of the tenements at Evanston are subject to a farm-in agreement with Portman Limited (**Portman**), the details of which are summarised below.

The presence of banded iron formations identified in a preliminary geological assessment of these tenements indicates the immediate prospectivity of sixty (60) of the tenements for iron ore. The prospective tenements, grouped regionally (refer Location Figure), include;

- Evanston (34 tenements);
- British Hill (7 tenements);
- Mt MacMahon (1 tenement); and
- Mt Dimer (1 tenement).

Evanston

- (a) The Evanston group contains 34 tenements and is located in the Marda-Diemals greenstone belt approximately 115km north of Bullfinch on the Bullfinch-Evanston Road.
- (b) Five of the tenements are subject to a farm-in, letter agreement with Portman that enables Portman to explore for, and develop, iron ore resources on the tenements. The tenements are located near Portman's Koolanyobbing operations. The agreement requires Portman to:
 - (i) spend a total of \$1million on exploration within 3 years to earn 100% of the Iron Ore Rights, with a minimum \$300,000 to be spent in the first 12 months; and
 - (ii) pay the Company a royalty of 1.5% of average per tonne value for iron products removed from the tenements.

British Hill

- (a) The British Hill project is situated 75 km south-southeast of Southern Cross and comprises a package of tenements managed by Polaris Metals NL (**Polaris**) and the Company.
- (b) The British Hill North tenements P77/3341-3346 are wholly owned and managed by the Company. The nine remaining tenements are managed by joint venture partner Polaris.

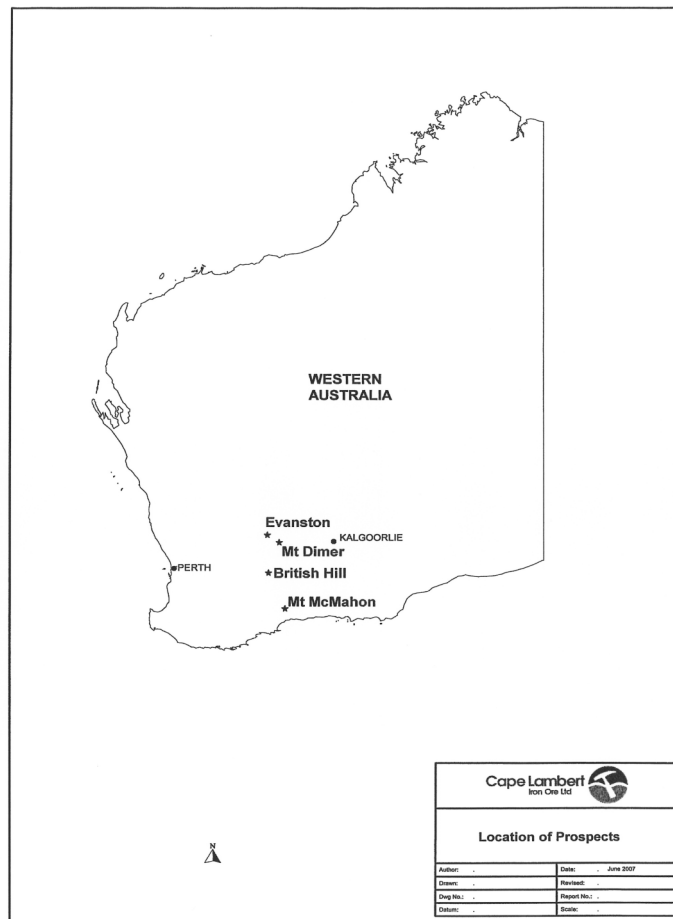
Mt MacMahon

- (a) Mt MacMahon is located within the Ravensthorpe Range in the Phillips River Mineral Field, 5km northeast of the town of Ravensthorpe.
- (b) Mt MacMahon consists of a single Prospecting License, P74/247 covering approximately 106Ha. The majority of the holding is vacant crown land although part of the tenement covers cleared private land (wheat farming).

Mt Dimer

- (a) Mt Dimer is located 110km north of Southern Cross in the Marda-Diemals greenstone belt, southeast of Evanston.
- (b) Mt Dimer consists of an Exploration License, E77/1106 covering approximately 60 square kilometres, which lies immediately northwest of the Mt Dimer gold mine.

These prospective tenements represent the first order priorities for iron ore assessment following the successful listing of Global Iron. The remaining tenements will be systematically reviewed to generate next order targets.



4.10 Global Iron Board

The board of Global Iron will comprise of the following (after completion of the in specie distribution of Shares and listing on ASX):

**Mr Tony Sage - Non Executive Chairman
(B.Com, FCPA, CA, FTIA)**

Mr Sage has in excess of 21 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 12 years.

Mr Sage is the former Executive Chairman of the Company (now an Executive Director) and Non Executive Chairman of Canadian list NFX Gold Inc.

**Mr Tim Turner – Non Executive Director
(B.Bus, FCPA, FTIA)**

Mr Turner specialises in business structuring, corporate and trust tax planning and has in excess of 20 years experience in new ventures and capital raising.

As the senior partner of the accounting firm Hewitt, Turner & Gelevitis, he specialises in all areas of business consultancy, strategic planning and is responsible for the issuing of audit opinions.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, Fellow of CPA (Australia) and Fellow of the Taxation Institute of Australia.

Mr Roberto Catena – Non Executive Director

Mr Catena is currently an adviser with Indian Ocean Capital a specialist securities firm based in Perth.

Mr Catena has over 20 years in the finance industry including positions in funds management and stockbroking. He holds a degree in Economics (Hons) from the University of Western Australia and lectures at the university on a casual basis.

Mr Catena has assisted numerous companies raise capital over the past 10 years and he has extensive experience in dealing and understanding equity markets.

4.11 Information concerning Global Iron Shares

Global Iron Shares are not currently listed for quotation on any stock exchange. It is the intention of the Board of Global Iron to apply for quotation of Global Iron Shares on ASX upon successful completion of the Capital Raising.

A summary of the more significant rights attaching to the Global Iron Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Global Iron Shareholders.

Full details of the rights attaching to the Global Iron Shares are set out in Global Iron's constitution, a copy of which is available on request.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of shareholders of Global Iron:

- (a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (a) 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
- (b) 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) is of the total amounts paid and payable (excluding amounts credited).

Rights on Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of Global Iron all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act 2001, and any other laws and ASTC Settlement Rules and ASX Listing Rules, shares are freely transferable. Shareholders should note that the Global Iron Shares distributed to Shareholders will be

subject to a 2 month escrow restriction from the date of issue. This means that Shareholders will not be permitted to sell their Global Iron Shares for a period of 2 months from the time of issue.

Future Increases in Capital

The allotment and issue of any shares is under the control of the Directors. Subject to restrictions on the allotment of shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

Variation of Rights

Under the Corporations Act 2001, Global Iron may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares. 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 the issue of the shares of that class), whether or not Global Iron is being wound up may be varied or abrogated 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.

Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of Global Iron which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary shares in proportion to the number of shares held by them.

4.12 Risk factors

On successful completion of the equal reduction, Shareholders will become shareholders in Global Iron and should be aware of the general and specific risk factors which may affect Global Iron and the value of its securities. These risk factors are outlined below.

The risk factors have been reviewed by each of the boards of directors of the Company and Global Iron and are considered applicable.

Iron Ore Rights

As outlined elsewhere in this Explanatory Statement, the Iron Ore Rights arose pursuant to the terms of the Gold Assets Sale Agreement. IGC and CFE agreed as guiding principles in the Gold Assets Sale Agreement that IGC and CFE may only exercise their respective rights in respect of minerals and activities on the tenements in a manner which does not unreasonably interfere with any activities and operations of the other party on the tenements. However, if any dispute arises between the Company and IGC as to the manner of exercise of their rights, the rights of IGC shall take precedence. Accordingly, there is a risk that the proposed operations of Global Iron will be detrimentally affected by the operations of IGC.

Exploration Success and not ownership

Shareholders should understand that mineral exploration and development are speculative undertakings.

There can be no assurance that Global Iron's exploration for iron ore on the tenements or any other exploration properties that may be acquired, will result in the

discovery of iron ore. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

Development and Operating Risks

Development of any mineral deposit will require obtaining the necessary licences or clearances from the necessary authorities which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

Initially, Global Iron will not be the holder of any licences or applications rather it is acquiring the rights to explore and mine iron ore on a number of tenements. Accordingly, its rights to explore will be directly affected by the compliance (and non compliance) by the holder of the licences with conditions imposed on the licences.

The operations of Global Iron may be affected by various factors, including without limitation, failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having only been recently incorporated, Global Iron does not have any operating history, although it should be noted that Global Iron's directors have among them significant operational experience. No assurances can be given that Global Iron will achieve commercial viability through the successful exploration and/or mining of the tenements.

Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional exploration and development of Global Iron, the estimates may change. This may result in alterations to development and production plans which may, in turn, adversely affect Global Iron's operations.

Commodity Price Volatility and Exchange Rate Risks

To the extent that Global Iron is involved in mineral production, the revenue derived through the sale of commodities may expose the potential income of Global Iron to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Global Iron. 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 including iron ore is denominated in United States dollars, whereas the income and expenditure of Global Iron are and will be taken to account in Australian currency, exposing Global Iron to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Environmental Risks

The operations and proposed activities of Global Iron are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and production projects and mining operations, Global Iron's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Global Iron's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in Global Iron's activities which could subject Global Iron to extensive liability.

Native Title and Title Risks

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it an annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Global Iron could lose its interest in tenements if licence conditions are not met by the holder of the tenement.

It is also possible that, in relation to tenements in which Global Iron has an interest or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights to exist, the ability of Global Iron to gain access to tenements (through obtaining the consent of the relevant land owner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by the holder of the tenements that the Iron Ore Rights relate to or the insolvency or managerial failure by any of the contractors used by Global Iron in any of its activities or the insolvency or other managerial failure by any of the other service providers used by Global Iron for any activity.

Share Market Conditions and Security Investment

The market price of shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular resource stocks. Neither Global Iron nor the directors of Global Iron warrant the future performance of Global Iron or any return on investment in Global Iron.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations and that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the shares regardless of the company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of Global Iron. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration by itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

Competition

Global Iron will be competing with other companies in the resource sector many of which will have access to greater resources than Global Iron and may be in a better position to compete for future business opportunities. There can be no assurance that Global Iron can compete effectively with these companies.

Economic Risks

There is a risk that the price of Global Iron Shares and returns to shareholders may be affected by changes in:

- (a) local and world economic conditions;
- (b) interest rates;
- (c) levels of tax, taxation law and accounting practice;
- (d) government legislation or intervention; and
- (e) inflation or inflationary expectations.

Insurance

Insurance against all risks associated with mineral exploration production is not always available or affordable. Global Iron will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Reliance on Key Personnel

The loss of any one or more of the directors could have adverse impact on the performance and prospects of Global Iron.

Future Capital Needs and Funding

Further funding may be required by Global Iron to support its future activities and operations other than the Capital Raising. Global Iron's ability to raise further capital (equity or debt) within an acceptable time, of sufficient quantum and on terms acceptable to Global Iron will vary according to a number of factors, including:

- (a) prospectively of new projects;
- (b) the results of exploration and subsequent feasibility studies;
- (c) sharemarket and industry conditions; and
- (d) the price of the relevant commodities.

There can be no assurance that such funding will be available on satisfactory terms or at all.

Any inability to obtain finance will adversely affect to the business and financial condition of Global Iron and, consequently, its performance. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities.

4.13 Information on Cape Lambert post completion of the equal reduction

On completion of the equal capital reduction, the focus of the Company will be the Cape Lambert Iron Ore Project.

The details of the Cape Lambert Iron Ore Project and other relevant information is set out in section 1.

4.13.1 Information concerning Cape Lambert Shares

The rights attaching to the Shares in Cape Lambert will not alter.

For the information of Shareholders, the highest and lowest recorded sale prices of the Company's Shares as traded on ASX during the 12 months immediately preceding the date of this Explanatory Statement, and the respective dates of those sales were:

Date	Highest Price	Date	Lowest Price
27 March 2007	\$0.61	2 February 2007	\$0.28

The latest available closing price of the Shares on ASX prior to the date of this Notice was \$0.58 on 5 June 2007.

The Company's Shares are currently listed for quotation on the Alternative Investment Market of the London Stock Exchange.

4.13.2 Disclosure to ASX

Cape Lambert, as a company whose Shares are quoted on the stock market of ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Cape Lambert may be obtained for a fee from, or inspected at, an office of the ASIC.

4.14 Taxation

The following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Statement.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders who hold their Shares on capital account (i.e. have not been held for the purpose of resale or as trading stock). It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness.

You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the distribution. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.

Generally, the mere receipt of the Global Iron Shares should not give rise to any immediate taxable capital gain to any Shareholder, although, depending on individual circumstances, a net capital gain may arise where the value of the Global Iron Shares received exceeds the cost base of the Shares in the Company held (discussed in detail below). However, all Shareholders should note that for Capital Gains Tax ("CGT") purposes and subsequent CGT calculations, the cost base of the Global Iron Shares will be equal to its market value at the time they are transferred to you.

Should a capital gain arise to a Shareholder, the Shareholder may defer any capital gain realised under Capital Gains Tax Demerger Roll-over Relief ("Demerger Relief") pursuant to Division 125 of the Income Tax Assessment Act 1997 ("the 1997 Act") if the conditions of Demerger Relief are satisfied. As previously discussed above, a capital gain should only arise to the Shareholder if the value of the Global Iron Shares received exceeds the cost base of the Shares in the Company.

The Australian tax consequences pertaining to Shares in Cape Lambert and associated with the return of capital may, in general terms be summarised as follows:

- (a) The return of capital is to be made from the Company's share capital account. Generally, a return of capital does not give rise to the receipt of an assessable dividend. However, in some instances, a return of capital in the context of a demerger, may constitute a deemed unfranked dividend if the Commissioner of Taxation forms the opinion that Sections 45B and 45BA of the Income Tax Assessment Act 1936 ("the Capital Streaming Rules") should apply to the transaction. This is discussed in further detail below;
- (b) Whenever a company undertakes a return of capital to its shareholders, it is necessary to consider the application of the Capital Streaming Rules. Broadly, the Capital Streaming Rules will apply where shareholders are being provided capital benefits in substitution for dividends. The Capital Streaming Rules will apply if:
 - (i) there is a scheme under which a person is provided with a demerger benefit or capital benefit by the company;
 - (ii) under the scheme a taxpayer, who may or may not be the person provided with the demerger benefit or capital benefit, obtains a tax benefit; and
 - (iii) having regard to the relevant circumstances of the scheme, it would be concluded that the person, or one of the persons, who entered into or carried out the scheme or any part of the scheme did so for a purpose (whether or not the dominant purpose but not including an incidental purpose) of enabling a taxpayer to obtain a tax benefit.
- (c) Assuming that the return of capital does not trigger the operation of the Capital Streaming Rules, and you are an individual or trustee, and Demerger Roll-over Relief is not chosen or not available, you and have acquired, or are deemed by the taxation legislation to have acquired your shares in the Company before 21 September 1999, we note the following taxation treatments:
 - (i) the consideration received on the return of capital will be treated as a reduction in the cost base indexed for inflation from the date of acquisition to 30 September 1999 or reduced cost base of your shares in the Company and, in the event that the value of the Global Iron Shares exceeds that cost base, a taxation capital gain will arise;
 - (ii) alternatively, the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your shares in the Company and, in the event that the value of the Global Iron Shares exceeds that cost base, a taxable capital gain that is subject to a 50% discount is likely to be available;
 - (iii) only (i) above is available for companies. Complying superannuation funds and other similar complying funds are able to take advantage

of (i) or (ii) above but with a one third discount rather than a 50% discount under (ii);

(d) Assuming that the return of capital does not trigger the operation of the Capital Streaming Rules, and Demerger Roll-over Relief is not chosen or not available, and you have acquired your shares after 21 September 1999, you have the following options:

(i) if you are an individual, trust or complying superannuation fund and have acquired, or are deemed by the taxation legislation to have acquired, your shares in the Company on or after 21 September 1999 then the abovementioned discounts may be available, providing you have held the shares for more than 12 months prior to the return of capital;

(ii) if you have held your shares in the Company for less than 12 months prior to the return of capital or are a shareholder that is a company, then the consideration received on the return of capital will be treated as a reduction in the cost base or reduced cost base of your shares in the Company and, in the event that the value of the Global Iron Shares exceeds that cost base, a taxable capital gain will arise;

(e) If you are a non-resident of Australia for taxation purposes you will not be subject to CGT unless your Cape Lambert shareholding represents Taxable Australian Property for the purposes of Division 855 of the 1997 Act. This should only be the case where:

(i) you (or you and your associates together) held 10% or more interest in Cape Lambert at:

(A) the time of the return of capital; or

(B) throughout the 12 month period that began no earlier than 24 months before the time of the return of capital and ended no later than that time; and

(ii) the principal underlying value (i.e. more than 50%) of Cape Lambert is derived from Australian real property.

It is noted that Shares in Cape Lambert will also be considered Taxable Australian Property if the Shares are owned through an Australian Permanent Establishment of the non-Australian resident shareholder.

Shareholders may be able to obtain relief from Australian CGT via the application of any relevant double taxation agreement.

We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as determine their Australian CGT position.

(f) A capital loss may be available where the reduced cost base of the Shares exceeds the market value of the Global Iron Shares;

(g) The taxation consequences to Cape Lambert Shareholders (resident and non-resident) who may hold Shares in the Company on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance

companies, share traders and professional investors should seek their own specific advice; and

- (h) From a Goods and Services Tax perspective:
- (i) the in specie distribution by the Company of the Global Iron Shares is an Input Taxed Supply as defined in Subdivision 40-A of the *A New Tax System (Goods and Services Tax) Act 1999 (the GST Act)*. Alternately, it is not a supply made in the course or furtherance of an enterprise that the Company carries on;
 - (ii) notwithstanding the alternative, the in specie distribution will not be a taxable supply as defined in Subdivision 9-A of the GST Act and therefore there is no GST liability in respect of that distribution for the Company;
 - (iii) for the Shareholders of the Company in receipt of the distribution, it cannot be a creditable acquisition as defined in Division 11 of the GST Act. Therefore, they cannot claim an input tax credit (GST refund) in respect of the distribution.

4.15 Lodgement with the Australian Securities and Investments Commission

The Company has lodged with the ASIC a copy of this Notice and the Explanatory Statement in accordance with Section 256C(5) of the Corporations Act. If Resolution 3 is passed the reduction of capital is required to take effect in accordance with the timetable set out in Appendix 7A of the ASX Listing Rules. The Company has sought a waiver from ASX to permit the reduction of capital to be carried out in accordance with the timetable below (which is a slight variation to the timetable set out in Appendix 7A of the ASX Listing Rules):

Event	Date
The Company advises ASX that Shareholder approval for the capital reduction has been obtained	16 July 2007
Trading in Shares starts on an "ex return of capital basis"	18 July 2007
Record Date	23 July 2007
Notify ASX that minimum subscription for Capital Raising by Global Iron is complete*	13 August 2007
Complete distribution in specie, allot new shareholding statements or share certificates to Shareholders in respect of their Global Iron Shares (effective 5.00pm)*	20 August 2007
Anticipated time for CFE to announce that reduction of capital has been completed*	20 August 2007
Anticipated listing date for Global Iron*	23 August 2007

4.16 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 3 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in this Explanatory Statement and all relevant annexures.

5. RESOLUTION 4 – GRANT OF OPTIONS TO EMPLOYEES AND CONSULTANTS

5.1 Background

The Company proposes issuing a maximum of 7,000,000 2008 Options to employees and contractors of the Company as a reward and incentive to promote motivation, company ownership and loyalty. None of the 2008 Options will be issued to related parties of the Company.

5.2 ASX Listing Rule 7.1.

A summary of ASX Listing Rule 7.1 is included in section 3.2.

Resolution 4 seeks Shareholder approval for the allotment and issue of a maximum of 7,000,000 2008 Options to employees and contractors. The proposed issue of Options is to be approved to allow the number of Options issued not to be included in the calculation under ASX Listing Rule 7.1. This will allow the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

The following information is provided in relation to Resolution 4 pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 7,000,000 2008 Options;
- (b) the 2008 Options will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the 2008 Options do not have an issue price as they will be issued to employees and contractors of the Company in consideration for their services to the Company and to promote motivation, company ownership and loyalty. Accordingly, no funds will be raised from the issue;

- (d) the 2008 Options will be issued to the following persons, none of whom are related parties of the Company;

Name of Alottee	Number of 2008 Options
Joe Ariti	2,000,000
Warren Gilhome	1,000,000
Lloyd Berrey	750,000
Neil Winfield	500,000
Jeff Hamilton	1,000,000
Colin Edwards	250,000
Pat Crocker	250,000
Mick Williams	250,000
Eloise von Puttkammer	125,000
Judy Tonkin	125,000
2 unnamed employees of the Company as at the date of this Explanatory Statement	750,000
TOTAL	7,000,000

- (e) the terms and conditions of the 2008 Options are set out in Section 5.3 of this Explanatory Statement.

5.3 Terms and Conditions of the 2008 Options

The terms and conditions of the 2008 Options are as follows:

- (a) each 2008 Option entitles the holder to one Share;
- (b) the 2008 Options are exercisable at any time on or prior to 5.00pm (WST) on 30 June 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 \$0.49 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 not apply for quotation of the 2008 Options. The Company will apply for quotation of the Shares issued upon exercise of the 2008 Options;
- (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.

6. RESOLUTION 5 – RE-APPOINTMENT OF DIRECTOR

Mr Peter Landau was appointed as a Director of the Company on 18 May 2007 and pursuant to Resolution 5, seeks re-appointment as a Director.

Details in respect of Mr Landau are set out below.

Peter Landau

Mr Landau is a corporate lawyer and adviser who has previously worked with Grange Consulting Group, Clayton Utz and as advisor and general counsel at Co-Operative Bulk Handlings. Mr Landau is responsible for providing general corporate, capital raising, transaction and strategic advice to numerous ASX listed and unlisted companies. Mr Landau has project managed a significant number of mining exploration and development transactions including capital raisings, mergers & acquisitions, joint ventures and financings, Mr Landau is a director of a number of ASX listed companies with particular focus on mining, oil and gas exploration and development in Australia and Africa. Mr Landau is currently a non executive director of View Resources Limited and executive director of NKWE Platinum Limited and Range Resources Limited.

GLOSSARY

2008 Option means an option to acquire a Share on the terms set out in Section 5.2 of the Explanatory Statement.

ASX means ASX Limited.

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

Board means the Board of Directors.

Capital Raising means the proposed capital raising by Global Iron of 12,500,000 Global Iron Shares at an issue price of \$0.02 each to raise \$2,500,000.

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

Demerger Transaction means the transaction the subject of Resolution 3.

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying this Notice.

Global Iron means Global Iron Limited (ACN 125 419 730).

Global Iron Share means a share in the Capital of Global Iron.

Iron Ore Rights means the Company's rights to explore and mine iron ore on the tenements as described in sections 4.1 and section 4.8.2.

JORC Code means the Australian Code for Reporting of Exploration Resources, Mineral Resources and Ore Resources (2004 Edition).

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

Notice means the notice of meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share on the terms set out in Section 3.3 of the Explanatory Statement.

Project means the Cape Lambert Iron Ore Project located in the Pilbara region of Western Australia comprising Exploration Licence E47/1462.

Prospectus means the prospectus to be issued by Global Iron for the Capital Raising.

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

Sale Agreement means the agreement between the Company and Mr Ding Liguu in respect of the Transaction, as summarised in section 1 of the Explanatory Statement.

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

Shareholder means a shareholder of the Company.

Transaction means the proposed acquisition by Ding of 70% of Exploration Licence E47/1462 from the Company on the terms set out in the Sale Agreement.

WST means Western Standard Time.

US\$ means United States of America dollars.

\$ means Australian dollars.

SCHEDULE 1 – PRO-FORMA BALANCE SHEET OF CAPE LAMBERT

	Notes	Reviewed Consolidated 31 December 2006 \$	Pro-forma Consolidated 31 December 2006 \$
CURRENT ASSETS			
Cash and cash equivalents	1	8,527,619	259,112,004
Trade and other receivables		656,140	656,140
Prepayments		9,882	9,882
TOTAL CURRENT ASSETS		9,193,641	259,778,026
NON-CURRENT ASSETS			
Trade and other receivables		13,194	13,194
Financial assets		3,300,395	3,300,395
Other non-current assets		142,111	142,111
Plant and equipment		211,077	211,077
Exploration, evaluation and development expenditure	2	35,741,482	107,393,308
TOTAL NON-CURRENT ASSETS		39,408,259	111,060,085
TOTAL ASSETS		48,601,900	370,838,111
CURRENT LIABILITIES			
Trade and other payables		1,056,229	1,056,229
Provision for taxation		-	55,000,000
TOTAL CURRENT LIABILITIES		1,056,229	56,056,229
TOTAL LIABILITIES		1,056,229	56,056,229
NET ASSETS		47,545,671	314,781,882
EQUITY			
Issued capital		52,993,719	52,993,719
Reserves	3	17,663,229	114,334,093
Accumulated profit/(losses)	4	(23,111,277)	147,454,070
TOTAL EQUITY		47,545,671	314,781,882

Please refer to attached Notes.

Notes to and forming part of consolidated and pro-forma balance sheet

	Reviewed Consolidated 31 December 2006 \$	Pro-forma Consolidated 31 December 2006 \$
Note 1		
Cash and Cash Equivalents		
Cash and cash equivalents-reviewed	8,527,619	8,527,619
Deposit	-	2,000,000
Settlement payment (US\$57,750,000)	-	73,195,312
Payment due 3 months after settlement (US\$105,750,000)	-	137,858,073
Final payment due upon completion of feasibility study and commencement of mining plant	-	37,531,000
	8,527,619	259,112,004
Note 2		
Exploration, evaluation and development expenditure		
Exploration, evaluation and development expenditure -reviewed	35,741,482	35,741,482
Less: asset disposed of	-	(25,019,038)
Add: asset valuation	-	96,670,864
	35,741,482	107,393,308
Note 3		
Reserves		
Reserves -reviewed	17,663,229	17,663,229
Asset revaluation reserves	-	96,670,864
	17,663,229	114,334,093
Note 4		
Accumulated profit/(losses)		
Accumulated losses -reviewed	(23,111,277)	(23,111,277)
Gain on sale of non-current assets	-	225,565,347
Less: Provision for taxation	-	(55,000,000)
	(23,111,277)	147,454,070

SCHEDULE 2 –UNAUDITED BALANCE SHEET - GLOBAL IRON LIMITED

GLOBAL IRON LIMITED**ACN 125 419 730****PROFORMA BALANCE SHEET**

	Note	\$
CURRENT ASSETS		
Cash assets and cash equivalents	1	2,500,000
TOTAL CURRENT ASSETS		2,500,000
NON CURRENT ASSETS		
Iron Ore Tenements	2	625,000
TOTAL ASSETS		\$3,125,000
EQUITY		
12,500,000 shares @ 0.20/ per share		2,500,000
3,125,000 shares @ 0.20/ per share		625,000
TOTAL EQUITY		\$3,125,000

NOTES:

Note 1 Cash at Bank – 12,500,000 shares issued at \$0.20 per share equals \$2,500,000.

Note 2 Iron Ore Tenements – Global Iron will issue 3,125,000 shares at \$0.20 per share to the Company in consideration for the Iron Ore Rights. This equates to a carrying value of \$625,000.

