

31 October 2007

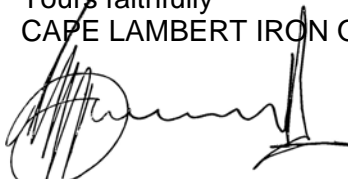
The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

Annual Report and Notice of Meeting

Please find attached the Company's Annual Report which is available to view on the Company website www.capelam.com.au and the Notice of Annual General Meeting as dispatched to shareholders of the Company.

Yours faithfully
CAPE LAMBERT IRON ORE LIMITED



Timothy Turner
Company Secretary

For more information please contact:

Cape Lambert Iron Ore Limited
Timothy Turner

+61 8 9380 9555

Website

www.capelam.com.au



CAPE LAMBERT IRON ORE LIMITED AND CONTROLLED ENTITIES

Annual Report 2007

Cape Lambert
Iron Ore Ltd
ABN 71 095 047 920



Annual financial report for the financial year ended 30 June 2007

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Corporate Directory

Directors

Dr Ian Burston - Executive Chairman
Mr Tony Sage - Executive Director
Mr Peter Landau - Non-Executive Director
Mr Brian Maher - Non-Executive Director
Mr Tim Turner - Non-Executive Director / Secretary

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
AUSTRALIA
Tel: 1300 85 05 05 (Aus)
+61 3 9415 4000 (Overseas)

Company Secretary

Mr Tim Turner

Former Names
Hamill Resources Limited
International Goldfields Limited

Stock Exchange Listing

Australian Stock Exchange
ASX code: CFE
London Stock Exchange (AIM)
AIM code: CLIO

Registered Office and Country of Incorporation

18 Oxford Close
Leederville, Western Australia 6007
Australia
Tel: +61 8 9380 9555

Solicitors

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

Auditors

Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

Bankers

National Australia Bank
50 St George's Terrace
Perth, WA 6000

AIM Nominated Adviser and Broker

Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR
United Kingdom

Depository

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom
Tel: +44 870 703 6300

Australian Public Relations

Professional Public Relations
Level 1
588 Hay St
Subiaco, WA 6008
Tel: +61 8 9388 0944

UK Public Relations

Conduit PR Ltd
3rd Floor
76 Cannon Street
London EC4N 6AE
United Kingdom
Tel: +44 20 7429 6666

2007 Annual Report – Chairman's Report

It gives me great pleasure in presenting this report of your Company's activities during the past financial year.

Significant progress has been achieved with the exploration program and a concentrated effort of Reverse Circulation drilling and Davis Tube Recovery testing has led to a JORC Resource of 977 million tonnes of insitu mineral, grading 32% Fe and 39.6% Silica (SiO_2).

Additional Reverse Circulation drilling is ongoing to further extend the resource and a diamond core drilling program has been commenced to provide core for metallurgical testing.

These samples will serve to validate the mineral processing flowsheet which has been designed to concentrate the ore to +65% Fe and < 5% SiO_2 .

It is envisaged that together with engineering and infrastructure studies now well advanced, that a bankable feasibility study could be completed by the third calendar quarter of 2008.

Some interest in purchasing the project has been expressed by various Chinese interests, but after some commercial discussion these fell away and the Company will continue to develop the project in its own right.

To this end we have acquired additional acreage adjacent to the Cape Lambert tenement which offers potential for ore body extensions. Exploration of these areas will be undertaken in early 2008.

Together with the ongoing development of the Cape Lambert tenement we are also investigating offshore iron ore projects and we feel that considerable upside exists to broaden and greater develop the Company.

Finally, I would like to thank the staff for their efforts in positively progressing the project and our shareholders for offering their continued support.

Ian Burston
Executive Chairman

2007 Annual Report – Operations Review

Highlights for the 2007 Financial Year

- Inaugural reverse circulation (“RC”) drilling program completed at the Cape Lambert iron ore project (the “Project”), within the Central Target Area (“CTA”);
 - § 69 RC holes drilled for a total advance of 18,052m; and
 - § 1,709 Davis Tube Recovery (“DTR”) tests completed on composite RC chip samples.
- An interim mineral resource estimate of 0.98 billion tonnes at 32.4% Fe completed for the CTA, incorporating Robe’s historical and the Company’s new drilling;
- Base line environmental surveys, and preliminary engineering and infrastructure studies commenced;
- Successful negotiation of an option to acquire agreement for three tenements contiguous with the Cape Lambert tenement potentially increasing the Company’s landholding from 218km² to 373km²; and
- Commenced spin out of iron ore rights (unrelated to the Project) into a new company – Global Iron Limited.

Overview

Cape Lambert Iron Ore Limited (“Cape Lambert” or the “Company”) is an Australian Stock Exchange (“ASX”) listed company focused on adding value to its 100% owned Cape Lambert iron ore project for either development or sale of a majority interest.

The Project is located in on Exploration License 47/1462. The license has an area of 218km² 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, two gas pipelines, power transmission lines, a railway and is approximately 10km from the coast. Its proximity to the coast is an important competitive advantage for bulk commodities and differentiates the Company from its peers.

Iron mineralisation is hosted by banded iron formations (“BIF”), lying below a thin layer of detrital material, in which alternating iron rich and chert bands occur. Mineralisation consists of predominately magnetite in the unoxidised portion of the BIF units. The BIFs, cherts, shales, and basalts are gently folded. BIF outcrops are recognised in the hills within the Project area, which is 9km in length by 2.5km wide.

An RC drilling program, the first by the Company at the Project, commenced in July 2006 with the objectives of;

- Infilling and extending the CTA, a 5km long by 1.5km wide “boomerang” shaped zone defined by >30% mass recovery to concentrate from DTR results carried out by the previous explorer, Robe River Mining Co. Pty Ltd (“Robe”); and
- Validating the early drilling done by Robe.

The 2006 drilling program concluded in December with 69 RC holes completed for a total advance of 18,052m. In addition, a total of 1,709 composite samples were submitted for DTR analysis. The 2006 drilling identified the presence of magnetite mineralisation below the shallower drilling (150-200m) undertaken by Robe.

Cape Lambert Iron Ore and Controlled Entities

Operations Review

In April 2007, once all assay and DTR results were received, international mining consultancy group, Golder Associates Pty Ltd was commissioned to prepare a mineral resource estimate for the CTA, which is summarised in Table 1.

Table 1: Initial CTA Mineral Resource Estimate

Resource Classification	Million Tonnes	Fe (%)	SiO₂ (%)	Al₂O₃ (%)	P (%)	S (%)	LOI (%)
Indicated	654	32.2	39.6	1.80	0.024	0.12	5.90
Inferred	323	32.6	39.7	1.68	0.024	0.09	6.14
Total	977	32.4	39.6	1.76	0.024	0.11	5.98

As can be seen from Table 1, the CTA resource estimate is nearly 1 billion tonnes and, importantly it remains open to the north and the east. The mineral resource estimate is scheduled to be updated late in 2007, with an increase in tonnage anticipated.

Drilling recommenced in mid-May 2007 with the objective of infilling the CTA to convert resource from inferred to indicated, and extend the CTA to the north and to the east. A program of 30,000m of RC drilling and 10,000m of diamond drilling is planned.

In conjunction with the 2006 drilling program, base line environmental monitoring and preliminary engineering and infrastructure studies commenced. A review of the limited, historical metallurgical information was completed by Met-Chem Canada Inc and a conceptual process flow sheet developed. The proposed flow sheet utilises conventional and mature mineral processing technology to upgrade the low grade magnetite mineralisation (~32% Fe and 40% SiO₂) to a saleable product of ~65-67% Fe and <5% SiO₂. The proposed flow sheet will be validated through detailed metallurgical test work using representative core samples from the 2007 diamond drilling program.

During the year in review, the Company successfully negotiated an exclusive option to acquire agreement for three adjacent tenements, EL47/1271, EL47/1233 and EL47/1248. The tenements are strategically important given their proximity to the Project and the potential for the iron mineralisation to extend into these tenements. On exercise of the option, the Company's landholding will increase by 70% from 218km² to 373km². On 4 October 2007, the Company gave notice to the vendor of its intention to exercise the option, which is expected to settle on or before 31 October 2007.

In early 2006 when the Company spun-out its gold assets into International Goldfields Limited, it retained the rights to explore for, and mine iron ore, over approximately 160 tenements. To enable full value to be realised by Cape Lambert shareholders for the iron ore rights, the rights have been placed in a new company, Global Iron Limited ("Global Iron"). Global Iron is to be listed on the ASX with Cape Lambert shareholders receiving an in-specie distribution of Global Iron shares.

Looking Forward

Work throughout the 2007/2008 financial year will focus on expanding the mineral resource to support the preparation of a bankable feasibility study for a project producing 10-15Mtpa magnetite concentrate over a mine life of 20years. The Company believes that this scale and mine life will be required to pay back the capital investment required in project infrastructure.

The Company will also remain alert to opportunities to sell an interest in the Project. However, the Board believes it prudent to first complete the resource update, the acquisition of adjacent tenements and await the outcome of the next round of iron ore price negotiations so that the value added to the Project in the past 12months is crystallised and reflected in any sale transaction.

Directors' report

The directors of Cape Lambert Iron Ore Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name	Particulars
Ian Burston	Executive Chairman
Antony Sage	Executive Director
Brian Maher	Non-Executive Director
Timothy Turner	Non-Executive Director
Peter Landau	Non-Executive Director (Appointed 15 May 2007)

Ian Burston Executive Chairman

Qualifications	AM, CitWA, B.E(Mech), DipAeroEng (RMIT), HonDSc, FIEAust, CPEng, FAusIMM, FAICD
Experience	<p>Dr Burston has exceptional skills in resource management and has more than 30 years of top-level experience in extractive and related industries. Dr Burston holds a Bachelor of Engineering (Mech) degree from Melbourne University and a Diploma in Aeronautical Engineering from Royal Melbourne Institute of Technology. He has completed the Insead Management Paris and the Harvard Advanced Management Program in Boston.</p> <p>Formerly Dr Burston has held positions as Managing Director of Portman Limited, Managing Director and Chief Executive Officer of Aurora Gold Ltd, Chief Executive Officer of Kalgoorlie Consolidated Mines Pty Ltd, Vice President – WA Business Development CRA Ltd and Managing Director Hamersley Iron Pty Ltd. He was a non-executive Director of the Esperance Port Authority for ten years. Dr Burston is currently a non-executive Chairman of Broome Port Authority, NRW Ltd and Imdex Ltd, and a non-executive Director of Mincor Resources NL.</p>

Antony William Paul Sage Executive Director

Qualifications	B.Com, FCPA, CA, FTIA
Experience	<p>Mr Sage has in excess of 22 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 14 years. Mr Sage was a founding Director of International Goldfields Limited and its merger partner Hamill Resources Limited (the merged entity now being Cape Lambert Iron Ore Limited). Mr Sage is also a Director of currently listed International Goldfields Limited (ASX Code IGC).</p>

Brian Maher	Non-Executive Director
Qualifications	B.E(Min.), FAusIMM, FIMM
Experience	<p>Mr Maher has over 40 years experience in the mining industry, covering both underground and open cut operations, as a miner, supervisor, mining engineer, mine manager consultant, contractor and managing director. He has worked throughout the world, including Australia, Liberia, Guyana and the Philippines. He has spent over 12 years in the iron ore industry.</p> <p>Mr Maher has a Bachelor of Mining Engineering from the University of Melbourne, and is a fellow of both the Australian Institute of Mining and Metallurgy and The Institution of Mining and Metallurgy. Mr Maher has held senior management positions with leading mining and engineering companies throughout the world including Hamersley Iron, Broken Hill South, Griffin Coal, Thyssen Mining Construction, Lameco Iron Ore, Kinhill Engineers, Linden Mining, Minproc Engineers and Nissho Iwai Mineral Sands.</p>
Peter Landau	Non-Executive Director
Qualifications	LLB BCom
Experience	<p>Mr Landau is a corporate lawyer and advisor who has previously worked with Grange Consulting Group, Clayton Utz and general counsel at Co-operative Bulk Holdings. 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, M & A 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.</p>
Timothy Paul Turner	Non-Executive Director and Company Secretary
Qualifications	B.Bus, FCPA, FTIA, Registered Company Auditor
Experience	<p>Mr Timothy Paul Turner has joined Cape Lambert Iron Ore Ltd in the dual position of Director and Company Secretary. As senior partner with Accounting firm, Hewitt Turner & Gelevitis, Mr Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. He also has in excess of 20 years experience in new ventures, capital raisings and general business consultancy.</p> <p>Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA Australia, a Fellow of the Taxation Institute of Australia. Mr Turner is also a Director of currently listed International Goldfields Limited (ASX Code IGC).</p>

Cape Lambert Iron Ore and Controlled Entities

Directors' Report

Directorships of other listed companies

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

Name	Company	Period of directorship
Ian Burston	Aztec Resources Ltd	2004 to 2006
	Imdex Limited	2000 to present
	Mincor Resources NL	2003 to present
	Aviva Corporation Ltd	2003 to 2006
	NRW Ltd	2006 to present
Antony Sage	International Goldfields Limited	January 2006 to present
	NFX Gold Inc (TSX VE)	June 2004 to January 2006
Brian Maher	-	-
Peter Landau	View Resources Limited	2003 to July 2007
	Konekt Limited	2002 to July 2006
	Continental Goldfields Limited	2002 to present
	Nuenco NL	2004 to October 2006
	Blaze International Limited	2005 to April 2007
	NKWE Platinum Limited	March 2007 to present
	Range Resources Limited	2005 to present
Timothy Turner	International Goldfields Limited	January 2006 to present

Company Secretary

The following person held the position of Company Secretary at the year end:

Mr Timothy Paul Turner has joined Cape Lambert Iron Ore Ltd in the dual position of Director and Company Secretary. As senior partner with Accounting firm, Hewitt Turner & Gelevitis, Mr Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. He also has in excess of 20 years experience in new ventures, capital raisings and general business consultancy.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA Australia, a Fellow of the Taxation Institute of Australia. Mr Turner is also a Director of currently listed International Goldfields Limited (ASX Code IGC).

Principal activities

The principal activity of the economic entity during the financial year was mineral exploration.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Review of operations

CAPE LAMBERT IRON ORE PROJECT

Work during the financial year focused on recommencing exploration programs, advancing the preliminary engineering and infrastructure studies and initiating baseline environmental surveys with the objective of defining a sufficient resource base to produce 10–15 million tonnes per annum of magnetite concentrate over a 20 year mine life.

Resource Estimate

During the financial year, international mining consultancy groups Golders & Associates and RSG Global Consulting Pty Ltd (RSG) as auditor completed a mineral resource estimate for the Central Target Area at the Cape Lambert Iron Ore Project. The estimate is based on the Company's 2006 drilling program and the earlier program of Robe River Mining Pty Ltd, totaling over 40,000 m of drilling and utilises a cut-off grade of 20% Fe. RSG has advised that the Indicated component of its Mineral Resource estimate exceeds the minimum requirement of 300 million tonnes.

Metallurgical Flowsheet Development and Testwork

During the financial year, refinements and improvements to preliminary process flowsheets prepared by Met- Chem Canada Inc. were completed. Mineral Engineering Technical Services Pty Ltd was engaged to develop a metallurgical testwork program using diamond core with the aim of validating the process flowsheet and this work is continuing.

Engineering Study

Work on the preliminary engineering and infrastructure study ("Engineering Study") commenced during the financial year and continued through the year end. Metplant Engineering completed preliminary major equipment selection and layouts for the process plant. Connel Wagner reviewed infrastructure requirements such as; accommodation camp, water supply, power station and concentrate storage facility. Coffey Mining Pty Ltd completed a conceptual design for the tailings storage facility. Currie and Brown Pty Ltd was engaged to provide quantity surveying and estimating services, to assist in evaluating the cost estimates for the project.

Mining Study

Mining Solutions Consultancy Pty Ltd was engaged late in the financial year to undertake preliminary open pit mining studies utilising the resource estimate prepared by Golder Associates. This work is continuing.

Geotechnical and Hydrogeological Studies

Coffey Mining and Coffey Geotechnics were engaged to undertake preliminary geotechnical and hydrogeological studies. These studies continue into the 2007 / 08 financial year.

Port Options Study

URS Australia Pty Ltd ("URS") completed the Port Options Study late in the March quarter of the 2007 financial year. During the June quarter the preferred option was identified and incorporated into the Engineering Study.

EVANSTON AGREEMENT – PORTMAN LIMITED

On 6 March 2007, the Company announced to ASX that it had signed a letter agreement with Portman Iron Ore Limited ("Portman"), which will enable Portman to explore for, and develop iron ore resources on 5 tenements located in the Evanston region, near Portman's Koolyanobbing operations.

Cape Lambert holds the iron ore rights on these tenements. It is expected that any iron ore resource(s) that are delineated would become a satellite mining operation to the Koolyanobbing operations.

The agreement requires Portman;

- to spend a total of \$1,000,000 on exploration within 3 years to earn 100% of the iron ore rights, with a minimum of \$300,000 to be spent in the first 12 months; and
- to pay Cape Lambert a royalty of 1.5% of average per tonne value for iron ore products removed from the tenements.

Cape Lambert Iron Ore and Controlled Entities

Directors' Report

Portman commenced desktop work late in the June quarter as a precursor to ground evaluation in respect of the 5 tenements.

CORPORATE

Sale of 70% Interest in Cape Lambert Iron Ore Project

During the March quarter of the financial year, the Company signed a binding sale agreement with Mr Ding Liguó (**Mr Ding**) to sell 70% of the Cape Lambert iron ore project ("the Project") to Mr Ding (the **Purchaser**) for US\$192.5 million cash. The sale agreement was conditional on, amongst other things, shareholder approval and Cape Lambert defining a minimum Indicated Mineral Resource of 300 Mt. This resource was then required to be reviewed by an Independent Geologist. On 13 July 2007, the Company notified the ASX that the Independent Geologist had confirmed a minimum Indicated Mineral Resource of 300 Mt. Shareholder approval, the final condition precedent required to be satisfied by Cape Lambert, was received at a General Meeting of Shareholders on 16 July 2007.

The satisfaction of the final sale agreement condition precedent is now dependent upon the Chinese Investor, Mr Ding Liguó, obtaining Foreign Investment Review Board approval.

Under the terms of the binding agreement, the purchaser has paid Cape Lambert a \$2,000,000 deposit of which \$750,000 is non-refundable.

Global Iron Limited

On 1 June 2007, the Company notified the market of its intention to spin out its rights to explore for and mine iron ore over approximately 160 tenements into a separate company, Global Iron Limited ("Global Iron"). Global Iron is expected to list on the ASX during September 2007, through an initial public offering of 12,500,000 shares at 20 cents per share to raise \$2,500,000.

At the General Meeting of Shareholders held on 16 July 2007, the Company received Shareholder approval to proceed with the listing of Global Iron.

On 20 September 2007, the Company announced it had confirmed the completion of the in-specie distribution of 3,125,000 Global Iron Shares to its members as approved at the General Meeting of Shareholders held 16 July 2007.

Results for the Year

The economic entity made an after tax loss for the year of \$3,945,284 (2006: \$15,030,508).

Events Subsequent to Reporting Date

Cape Lambert Iron Ore Project Sale Agreement

On 27 March 2007, the Company signed a binding sale agreement with Mr Ding to sell 70% of the Cape Lambert iron ore project ("the Project") to Mr Ding for US\$192.5 million cash (approximately AUD\$240m). (**Sale Agreement**). The Sale Agreement was conditional on, amongst other things, shareholder approval and Cape Lambert defining a minimum Indicated Mineral Resource of 300 Mt. This resource was then required to be reviewed by an Independent Geologist. On 13 July 2007, the Company notified the ASX that the Independent Geologist had confirmed a minimum Indicated Mineral Resource of 300 Mt. Shareholder approval, the final condition precedent required to be satisfied by Cape Lambert, was received at a General Meeting of Shareholders on 16 July 2007.

The satisfaction of the final Sale Agreement condition precedent is now dependent upon the Chinese Investor, Mr Ding, obtaining Foreign Investment Review Board approval.

Under the terms of the binding agreement, the purchaser has paid Cape Lambert a \$2,000,000 deposit of which \$750,000 is non-refundable. There remains a contingent liability in the amount of \$1,250,000 should the Sale Agreement be terminated.

On 5 September 2007, the Company announced that the Singapore listed company Delong Holdings Ltd (**Delong**), a company associated with the Purchaser, took an initial 4.4% stake in the Company through the conversion of 12,000,000 unlisted 2010 Options (at an exercise price of \$0.377). The conversion of the options provided approximately AUD\$4.6million to the existing cash reserves of the Company.

Delong's major shareholder and Chairman Mr Ding acquired 40million options through a private transaction announced to the market on 30 March 2007 and Mr Ding has on sold these Options to Delong. At the time Mr Ding indicated that he wanted to convert the options so as to provide a tangible example of his long-term commitment to the Company and its operations.

Delong has indicated it will convert the balance of the 40,000,000 unlisted Options (being 28,000,000 - raising a further approximately \$10,000,000) on finalisation of minor outstanding issues associated with the Sale Agreement. It is expected that this will occur in early October 2007. At the completion of this conversion Delong will hold 13.25% of the issued capital of the Company.

As a consequence of the above delay, the first payment of \$72,000,000 under the Sale Agreement has also been delayed until early October 2007.

In the event that the Sale Agreement is not completed with Mr Ding, the Company will seek alternative funding sources to continue with the strategy of developing the Cape Lambert Iron Ore Project.

Global Iron Limited

On 1 June 2007, the Company notified the market of its intention to spin out its rights to explore for and mine iron ore over approximately 160 tenements into a separate company, Global Iron Limited ("Global Iron"). The Company received 3,125,000 ordinary fully paid shares in Global Iron as consideration for the rights. Global Iron is expected to list on the ASX during September 2007, through an initial public offering of 12,500,000 shares at 20 cents per share to raise \$2,500,000.

At the General Meeting of Shareholders held on 16 July 2007, the Company received Shareholder approval to proceed with the listing of Global Iron.

On 20 September 2007, the Company announced it had confirmed the completion of the in-specie distribution of 3,125,000 Global Iron Shares to its members as approved at the General Meeting of Shareholders held 16 July 2007. The financial effect of the in-specie distribution has not been brought to account at balance date as it was approved post year end, however the effect will be to reduce the Company's equity by \$625,000.

Conversion of Options

Subsequent to the year end, the following options have been converted into ordinary fully paid shares in the Company:

On 2 July 2007 the Company issued 650,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$229,250.

On 4 July 2007 the Company issued 1,239,917 ordinary fully paid shares pursuant to the exercise of options for consideration of \$343,457.

On 16 July 2007 at the general meeting of members, the shareholders approved the issue of 7,000,000 \$0.49 Options expiring on 30 June 2008 to employees and contractors. On 26 July 2007 the Company issued 6,350,000 \$0.49 Options to employees and contractors of the Company.

On 24 July 2007 the Company issued 8,221,196 ordinary fully paid shares pursuant to the exercise of options for consideration of \$2,821,549.

On 30 July 2007 the Company issued 2,525,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$1,010,000.

On 31 July 2007 the Company issued 131,857 ordinary fully paid shares pursuant to the exercise of options for consideration of \$36,524.

Cape Lambert Iron Ore and Controlled Entities

Directors' Report

On 6 September 2007 the Company issued 12,000,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$4,524,000.

Other than the above, no event has arisen since 30 June 2007 that would be likely to materially affect the operations of the consolidated entity, or its state of affairs not otherwise disclosed in the entity's financial report.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the consolidated entity other than that referred to in the Review of Operations.

Future developments

The economic entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

Dividends

No dividends were paid during the year and the Directors do not recommend the payment of a dividend.

Environmental regulations

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

Share options

Share options granted to directors and executives

During and since the end of the financial year an aggregate of 16,000,000 share options were granted to the following directors and executives of the company:

Directors and executives	Number of options granted	Issuing entity	Number of ordinary shares under option
Ian Burston	10,000,000	CFE	10,000,000
Antony Sage	6,000,000	CFE	6,000,000
Brian Maher	-	-	-
Timothy Turner	-	-	-
Peter Landau	-	-	-
	16,000,000	-	16,000,000

Share options on issue at year end or exercised during the year

Details of unissued shares or interests under option are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
CFE	135,936,805	ORD	\$0.277	31 October 2008
CFE	50,000,000	ORD	\$0.327	31 October 2009
CFE	40,000,000	ORD	\$0.377	31 October 2010
CFE	500,000	ORD	\$0.367	9 February 2009
CFE	550,000	ORD	\$0.427	22 October 2008
CFE	14,675,000	ORD	\$0.40	31 December 2007
CFE	3,300,000	ORD	\$0.90	30 June 2008
CFE	3,300,000	ORD	\$1.40	30 June 2009

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
CFE	2,300,000	ORD	\$849,275	-

Indemnification of officers

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

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

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

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

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 6 board meetings were held.

Directors	Board of directors	
	Eligible to attend	Attended
Ian Burston	6	6
Antony Sage	6	6
Peter Landau	-	-
Brian Maher	6	6
Timothy Turner	6	6

Directors' shareholdings

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

Directors	Ordinary Shares	31 October 2008 Options	31 December 2007 Option	30 June 2008 Options	30 June 2009 Options
Ian Burston	1,750,000	-	2,150,000	3,300,000	3,300,000
Antony Sage	13,630,075	9,960,000	4,500,000	-	-
Brian Maher	65,000	1,350,000	-	-	-
Timothy Turner	169,004	1,100,000	-	-	-
Peter Landau	-	-	-	-	-
	15,614,079	12,410,000	6,650,000	3,300,000	3,300,000

Remuneration report

Remuneration policy for directors and executives

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

Details of Directors and Executives

(i) *Directors*

Ian Burston – Executive Chairman

Antony Sage – Executive Director

Peter Landau – Non-Executive Director

Timothy Turner – Non-Executive Director

Brian Maher – Non-Executive Director

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

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

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

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

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

The economic entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board endorses the use of incentive and bonus payments for directors and senior executives. Certain Board members were issued shares as part of the terms of the Initial Public Offer and also upon appointment to the Board as part of their salary packages. Board members have largely retained these securities which assist in aligning their objectives with overall shareholder value.

Options and performance incentives may also be issued as the entity moves from exploration to producing entity, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance. At present there are no performance based options or incentives on issue.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

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

The remuneration policy aims to increase goal congruence between shareholders and directors via the issue of options to the majority of directors to encourage the alignment of personal and shareholder interests. During the financial period the Company's share price traded between a low of \$0.28 and a high of \$0.80. The price volatility is a concern to the Board but is not considered abnormal for a junior explorer such as Cape Lambert. In order to keep all investors fully-informed and minimise market fluctuations the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

Director and executive details

The directors and executives of Cape Lambert Iron Ore Limited during the year were:

- Ian Burston
- Antony Sage
- Brian Maher
- Timothy Turner
- Peter Landau

Elements of director and executive remuneration

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

The following table discloses the remuneration of the directors of the company:

	Primary			Post-employment			Equity	Other	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Prescribed benefits	Other	Options	benefits	
2007	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ian Burston	214,408	-	-	-	-	-	342,453	-	556,861
Antony Sage	350,000	-	-	-	-	-	366,462	-	716,462
Brian Maher	31,800	-	-	-	-	-	-	-	31,800
Timothy Turner	24,000	-	-	-	-	-	-	-	24,000
Peter Landau	4,000	-	-	-	-	-	-	-	4,000
Total	624,208	-	-	-	-	-	708,915	-	1,333,123

	Primary			Post-employment			Equity	Other	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Prescribed benefits	Other	Options (i)	benefits	
2006	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ian Burston	-	-	-	-	-	-	-	-	-
Antony Sage	258,333	-	-	-	-	-	1,006,562	-	1,264,895
Brian Maher	17,400	-	-	-	-	-	-	-	17,400
Timothy Turner	30,000	-	-	-	-	-	150,984	-	180,984
Peter Del Fante	-	-	-	-	-	-	-	-	-
Stockley Davis	-	-	-	-	-	-	100,656	-	100,656
Total	305,733	-	-	-	-	-	1,258,202	-	1,563,935

Cape Lambert Iron Ore and Controlled Entities

Directors' Report

Value of options issued to directors and executives

The following table discloses the value of options granted, exercised or lapsed during the year:

	Options Granted	Options Exercised	Options Lapsed	Total value of options granted, exercised and lapsed	Percentage of total remuneration for the year that consists of options %
	Value at grant date	Value at exercise date	Value at time of lapse		
	\$	\$	\$	\$	
Ian Burston	342,453	-	-	342,543	61.50
Antony Sage	366,462	487,500	-	853,962	51.1
Brian Maher	-	-	-	-	-
Timothy Turner	-	-	-	-	-
Peter Landau	-	-	-	-	-
Total	708,915	487,500	-	1,196,505	

Employment Contracts of Directors and Senior Executives

The employment conditions of the executive director, Tony Sage was approved by the Board on 17 June 2006 with a salary of \$350,000 (2006: \$250,000) per annum plus GST.

The employment conditions of the managing director, Ian Burston were approved by the Board on 3 July 2006 with a salary of \$350,000 per annum plus GST.

Under the terms of both contracts, employment may be terminated by the Company or respectively either Mr Burston or Sage (whichever relevant) by giving the other 4 weeks notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments due are four weeks lieu of notice if the termination period is not worked out. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

The employment contracts are for a period of three (3) years from the date of entering the agreement.

Proceedings on behalf of the company

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

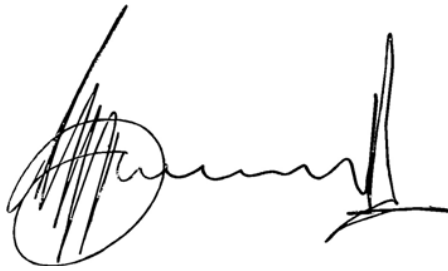
The economic entity was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of a series of loops and a final vertical stroke, positioned above the printed name and title.

Timothy Turner
Director
Perth, 28 September 2007

Auditor's Independence Declaration to the Directors of Cape Lambert Iron Ore Limited

In relation to our audit of the financial report of Cape Lambert Iron Ore Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young
Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
28 September 2007

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

We have audited the accompanying financial report of Cape Lambert Iron Ore Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

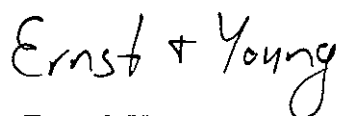
Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Cape Lambert Iron Ore Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Cape Lambert Iron Ore Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Ernst & Young



Peter McIver

Partner

Perth

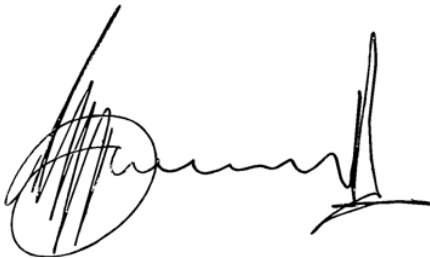
28 September 2007

Directors' declaration

In accordance with a resolution of the Directors of Cape Lambert Iron Ore Limited, I state that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of the Company and of the consolidated entity, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2007.

On behalf of the Board

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a series of loops and a final vertical stroke.

Timothy Turner
Director
Perth, 28 September 2007

Income statement for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Revenue	2(a)	968,095	616,410	965,202	610,499
Other income	2(a)	1,658,927	3,691,068	1,658,927	3,691,068
Employee benefits expense		(1,415,166)	(1,654,022)	(1,415,166)	(1,650,022)
Consulting expenses		(556,171)	(382,563)	(524,386)	(382,563)
Occupancy expenses		(141,317)	(49,437)	(141,317)	(49,437)
Compliance and regulatory expenses		(169,044)	(388,375)	(166,227)	(391,511)
Travel and Accommodation		(347,705)	-	(347,705)	-
Other expenses		(1,493,380)	(1,255,703)	(1,462,113)	(1,258,642)
Depreciation and amortisation expense	11	(70,753)	(54,797)	(70,200)	(53,083)
Impairment of exploration expenditure	12	(2,803,195)	(15,632,042)	-	(5,152,785)
Reversal of impairment of exploration expenditure		-	493,725	-	493,725
Impairment of investment in controlled entities		-	-	-	(13,557,160)
(Impairment)/reversal of impairment of loan to controlled entity		-	-	-	21,706
Loss on revaluation of investments		(248,931)	(414,772)	(248,931)	(414,772)
Reversal of loss on revaluation of investments		689,595	-	689,595	-
Loss on disposal of plant and equipment		(16,239)	-	(16,239)	-
Loss before income tax expense	2(b)	(3,945,284)	(15,030,508)	(1,078,560)	(18,092,977)
Income tax expense	3	-	-	-	-
Loss after income tax expense		(3,945,284)	(15,030,508)	(1,078,560)	(18,092,977)
Loss for the year		(3,945,284)	(15,030,508)	(1,078,560)	(18,092,977)
Loss per share:					
Basic (cents per share)	17	(1.58)	(7.57)		
Diluted (cents per share)	17	(1.58)	(7.57)		

The accompanying notes form part of these financial statements.

Balance sheet as at 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Current assets					
Cash and cash equivalents		1,917,384	12,709,573	1,837,787	12,636,049
Trade and other receivables	7	5,047,730	390,508	5,052,170	394,707
Total current assets		6,965,114	13,100,081	6,889,957	13,030,756
Non-current assets					
Trade and other receivables	8	11,541	-	6,693,090	-
Financial assets	9	4,429,490	2,810,016	36,958,841	35,339,367
Other non-current assets	10	288,448	155,376	266,448	155,376
Plant and equipment	11	238,561	151,650	235,676	148,212
Exploration, evaluation and development expenditure	12	38,324,659	34,504,276	-	-
Total non-current assets		43,291,699	37,621,318	44,154,055	35,642,955
Total assets		50,256,813	50,721,399	51,044,012	48,673,711
Current liabilities					
Trade and other payables	13	2,261,318	879,216	3,243,260	1,893,997
Total current liabilities		2,261,318	879,216	3,243,260	1,893,997
Total liabilities		2,261,318	879,216	3,243,260	1,893,997
Net assets		47,995,495	49,842,183	47,800,752	46,779,714
Equity					
Issued capital	14	54,094,995	52,993,719	54,094,995	52,993,719
Reserves	15	17,663,230	16,664,908	17,663,230	16,664,908
Accumulated losses	16	(23,761,730)	(19,816,444)	(23,957,473)	(22,878,913)
Total equity		47,996,495	49,842,183	47,800,752	46,779,714

The accompanying notes form part of these financial statements.

Statements of Changes in Equity for the financial year ended 30 June 2007

Consolidated Entity	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2005	31,169,764	(4,785,938)	-	-	26,383,828
Loss for year	-	(15,030,508)	-	-	(15,030,508)
Available for sale financial instruments					
• Reversal of valuation gain taken to equity	-	-	-	1,565,942	1,565,942
transferred to profit or loss on sale	-	-	-	(1,427,812)	(1,427,812)
Total recognised income and expense	-	(15,030,508)	-	138,130	(14,892,378)
Share based payments	-	-	16,526,778	-	16,526,778
Contributions of equity net of transaction costs	27,487,004	-	-	-	27,487,004
Capital reduction	(5,663,049)	-	-	-	(5,663,049)
Transactions with equity holders in their capacity as equity holders	21,823,955	-	16,526,778	-	38,350,733
Balance at 30 June 2006	<u>52,993,719</u>	<u>(19,816,446)</u>	<u>16,526,778</u>	<u>138,130</u>	<u>49,842,181</u>
Balance at 1 July 2006	52,993,719	(19,816,446)	16,526,778	138,130	49,842,181
Loss for year	-	(3,945,284)	-	-	(3,945,284)
Available for sale financial instruments					
• transferred to profit or loss on sale				(138,130)	(138,130)
Total recognised income and expense	-	(3,945,284)	-	(138,130)	(4,083,414)
Share based payments	-	-	1,136,452	-	1,136,452
Contributions of equity net of transaction costs	1,101,276	-	-	-	1,101,276
Transactions with equity holders in their capacity as equity holders	1,101,276	-	1,136,452	-	2,237,728
Balance at 30 June 2007	<u>54,094,995</u>	<u>(23,761,730)</u>	<u>17,663,230</u>	<u>-</u>	<u>47,996,495</u>

The accompanying notes form part of these financial statements.

Cash flow statement for the financial year ended 30 June 2007

	Note	Consolidated		Company	
		2007 \$	2006 \$	2007 \$	2006 \$
Cash flows from operating activities					
Receipts from customers			-		-
Payments to suppliers and employees		(2,578,486)	(2,240,669)	(2,512,613)	(2,327,285)
Interest received		585,513	475,860	582,379	472,292
Payments for exploration, evaluation and development		(6,426,208)	(1,383,005)	(254,630)	(688,239)
Interest paid		(300)	(35,719)	(300)	(35,719)
Other revenue		613,000	83,980	613,000	81,637
Net cash used in operating activities	25(c)	(7,806,481)	(3,099,553)	(1,572,164)	(2,497,314)
Cash flows from investing activities					
Payment for plant and equipment		(173,903)	(57,206)	(173,903)	(57,206)
Payment for exploration assets		(200,000)	(9,002,960)	-	-
Purchase of equity investments		(228,335)	(771,913)	(228,335)	(9,774,873)
Payments for security bonds		(137,104)	(13,997)	(115,104)	(13,997)
Proceeds from sale of equity investments	25(c)	193,974	4,330,415	193,974	4,330,415
Loans to non associated entities		(3,862,323)	-	(3,893,534)	--
Loans to controlled entities		-	-	(6,431,179)	(544,547)
Net cash used in investing activities		(4,407,691)	(5,515,661)	(10,648,081)	(6,060,208)
Cash flows from financing activities					
Proceeds from issues of equity securities		1,421,983	22,047,280	1,421,983	22,047,280
Payment for share issue costs		-	(1,777,197)	-	(1,777,197)
Net cash provided by financing activities		1,421,983	20,270,083	1,421,983	20,270,083
Net increase in cash and cash equivalents		(10,792,189)	11,654,869	(10,798,262)	11,712,561
Cash and cash equivalents at the beginning of the financial year		12,709,573	1,054,704	12,636,049	923,488
Cash and cash equivalents at the end of the financial year	25(a)	1,917,384	12,709,573	1,837,787	12,636,049

The accompanying notes form part of these financial statements.

Notes to the financial statements for the financial year ended 30 June 2007

Note	Contents	Note	Contents
1	Summary of accounting policies	14	Issued capital
2	Loss from operations	15	Reserves
3	Income taxes	16	Accumulated losses
4	Key management personnel remuneration	17	Loss per share
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6	Remuneration of auditors	19	Contingent liabilities
7	Current trade and other receivables	20	Subsidiaries
8	Non-current financial assets	21	Acquisition of businesses
9	Financial assets	22	Segment information
10	Other non-current assets	23	Related party disclosures
11	Plant and equipment	24	Subsequent events
12	Exploration, evaluation and development assets	25	Notes to the cash flow statement
13	Current trade and other payables	26	Financial instruments
		27	Additional company information

1. Summary of accounting policies

Statement of compliance

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

The financial report covers Cape Lambert Iron Ore Limited and Controlled Entities. Cape Lambert Iron Ore Limited is a public listed company, incorporated and domiciled in Australia.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the directors on 28 September 2007.

Adoption of new and revised Accounting Standards

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
AASB 8 'Operating Segments'	1 January 2009	30 June 2010
AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and other amendments'	1 July 2007	30 June 2008
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
AASB Interpretation 10 'Interim Financial Reporting and	1 November 2006	30 June 2008

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

Impairment'		
AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
AASB Interpretation 14 'AASB 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009

The directors note that the impact of the initial application of the Standards and Interpretations is not yet known or is not reasonably estimable. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

Basis of preparation

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

The financial report is presented in Australian dollars.

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(c) Employee benefits

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

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

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

1. Summary of accounting policies (cont'd)

(d) Financial assets

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

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

Financial assets at fair value through profit or loss

The consolidated entity has classified certain shares and options as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Held-to-maturity investments

Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Available-for-sale financial assets

Certain shares and convertible notes held by the consolidated entity are classified as being available-for-sale and are stated at fair value less impairment. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

(e) Financial instruments issued by the company

Debt and equity instruments

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

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

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

(f) Foreign currency

Foreign currency transactions

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

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

1. Summary of accounting policies (cont'd)

- (g) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
 - ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

- (h) Goodwill
Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

- (i) Impairment of assets
At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

1. Summary of accounting policies (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Income tax

Current tax

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

Deferred tax

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

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

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

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

1. Summary of accounting policies (cont'd)

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Cape Lambert Iron Ore Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 3 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(k) Intangible assets

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

(l) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 20 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

(n) Property, plant and equipment

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

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

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

- Plant and equipment 2.5 - 5.55 years

(o) Provisions

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

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

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

(p) Revenue recognition

Sale of goods

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

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest revenue

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

(q) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

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

(r) Investment in subsidiaries

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

(s) Exploration and evaluation expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

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

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

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

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

2. Loss from operations

(a) Revenue and other income

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Interest received	655,095	532,430	652,202	528,862
Revenue from services	313,000	83,980	313,000	81,637
	968,095	616,410	965,202	610,499
Other income	1,658,927	3,691,068	1,658,927	3,691,068

(b) Loss before income tax

Loss before income tax has been arrived at after (crediting)/
charging the following expenses

Depreciation of non-current assets	70,753	52,603	70,200	50,889
Amortisation of non-current assets - leasehold improvements	-	2,194	-	2,194
Loss on revaluation of listed investments	248,931	414,772	248,931	414,772
Reversal of loss on revaluation of listed investments	(689,595)	-	(689,595)	-
Impairment of investment in controlled entities (Reversal)of impairment/impairment of loans to controlled entities	-	-	-	13,557,160
		-		(21,706)
Exploration expenditure write-off (tangible)	2,803,195	6,662,241	-	5,152,785
Exploration expenditure write-off (intangibles)	-	8,969,801	-	-
Rental expense on operating leases - minium lease payments	109,151	48,066	109,151	48,066
Proceeds on the disposal of plant and equipment	-	-	-	-
Carrying amount of plant and equipment disposed	16,239	-	16,239	-
Net loss on disposal of plant and equipment	16,239	-	16,239	-
Proceeds on the disposal of investment assets	(193,974)	(4,099,830)	(193,974)	(4,099,830)
Carrying amount of investment assets sold	116,121	639,347	116,121	639,347
Net gain on the disposal of equity investments	(77,853)	(3,460,483)	(77,853)	(3,460,483)

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

3. Income taxes

(a) Income tax recognised in profit or loss

Tax income comprises:

Deferred tax expense/(income) relating to the origination and reversal of temporary differences

Total tax income

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
-	-	-	-
-	-	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss from operations

Income tax expense calculated at 30%

Increase in income tax due to

- non-deductible expenses

- fair value adjustments on formation of a tax consolidated group

- effect of current year tax losses not recognised

- realisation of prior year tax losses not previously recognised

- tax deductible equity raising costs

- temporary differences previously not brought to account now recognised as a deferred tax asset

Income tax attributable to operating loss

3,945,284	15,030,508	1,078,560	18,092,977
(1,183,585)	(4,509,152)	(323,568)	(5,427,893)
1,183,100	3,171,989	342,590	3,171,989
-	-	-	887,485
-	1,498,184	-	1,498,184
2,827,168	-	843,288	-
-	(161,021)	-	(129,765)
(2,826,683)	-	(862,310)	-
-	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Tax consolidation

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

Tax Effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 Income Taxes.

The allocation of tax under the tax funding agreement is recognised as an increase/decrease in the controlled entities' intercompany accounts with the tax consolidated group head company, Cape Lambert Iron Ore Ltd. In this regard the Company has assumed the benefit of tax losses from controlled entities of \$1,983,880 (2006: \$Nil) as of the balance date. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Deferred Tax Assets				
Tax revenue losses	18,010,269	13,871,998	16,026,389	13,871,998
Investments	-	258,141	3,891,647	258,141
Accruals and provisions	14,584	6,462	275,147	7,002
Capital raising costs	1,000,317	165,326	1,000,317	165,326
Deductible temporary differences	-	504,065	-	472,809
	<u>19,025,170</u>	<u>14,805,992</u>	<u>21,193,500</u>	<u>14,775,276</u>
The following deferred tax liabilities have not been brought to account as liabilities:				
Deferred Tax Liabilities				
Exploration	2,050,861	10,351,283	-	10,351,283
Other items	38,333	17,459	38,333	17,999
Property plant and equipment	298	-	400	-
	<u>2,089,492</u>	<u>10,368,742</u>	<u>38,733</u>	<u>10,369,282</u>
Net unrecognized deferred tax asset	<u>16,935,678</u>	<u>4,437,250</u>	<u>21,154,767</u>	<u>4,405,994</u>

4. Key management personnel remuneration

The key management personnel of Cape Lambert Iron Ore Limited during the year were:

Ian Burston – Executive Chairman

Antony Sage – Executive Chairman

Timothy Turner – Non-Executive Director

Brian Maher – Non-Executive Director

Peter Landau – Non-Executive Director

(a) Key management personnel remuneration

The Board's policy of determining the nature and amount of compensation of key management is as follows:

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

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

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

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

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

The economic entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board endorses the use of incentive and bonus payments for directors and senior executives. Certain Board members were issued shares as part of the terms of the Initial Public Offer and also upon appointment to the Board as part of their salary packages. Board members have largely retained these securities which assist in aligning their objectives with overall shareholder value.

Options and performance incentives may also be issued as the entity moves from exploration to producing entity, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance. At present there are no performance based options or incentives on issue.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

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

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors'

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

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

The remuneration policy aims to increase goal congruence between shareholders and directors via the issue of options to the majority of directors to encourage the alignment of personal and shareholder interests. During the financial period the Company's share price traded between a low of \$0.28 and a high of \$0.80. The price volatility is a concern to the Board but is not considered abnormal for a junior explorer such as Cape Lambert. In order to keep all investors fully-informed and minimise market fluctuations the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

The following table discloses the remuneration of the directors of the company:

	Primary			Post-employment			Equity	Other benefits	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Prescribed benefits	Other	Options (i)		
2007	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ian Burston	214,408	-	-	-	-	-	342,453	-	556,861
Antony Sage	350,000	-	-	-	-	-	366,462	-	716,462
Brian Maher	31,800	-	-	-	-	-	-	-	31,800
Timothy Turner	24,000	-	-	-	-	-	-	-	24,000
Peter Landau	4,000	-	-	-	-	-	-	-	4,000
Total	624,208	-	-	-	-	-	708,915	-	1,333,123

	Primary			Post-employment			Equity	Other benefits	Total
	Salary & fees	Bonus	Non-monetary	Super-annuation	Prescribed benefits	Other	Options (i)		
2006	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ian Burston	-	-	-	-	-	-	-	-	-
Antony Sage	258,333	-	-	-	-	-	1,006,562	-	1,264,895
Brian Maher	17,400	-	-	-	-	-	-	-	17,400
Timothy Turner	30,000	-	-	-	-	-	150,984	-	180,984
Peter Del Fante	-	-	-	-	-	-	-	-	-
Stockley Davis	-	-	-	-	-	-	100,656	-	100,656
Total	305,733	-	-	-	-	-	1,258,202	-	1,563,935

(i) The fair value of the Options is calculated at the date of grant using a Black-Scholes model. Further details are set out in Note 5 to the Financial Statements.

(ii) An aggregate amount of \$350,000 (2006:\$250,000) was paid or was due and payable to Okewood Pty Ltd, a company controlled by Mr Antony Sage, for the provision of financial and management consulting services to the economic entity.

(iii) An aggregate amount of \$24,000 (2006:\$ 30,000) was paid, or was due and payable to Corporate Resource and Mining Services Pty Ltd, a company controlled by Mr Timothy Turner, for the provision of director services to the economic entity.

4. Key management personnel remuneration (Cont.)

Employment Contracts of Directors and Senior Executives

The employment conditions of the executive director, Tony Sage was approved by the Board on 17 June 2006 with a salary of \$350,000 (2006: \$250,000) per annum plus GST.

The employment conditions of the managing director, Ian Burston were approved by the Board on 3 July 2006 with a salary of \$350,000 per annum plus GST.

Under the terms of both contracts, employment may be terminated by the Company or respectively either Mr Burston or Sage (whichever relevant) by giving the other 4 weeks notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments due are four weeks lieu of notice if the termination period is not worked out. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

The employment contracts are for a period of three (3) years from the date of entering the agreement.

5. Share-based payment arrangements

The following share-based payment arrangements were in existence during the period:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
31 December 2007	16,400,000	22.12.06	31.12.07	0.40	0.061
30 June 2008	3,300,000	22.12.06	30.06.08	0.90	0.019
30 June 2009	3,300,000	22.12.06	30.06.09	1.40	0.021
31 October 2008	12,500,000	20.12.05	31.10.08	0.277	0.101
09 February 2009	500,000	09.02.04	09.02.09	0.367	0.061
22 October 2008	550,000	22.10.03	22.10.08	0.427	0.160

The fair value of options granted during the year was \$1,136,452 (2006: \$1,258,202). The options were issued to Directors and consultants to the Company for no consideration as part of their remuneration packages. Holders of options do not have any voting or dividend rights in relation to the options.

The weighted average fair value of the share options granted during the financial year is \$0.049 (2006: \$0.101). Options were priced using the Black and Scholes model. Expected volatility is based on the historical volatility. No allowance has been made for the effects of early exercise.

Inputs into the model	Option series					
	31 December 2007	30 June 2008	30 June 2009	31 October 2008	9 February 2009	22 October 2008
Grant date share price	\$0.360	\$0.360	\$0.360	\$0.300	\$0.345	\$0.365
Exercise price	\$0.40	\$0.90	\$1.40	\$0.300 (i)	\$0.390 (i)	\$0.450 (i)
Expected volatility	60%	60%	60%	60%	50%	50%
Option life	1.025 years	1.521 years	2.521 years	2.863 years	5.0 years	5.0 years
Dividend yield	-	-	-	-	-	-
Risk-free interest rate	5.58%	5.58%	5.58%	5.70%	4.85%	4.85%

(i) pursuant to the in-specie distribution of the Company's holding in International Goldfields Limited, the exercise price of all options was reduced by 2.3 cents.

The following reconciles the outstanding incentive share options granted by the Company at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the financial year	13,550,000	0.349	4,150,000	0.405
Granted during the financial year	23,000,000	0.615	1,250,000	0.277
Forfeited during the financial year	-	-	-	-
Exercised during the financial year (i)	1,725,000	0.40	-	-
Expired during the financial year	-	-	(3,100,000)	0.400
Balance at end of the financial year (ii)	34,825,000	0.498	13,550,000	0.349
Exercisable at end of the financial year	34,825,000	0.498	13,550,000	0.349

(i) Exercised during the financial year

During the financial year, 1,725,000 incentive options were exercised.

(ii) Balance at end of the financial year

The incentive share options outstanding at the end of the financial year had a weighted average exercise price of \$0.498 and the weighted average remaining contractual life was 373 days.

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
6 Remuneration of auditors				
•				
Auditor of the parent entity				
Audit or review of the financial report	69,573	31,750	69,573	31,750
Taxation services	-	-	-	-
Other non-audit services	-	-	-	-
	<u>69,573</u>	<u>31,750</u>	<u>69,573</u>	<u>31,750</u>

The auditor of Cape Lambert Iron Ore and controlled entities is Ernst & Young (2006: Ord Partners).

7 Current trade and other receivables				
•				
GST recoverable and other debtors	1,196,948	390,508	1,201,388	394,707
Amounts receivable from non associated entities (i)	3,850,782	-	3,850,782	-
	<u>5,047,730</u>	<u>390,508</u>	<u>5,052,170</u>	<u>394,707</u>

(i) Subsequent to balance date, \$2,000,000 of this amount has been received by the Company.

8 Non-current trade and other receivables				
•				
Amounts receivable from wholly owned subsidiaries	-	-	7,551,094	868,545
Provision for impairment	-	-	(868,545)	(868,545)
	<u>-</u>	<u>-</u>	<u>6,682,549</u>	<u>-</u>
Amounts receivable from non-associated entities	11,541	-	11,541	-
	<u>11,541</u>	<u>-</u>	<u>6,693,090</u>	<u>-</u>

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
9. Financial assets				
Available-for-sale:				
At fair value (2006: fair value):				
Shares in listed entities	4,429,490	2,810,016	4,429,490	2,810,016
At cost (2006:cost)				
Shares in controlled entities	-	-	46,086,511	46,086,511
Less provision for impairment	-	-	(13,557,160)	(13,557,160)
	<u>-</u>	<u>-</u>	<u>32,529,351</u>	<u>32,529,351</u>
	<u>4,429,490</u>	<u>2,810,016</u>	<u>36,958,841</u>	<u>35,339,367</u>

10. Other non-current assets				
Deposits	288,448	155,376	266,448	155,376

The deposits are term deposits held with the National Australia Bank as bonds for the potential rehabilitation of exploration assets held and bonds on rental properties contracted. As such, the term deposits are not accessible to the consolidated entity and the Company.

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

11. PLANT AND EQUIPMENT

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Plant and Equipment				
At cost	413,581	374,765	384,401	337,090
Accumulated depreciation	(176,351)	(224,073)	(150,056)	(189,836)
	<u>237,230</u>	<u>150,692</u>	<u>234,345</u>	<u>147,254</u>
Leasehold Improvements				
At cost	17,807	16,438	17,807	16,438
Accumulated depreciation	(16,476)	(15,480)	(16,476)	(15,480)
	<u>1,331</u>	<u>958</u>	<u>1,331</u>	<u>958</u>
Total Property, Plant and Equipment	<u>238,561</u>	<u>151,650</u>	<u>235,676</u>	<u>148,212</u>

Reconciliations

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

2007	Consolidated Entity			Parent Entity		
	Plant & Equipment	Leasehold Improvements	Total	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	150,692	958	151,650	147,254	958	148,212
Additions	172,534	1,369	173,903	172,534	1,369	173,903
Disposals	(16,239)	-	(16,239)	(16,239)	-	(16,239)
Depreciation expense	(69,757)	(996)	(70,753)	(69,204)	(996)	(70,200)
Carrying amount at 30 June 2007	<u>237,230</u>	<u>1,331</u>	<u>238,561</u>	<u>234,345</u>	<u>1,331</u>	<u>235,676</u>

2006	Consolidated Entity			Parent Entity		
	Plant & Equipment	Leasehold Improvements	Total	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	146,089	3,152	149,241	140,937	3,152	144,089
Additions	57,206	-	57,206	57,206	-	57,206
Depreciation expense	(52,603)	(2,194)	(54,797)	(50,889)	(2,194)	(53,083)
Carrying amount at 30 June 2006	<u>150,692</u>	<u>958</u>	<u>151,650</u>	<u>147,254</u>	<u>958</u>	<u>148,212</u>

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
12. Exploration evaluation and development assets				
Costs carried forward in respect of areas of interest in:				
- Exploration and evaluation phases – at cost (Note 12a)	6,384,204	3,015,821	-	-
- Fair value of exploration assets acquired	31,940,455	31,488,455	-	-
- Development costs (Note 12b)	-	-	-	-
Carried forward exploration, evaluation and development expenditure	38,324,659	34,504,276	-	-
(a) Exploration and evaluation phases – at cost				
Movement in carrying amounts				
Brought forward	34,504,276	20,711,740	-	6,871,688
Write off of exploration expenses	(2,803,195)	(15,632,042)	-	(5,152,785)
Reversal of impairment on exploration assets acquired	-	493,725	-	493,725
Exploration and evaluation expenditure capitalised during the year	6,171,578	1,384,706	-	762,604
Consideration for exploration assets acquired during the year – at valuation	452,000	31,488,455	-	-
Exploration assets disposed of during the year	-	(3,942,308)	-	(2,975,232)
Total exploration and evaluation phases	38,324,659	34,504,276	-	-
(b) Development				
Movement in carrying amounts				
Brought forward	-	3,057,692	-	3,057,692
Development expenditure capitalised during the year	-	-	-	-
Development expenditure disposed of during the year	-	(3,057,692)	-	(3,057,692)
At reporting date	-	-	-	-
Total	38,324,659	34,504,276	-	-

The value of the exploration expenditure is dependent upon:

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

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

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
13. Current trade and other payables				
Unsecured				
Trade payables	1,485,974	879,216	1,472,893	852,979
Other creditors and accruals	775,344	-	762,190	-
Amounts payable to wholly owned subsidiaries	-	-	1,008,177	1,041,018
	2,261,318	879,216	3,243,260	1,893,997

Terms and conditions

Terms and conditions relating to the above financial instruments

- (i) Trade creditors are non-interest bearing and are normally settled on 45 day terms.
- (ii) Sundry creditors and accruals are non-interest bearing and have an average term of 45 days.

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

14. Issued capital

252,224,531 fully paid ordinary shares
(2006: 249,324,531)

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
54,094,995	52,993,719	54,094,995	52,993,719

Fully paid ordinary shares

Balance at beginning of financial year
Issue of shares pursuant to tenement acquisition (i)
Options exercised 28 June 2007 (ii)
Options exercised 28 June 2007 (iii)
Issue of shares pursuant to Mt Anketell acquisition
Issue of shares pursuant to the Prospectus dated 21 November 2005
Options exercised 19 May 2006
Options exercised 16 May 2006
Capital reduction – In specie distribution of IGC Shares
Transaction costs relating to share issues
Balance at end of financial year

2007		2006	
No.	\$	No.	\$
249,324,531	52,993,719	139,164,532	31,169,764
600,000	252,000	-	-
1,610,000	642,770	-	-
690,000	206,506	-	-
-	-	36,656,799	10,997,040
-	-	73,343,200	22,002,960
-	-	155,000	42,935
-	-	5,000	1,385
-	-	-	(5,663,049)
-	-	-	(5,557,316)
252,224,531	54,094,995	249,324,531	52,993,719

(i) On 15 April 2007 the Company issued 600,000 ordinary shares at 42 cents each pursuant to the Share Sale Agreement with Norwest Sand and Gravel Pty Ltd..

(ii) On 28 June 2007 the Company issued 1,610,000 ordinary shares pursuant to the exercise of options.

(iii) On 28 June 2007 the Company issued 690,000 ordinary shares pursuant to the exercise of options.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

15. Reserves

Share based payments reserve
Asset appreciation reserve

Consolidated		Company	
2007	2006	2007	2006
\$	\$	\$	\$
17,663,230	16,526,778	17,663,230	16,526,778
-	138,130	-	138,130
17,663,230	16,664,908	17,663,230	16,664,908

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

15. 5. Reserves (Cont.)

(a) Share based payments reserve

Balance at beginning of financial year	16,526,778	-	16,526,778	-
Options issued 22 December 2006 (i)	708,916	-	708,916	-
Options issued 22 December 2006 (ii)	19,849	-	19,849	-
Options issued 22 December 2006 (iii)	407,687	-	407,687	-
Options issued 15 December 2005	-	4,263,860	-	4,263,860
Options issued 15 December 2005	-	4,069,787	-	4,069,787
Options issued 15 December 2005	-	3,154,808	-	3,154,808
Options issued 15 December 2005	-	3,780,121	-	3,780,121
Options issued 20 December 2005	-	1,258,202	-	1,258,202
Balance at end of financial year	17,663,230	16,526,778	17,663,230	16,526,778

During the period the Company issued the following securities:

(i) • On 22 December 2006, the Company issued 16,400,000 options exercisable at \$0.40 each on or before 31 December 2007 issued to Brokers, Consultants, Staff and Directors as approved at the Annual General Meeting of shareholders held 28 November 2006. The options were valued at \$0.0611 each (total \$1,001,662) using the Black and Scholes Option Pricing Model on the following assumptions:

Stock price: 36 cents
Days to expiration: 374 days
Forecast volatility: 60%
Risk free rate: 5.58%
Discount for unlisted securities: 30%

(ii) • On 22 December 2006, the Company issued 3,300,000 options exercisable at \$0.90 each on or before 30 June 2008 issued to Directors as approved at the Annual General Meeting of shareholders held 28 November 2006. The options were valued at \$0.0195 each (total \$64,223) using the Black and Scholes Option Pricing Model on the following assumptions:

Stock price: 36 cents
Days to expiration: 555 days
Forecast volatility: 60%
Risk free rate: 5.58%
Discount for unlisted securities: 30%

(iii) • On 22 December 2006, the Company issued 3,300,000 options exercisable at \$1.40 each on or before 30 June 2009 issued to Directors as approved at the Annual General Meeting of shareholders held 28 November 2006. The options were valued at \$0.0214 each (total \$70,569) using the Black and Scholes Option Pricing Model on the following assumptions:

Stock price: 36 cents
Days to expiration: 920 days
Forecast volatility: 60%
Risk free rate: 5.58%
Discount for unlisted securities: 30%.

These share options carry no rights to dividends and no voting rights. Further details of the share based payments are contained in note 4 to the financial statements.

15. Reserves (Cont.)

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
(b) Asset appreciation reserve				
Balance at beginning of financial year	138,130	-	138,130	-
Reversal of valuation gain taken to equity	(138,130)		(138,130)	
Change in fair value of available for sale financial assets	-	138,130	-	138,130
Balance at end of financial year	-	138,130	-	138,130

Nature and purpose of reserves

Share based payments reserve

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

Asset Appreciation Reserve

The asset appreciation reserve records revaluations of available-for-sale financial assets.

16. Accumulated losses

	Consolidated		Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Balance at beginning of financial year	(19,816,446)	(4,785,936)	(22,878,913)	(4,785,936)
Loss for the year	(3,914,073)	(15,030,508)	(1,078,560)	(18,092,977)
Balance at end of financial year	(23,730,519)	(19,816,444)	(23,957,473)	(22,878,913)

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

17. Loss per share

	Consolidated	
	2007 Cents per share	2006 Cents per share
Basic loss per share	1.57	7.57
Diluted loss per share	1.57	7.57

Basic loss per share

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

	2007 \$	2006 \$
Loss for the year	3,914,073	15,030,508
	2007 No.	2006 No.
Weighted average number of ordinary shares for the purposes of basic loss per share	249,471,134	198,552,847

Diluted earnings per share

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

	2007 \$	2006 \$
Loss for the year	3,914,073	15,030,508
	2007 No.	2006 No.
Weighted average number of ordinary shares for the purposes of diluted loss per share	249,471,134	198,552,847

18. Commitments for expenditure

	COMPANY AND CONSOLIDATED 30 June 2007 \$	COMPANY AND CONSOLIDATED 30 June 2006 \$
Operating lease commitments		
Minimum lease payments not provided for in the financial report and payable:		
(i) (ii)		
- not later than one year	188,648	42,000
- later than one year but not later than five years	831,396	-
- later than five years	-	-
- aggregate expenditure contracted for at balance date but not provided for	1,020,044	42,000

- (i) The Company entered into a lease commencing on 1 July 2007 for office premises at 18 Oxford Close, Leederville, for a period of 5 years, terminating on 30 June 2012.
- (ii) The Company entered into a lease commencing on 1 May 2007 for office premises at 2 Ord Street West Perth, for a period of 5 years, terminating on 30 April 2012.

Mineral tenement discretionary commitments

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

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

	Economic Entity		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Not longer than one year	185,459	746,244	-	-
Longer than one year, but not longer than five years	916,614	798,720	-	-
Longer than five years	-	-	-	-
	<u>1,102,073</u>	<u>1,544,964</u>	<u>-</u>	<u>-</u>

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

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

19. Contingent liabilities

On 27 March 2007, the Company signed a binding sale agreement with Mr Ding to sell 70% of the Cape Lambert iron ore project ("the Project") to Mr Ding for US\$192.5 million cash (approximately AUD\$240m). (**Sale Agreement**). The Sale Agreement was conditional on, amongst other things, shareholder approval and Cape Lambert defining a minimum Indicated Mineral Resource of 300 Mt. This resource was then required to be reviewed by an Independent Geologist. On 13 July 2007, the Company notified the ASX that the Independent Geologist had confirmed a minimum Indicated Mineral Resource of 300 Mt. Shareholder approval, the final condition precedent required to be satisfied by Cape Lambert, was received at a General Meeting of Shareholders on 16 July 2007.

The satisfaction of the final Sale Agreement condition precedent is now dependent upon the Chinese Investor, Mr Ding Ligu, obtaining Foreign Investment Review Board approval.

Under the terms of the binding agreement, the purchaser has paid Cape Lambert a \$2,000,000 deposit of which \$750,000 is non-refundable. There remains a contingent liability in the amount of \$1,250,000 should the Sale Agreement be terminated.

Other than the above, the economic entity has no contingent liabilities or assets at the year end.

20. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
Parent entity			
Cape Lambert Iron Ore Limited	Australia	-	-
Subsidiaries			
International Goldfields (Romania) Pty Ltd	Australia	100%	100%
Dempsey Resources Pty Ltd	Australia	100%	100%
Evanston Resources Pty Ltd	Australia	100%	100%
Mt Anketell Pty Ltd	Australia	100%	100%
Global Iron Limited	Australia	100%	-

21. Acquisition of businesses

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$
2006:				
Mt Anketell Pty Ltd	Exploration	16 December 2005	100%	31,488,455

The parent entity acquired 100% of Mt Anketell Pty Ltd on 16 December 2005, the holder of the Cape Lambert Iron Ore project located in the Pilbara region of Western Australia. The purchase was satisfied by the issue of 36,656,799 shares at an issue price of \$0.30 each, 140,000,000 options valued using the Black Scholes Option Pricing Model at \$11,488,455, an initial option fee of \$100,000 and the deferred cash payment of \$8,902,960. The issue was based on the market price at the date of purchase.

	Mt Anketell Pty Ltd		
	Book value	Fair value adjustment	Fair value on acquisition
Net assets acquired	\$	\$	\$
Non-current assets:			
Exploration and evaluation expenditure	-	31,488,455	31,488,455
	-	31,488,455	31,488,455

Further details of the businesses acquired during the financial year are disclosed in note 26(b).

22. Segment information

The group has two geographic segments, being Australia and Romania and one business segment, mineral mining and exploration and substantially all of the entity's resources are deployed for this purpose.

Geographical segment revenues

	External sales		Inter-segment		Other revenue from ordinary activities		Total	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Australia	-	-	-	-	968,095	616,410	968,095	610,499
Romania	-	-	-	-	-	-	-	-
Consolidated							968,095	610,499

Geographical segment result

	2007 \$	2006 \$
Australia	(1,142,089)	(15,030,508)
Romania	(2,803,195)	-
Loss before income tax expense	(3,945,284)	(15,030,508)
Income tax expense	-	-
Loss for the year	(3,945,284)	(15,030,508)

Geographical segment assets and liabilities

	Assets		Liabilities	
	2007 \$	2006 \$	2007 \$	2006 \$
Australia	50,256,813	47,963,148	2,261,318	879,216
Romania	-	2,758,251	-	-
Consolidated	50,256,813	50,721,399	2,261,318	879,216

Other geographical segment information

	Australia		Romania		Total	
	2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Acquisition of segment assets	6,903,165	39,896,658	44,934	33,708	6,948,099	39,930,366
Impairment losses	-	16,046,814	2,803,195	-	2,803,195	16,046,814
Reversals of impairment losses	-	493,725	-	-	-	493,725
Depreciation and amortisation of segment assets	70,753	54,797	-	-	70,753	54,797

23. Related party disclosures

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements.

(b) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in note 4 to the financial statements.

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

23. Related party disclosures (cont'd)

(c) Key management personnel equity holdings

Fully paid ordinary shares of *Cape Lambert Iron Ore Limited*

2007	Balance@ 01/07/06	Balance held on appointment	Received on exercise of options	On Market purchases (sales)	Balance@ 30/06/07	Balance held nominally
	No.	No.	No.	No.	No.	No.
Anthony Sage	11,930,075	-	1,500,000	200,000	13,630,075	-
Timothy Turner	544,004	-	-	(375,000)	169,004	-
Ian Burston	500,000	-	-	-	500,000	-
Brian Maher	65,000	-	-	-	65,000	-
Peter Landau	-	-	-	-	-	-
	13,039,079	-	1,500,000	(175,000)	14,364,079	-

2006	Balance@ 01/07/05	Balance held on appointment	Received on exercise of options	On Market purchases	Balance@ 30/06/06	Balance held nominally
	No.	No.	No.	No.	No.	No.
Anthony Sage	11,930,075	-	-	-	11,930,075	-
Timothy Turner	544,004	-	-	-	544,004	-
Ian Burston	-	-	-	500,000	500,000	-
Brian Maher	-	15,000	-	50,000	65,000	-
Peter del Fante	-	-	-	-	-	-
Stockley Davis	-	-	-	-	-	-
	12,474,079	15,000	-	550,000	13,039,079	-

Share options of *Cape Lambert Iron Ore Limited*

2007	Bal @ 01/07/06	Granted as remu- neration	Exer-cised	Net other change	Bal @ 30/06/07	Bal vested @ 30/06/07	Vested but not exerci- sable	Vested and exerci- sable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Anthony Sage	9,960,000	6,000,000	(1,500,000)	-	14,460,000	14,460,000	-	14,460,000	6,000,000
Timothy Turner	1,500,000	-	-	(400,000)	1,100,000	1,100,000	-	1,100,000	-
Ian Burston	-	10,000,000	-	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Brian Maher	1,350,000	-	-	-	1,350,000	1,350,000	-	1,350,000	-
Peter Landau	n/a	-	-	-	-	-	-	-	-
	12,810,000	16,000,000	(1,500,000)	(400,000)	26,910,000	26,910,000	-	26,910,000	16,000,000

Share options of *Cape Lambert Iron Ore Limited*

2006	Bal @ 01/07/05	Granted as remu- neration	Exer-cised	Net other change	Bal @ 30/06/06	Bal vested @ 30/06/06	Vested but not exerci- sable	Vested and exerci- sable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
Anthony Sage	700,000	10,000,000	-	(740,000)	9,960,000	9,960,000	-	9,960,000	10,000,000
				(i)					
Timothy Turner	-	1,500,000	-	-	1,500,000	1,500,000	-	1,500,000	1,500,000
Ian Burston	-	-	-	-	-	-	-	-	-
Brian Maher	-	-	-	1,350,000	1,350,000	1,350,000	-	1,350,000	-
				(ii)					
Peter del Fante	-	-	-	-	n/a	n/a	n/a	n/a	n/a
Stockley Davis	-	1,000,000	-	-	1,000,000	1,000,000	-	1,000,000	1,000,000
	700,000	12,500,000	-	610,000	13,810,000	13,810,000	-	13,810,000	12,500,000

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

- (i) 700,000 options lapsed on 31 August 2005. 40,000 options sold off market.
- (ii) 350,000 options purchased on market, 1,000,000 options granted as part of consultants options issued 15 December 2005, prior to Mr Maher's appointment to the Board on 20 December 2005.

All share options issued to directors during the financial year were made under the terms and conditions as approved in general meetings by Shareholders.

During the 2006 financial year, no options were exercised by directors and executives for ordinary shares in Cape Lambert Iron Ore Limited.

Further details of the Cape Lambert Iron Ore Limited Employee Option Scheme and of share options granted during the financial year is contained in notes 4 and 5 to the financial statements.

23. Related party disclosures (cont'd)

(d) Transactions with other related parties

Other related parties include:

- subsidiaries;
- former key management personnel.

Amounts receivable and payable from these related parties are disclosed in notes 4 and 8 to the financial statements.

(e) Parent entity

The ultimate Australian parent entity is Cape Lambert Iron Ore Limited.

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

24. Subsequent events

Cape Lambert Iron Ore Project Sale Agreement

On 27 March 2007, the Company signed a binding sale agreement with Mr Ding to sell 70% of the Cape Lambert iron ore project ("the Project") to Mr Ding for US\$192.5 million cash (approximately AUD\$240m). (**Sale Agreement**). The Sale Agreement was conditional on, amongst other things, shareholder approval and Cape Lambert defining a minimum Indicated Mineral Resource of 300 Mt. This resource was then required to be reviewed by an Independent Geologist. On 13 July 2007, the Company notified the ASX that the Independent Geologist had confirmed a minimum Indicated Mineral Resource of 300 Mt. Shareholder approval, the final condition precedent required to be satisfied by Cape Lambert, was received at a General Meeting of Shareholders on 16 July 2007.

The satisfaction of the final Sale Agreement condition precedent is now dependent upon the Chinese Investor, Mr Ding, obtaining Foreign Investment Review Board approval.

Under the terms of the binding agreement, the purchaser has paid Cape Lambert a \$2,000,000 deposit of which \$750,000 is non-refundable. There remains a contingent liability in the amount of \$1,250,000 should the Sale Agreement be terminated.

On 5 September 2007, the Company announced that the Singapore listed company Delong Holdings Ltd (**Delong**), a company associated with the Purchaser, took an initial 4.4% stake in the Company through the conversion of 12,000,000 unlisted 2010 Options (at an exercise price of \$0.377). The conversion of the options provided approximately AUD\$4.6million to the existing cash reserves of the Company.

Delong's major shareholder and Chairman Mr Ding acquired 40million options through a private transaction announced to the market on 30 March 2007 and Mr Ding has on sold these Options to Delong. At the time Mr Ding indicated that he wanted to convert the options so as to provide a tangible example of his long-term commitment to the Company and its operations.

Delong has indicated it will convert the balance of the 40,000,000 unlisted Options (being 28,000,000 - raising a further approximately \$10,000,000) on finalisation of minor outstanding issues associated with the Sale Agreement. It is expected that this will occur in early October 2007. At the completion of this conversion Delong will hold 13.25% of the issued capital of the Company.

As a consequence of the above delay, the first payment of \$72,000,000 under the Sale Agreement has also been delayed until early October 2007.

In the event that the Sale Agreement is not completed with Mr Ding, the Company will seek alternative funding sources to continue with the strategy of developing the Cape Lambert Iron Ore Project.

Global Iron Limited

On 1 June 2007, the Company notified the market of its intention to spin out its rights to explore for and mine iron ore over approximately 160 tenements into a separate company, Global Iron Limited ("Global Iron"). The Company received 3,125,000 ordinary fully paid shares in Global Iron as consideration for the rights. Global Iron is expected to list on the ASX during September 2007, through an initial public offering of 12,500,000 shares at 20 cents per share to raise \$2,500,000.

At the General Meeting of Shareholders held on 16 July 2007, the Company received Shareholder approval to proceed with the listing of Global Iron.

On 20 September 2007, the Company announced it had confirmed the completion of the in-specie distribution of 3,125,000 Global Iron Shares to its members as approved at the General Meeting of Shareholders held 16 July 2007. The financial effect of the in-specie distribution has not been brought to account at balance date as it was approved post year end, however the effect will be to reduce the Company's equity by \$625,000.

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

Conversion of Options

Subsequent to the year end, the following options have been converted into ordinary fully paid shares in the Company:

On 2 July 2007 the Company issued 650,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$229,250.

On 4 July 2007 the Company issued 1,239,917 ordinary fully paid shares pursuant to the exercise of options for consideration of \$343,457.

On 16 July 2007 at the general meeting of members, the shareholders approved the issue of 7,000,000 \$0.49 Options expiring on 30 June 2008 to employees and contractors. On 26 July 2007 the Company issued 6,350,000 \$0.49 Options to employees and contractors of the Company.

On 24 July 2007 the Company issued 8,221,196 ordinary fully paid shares pursuant to the exercise of options for consideration of \$2,821,549.

On 30 July 2007 the Company issued 2,525,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$1,010,000.

On 31 July 2007 the Company issued 131,857 ordinary fully paid shares pursuant to the exercise of options for consideration of \$36,524.

On 6 September 2007 the Company issued 12,000,000 ordinary fully paid shares pursuant to the exercise of options for consideration of \$4,524,000.

Other than the above, no event has arisen since 30 June 2007 that would be likely to materially affect the operations of the consolidated entity, or its state of affairs not otherwise disclosed in the entity's financial report.

Notes To The Financial Statements For The Year Ended 30 June 2007

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents (i)

(b) Businesses acquired

Consideration

Ordinary shares

Other – Option fee - cash

Exploration and evaluation expenditure

Less cash and cash equivalent balances
acquired

Consolidated		Company	
2007 \$	2006 \$	2007 \$	2006 \$
1,917,384	12,709,573	1,837,787	12,636,049
-	-	-	8,902,960
-	-	-	10,997,040
-	-	-	11,488,455
-	-	-	100,000
-	-	-	31,488,455
-	-	-	31,488,455
-	-	-	31,488,455
-	-	-	9,002,960
-	-	-	-
-	-	-	9,002,960

Cape Lambert Iron Ore and Controlled Entities
Notes To The Financial Statements For The Year Ended 30 June 2007

25. Notes to the cash flow statement (con't)

(c) Reconciliation of net loss to net cash flows from operating activities

Loss from ordinary activities	(3,945,284)	(15,030,508)	(1,078,560)	(18,092,977)
Gain on sale or disposal of investments	(77,853)	(3,460,483)	(77,853)	(3,460,483)
Loss on sale or disposal of investments	-	9,952	-	9,952
Gain on revaluation of investments	(1,281,073)	-	(1,281,073)	-
Loss on revaluation of investments	248,931	414,772	248,931	414,772
Reversal of loss on revaluation of investments	(689,595)	-	(689,595)	-
Impairment of investment in controlled entities	-	-	-	13,557,160
Depreciation and amortisation of non-current assets	70,753	54,797	70,200	53,083
Foreign exchange (gain)/loss realised on disposal of financial assets held for resale	-	(230,585)	-	(230,585)
Equity settled share-based payment	1,136,452	1,258,204	1,136,452	1,258,204
Impairment of exploration assets	2,803,195	15,632,042	-	5,152,785
Reversal of impairment of exploration assets	-	(493,725)	-	(493,725)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	(802,411)	(256,508)	(802,648)	(367,236)
Exploration, evaluation and development expenditure	(6,426,208)	(1,383,005)	(254,630)	(688,239)
Book value of plant and equipment disposed	16,239	-	16,239	-
Increase/(decrease) in liabilities:				
Current payables	1,140,373	425,126	1,140,373	429,608
Current provisions	-	(39,632)	-	(39,632)
Net cash from operating activities	(7,806,481)	(3,099,553)	(1,572,164)	(2,497,314)

26. Financial instruments

(a) Financial risk management objectives

The Company's principal financial instruments comprise cash, short term deposits and equity securities. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

a) Interest Rate Risk Exposures

The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not have short or long term debt, and therefore this risk is minimal.

b) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on financial assets, excluding investments, of the Company, which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

The Company is not materially exposed to any individual overseas country or individual customer.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

26. Financial instruments (cont'd)

Maturity profile of financial instruments

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2007:

	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
2007	%	\$	\$	\$	\$	\$	\$
Financial assets:							
Cash and cash equivalents	6.21	1,917,384	-	-	-	-	1,917,384
Trade and other receivables		-	-	-	-	5,058,272	5,090,482
Other financial assets	0.0	-	288,448	-	-	4,429,490	4,717,938
		1,917,384	288,448	-	-	9,488,244	11,694,076
Financial liabilities:							
Trade payables	0.0	-	-	-	-	2,261,318	2,261,318
Net financial assets		1,917,384	288,448	-	-	7,226,926	9,432,758

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2006:

	Weighted average effective interest rate	Variable interest rate	Maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	More than 5 years		
2006	%	\$	\$	\$	\$	\$	\$
Financial assets:							
Cash and cash equivalents	5.74	726,380	11,983,193	-	-	-	12,709,573
Trade and other receivables		-	-	-	-	390,508	390,508
Other financial assets	0.0	-	155,376	-	-	2,810,016	2,965,392
		726,380	12,138,569	-	-	3,200,524	16,065,473
Financial liabilities:							
Trade payables	0.0	-	-	-	-	879,216	879,216
		-	-	-	-	879,216	879,216
Net financial assets		726,380	12,138,569	-	-	2,321,308	15,186,257

(d) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

(e) Liquidity risk management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Cape Lambert Iron Ore and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2007

27. Additional company information

Cape Lambert Iron Ore Limited is a listed public company, incorporated and operating in Australia and Europe.

Registered office

18 Oxford Close
West Leederville
Western Australia 6008

Principal place of business

18 Oxford Close
West Leederville
Western Australia 6008

Corporate governance statement

CORPORATE GOVERNANCE

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at http://www.asx.com.au/about/CorporateGovernance_AA2.shtm.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chairman	1.2
Recommendation 2.3 Role of the Chairman and CEO	1.2
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Reporting on Principle 2	1.2, 1.4.6, 2.3.2 and the Directors' Report
Recommendation 3.1 Directors' and Key Executives' Code of Conduct	1.1
Recommendation 3.2 Company Security Trading Policy	1.4.9
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9
Recommendation 4.1 Attestations by CEO and CFO	1.4.11
Recommendation 4.2 Establishment of Audit Committee	2.1
Recommendation 4.3 Structure of Audit Committee	2.1.2
Recommendation 4.4 Audit Committee Charter	2.1
Recommendation 4.5 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Attendance of Auditor at General Meetings	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Attestations by CEO and CFO	1.4.11
Recommendation 7.3 Reporting on Principle 7	2.1.3
Recommendation 8.1 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 9.1 Remuneration Policies	2.2.4
Recommendation 9.2 Establishment of Remuneration Committee	2.2
Recommendation 9.3 Executive and Non-Executive Director Remuneration	2.2.4.1 and 2.2.4.2
Recommendation 9.4 Equity-Based Executive Remuneration	2.2.4.1
Recommendation 9.5 Reporting on Principle 9	2.2.2 and 2.2.4
Recommendation 10.1 Company Code of Conduct	3

Cape Lambert Iron Ore and Controlled Entities

Corporate Governance Statement

1. Board of Directors

1.1 Role of the Board

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

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

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

1.2 Composition of the Board

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

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

An Independent Director is a Non-Executive Director and:

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

Mr Antony Sage is the Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Dr Ian Burston is the Executive Chairman of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

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

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

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

Cape Lambert Iron Ore and Controlled Entities

Corporate Governance Statement

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

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

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Shares

As per directors minutes dated 24 October 2006 it was suggested as a minimum the policy prohibit any share trading until two (2) days after an announcement for a period of seven (7) days. Any deviation from this time frame is to be discussed with the Chairman.

Furthermore, as Cape Lambert Iron Ore Ltd is also listed on AIM, directors are cognisant of the AIM trading compliance rules.

1.4.10 Performance Review/Evaluation

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

1.4.11 Attestations by CEO and CFO

It is the Board's policy, that the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. However, as at the date of this report the Company does not have a designated CEO or CFO. Due to the size and scale of operations of the Company these roles are performed by the Board as a whole.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. Below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of five (5) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

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

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

2.2 Remuneration Committee

2.2.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of five (5) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

Cape Lambert Iron Ore and Controlled Entities

Corporate Governance Statement

2.2.3 Remuneration Policy

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

2.2.3.1 Senior Executive Remuneration Policy

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

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

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

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

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.4 Current Director Remuneration

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

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

As the whole Board only consists of five (5) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2 Responsibilities

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

2.3.3 Criteria for selection of Directors

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

3. Company Code Of Conduct

The Board has decided against the implementation of a code of conduct as it does not believe that it is in the best interests of its employees or other stakeholders to have what purports to be an exhaustive code of conduct. The Board feels that such a code may be too prescriptive and not allow the employees the discretion they need to best serve the Company's stakeholders.

Additional stock exchange information as at 24 September 2007

Cape Lambert Iron Ore Limited is a listed public company, incorporated and operating in Australia and Europe.

Registered and Principal place of business: 18 Oxford Close Leederville Western Australia 6007 AUSTRALIA

Schedule of Mineral Tenements

Tenement	Project	Equity (%)
E47/1462-I	Mt Anketell	100
E80/3502	Mt Anketell	100
ELA47/1493	Mt Anketell	100
ELA47/1760	Mt Anketell	100
E70/2504	Jubuk	100
E47/1233	Donald North	100
E47/1248	Donald North	100
E47/1271	Donald North	100
E70/2482	Pingaring	100
E208/1999	Sacu	100
PA47/1302	Mt Anketell	100
PA47/1303	Mt Anketell	100
PA47/1383	Mt Anketell	100

Notes:

E = Granted Exploration Licence

P = Prospecting Licence

“A” following the above means application

Equity Securities

There are 4,390 shareholders, holding 276,967,500 quoted ordinary shares.

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

The number of ordinary shareholdings held in less than marketable parcels is 109.

Voting Rights

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

Options do not carry a right to vote.

Distribution of Holders of Equity Securities

	Ordinary Shares
1-1,000	198
1,001-5,000	1,087
5,001-10,000	965
10,001-100,000	1,885
100,001 and over	241

Substantial Holders

	Ordinary fully paid shareholders	Number	% held of Issued Capital
1	POWER UNITED LIMITED	18,328,363	6.62%
2	JP MORGAN NOMINEES AUSTRALIA LIMITED	17,053,400	6.16%

Top 20 Listings as at 24 September 2007

20 Largest Shareholders – Quoted Ordinary Shares			
	Name	Number of Ordinary Fully Paid Shares Held	% held of Issued Capital
1	HSBC Custody Nominees (Aust) Limited	24,507,027	8.85
2	Power United	18,328,363	6.62
3	JP Morgan Nominees Australia Limited	17,053,400	6.16
4	Delong Holdings Limited	12,000,000	4.33
5	HSBC Custody Nominees (Aust) Limited	11,372,777	4.11
6	Computershare Clearing Pty Ltd	10,872,864	3.93
7	ANZ Nominees Limited	9,594,261	3.46
8	Antony William Paul Sage <Egas Super Fund A/C>	8,301,503	3.00
9	HKT AU Pty Ltd	5,742,309	2.07
10	Antony William Paul Sage <Egas Super Account>	5,228,572	1.89
11	Equitech Investments Limited	3,720,165	1.34
12	National Nominees Limited	3,288,939	1.19
13	KLIP Pty Ltd	2,928,500	1.06
14	Selcraft Pty Ltd	2,000,000	0.72
15	UBS Wealth Management (Aust) Nominees Pty Ltd	1,571,038	0.57

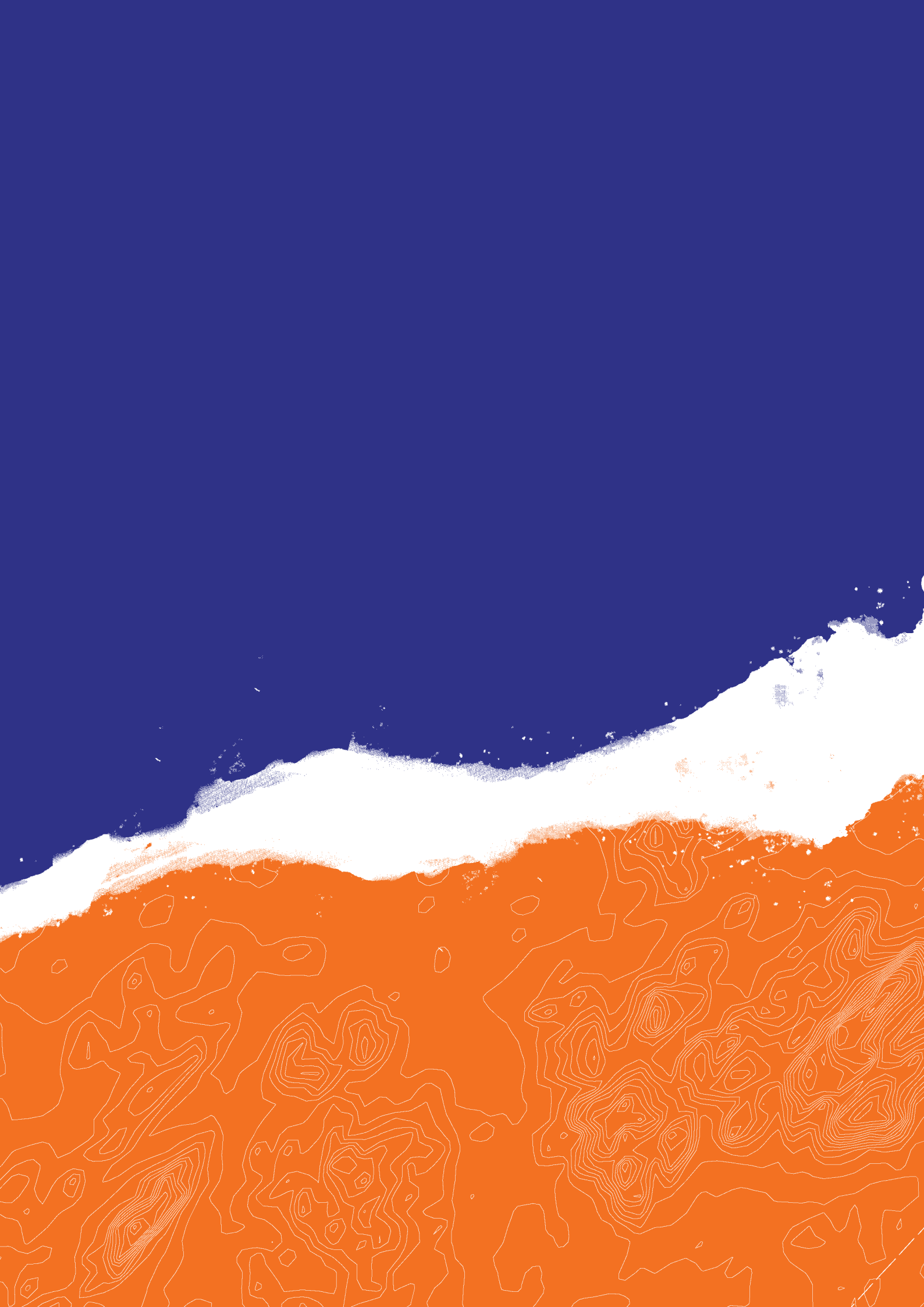
Cape Lambert Iron Ore and Controlled Entities

Additional Information

16	Goldman Sachs JBwere Capital Markets Ltd	1,500,000	0.54
17	Ridgfield Capital Asset Management LP	1,500,000	0.54
18	Mr Paul James Newcombe	1,339,011	0.48
19	Mr Russell Neil Creagh	1,293,763	0.47
20	Ian Fred Burston	1,250,000	0.45

20 Largest Shareholders – Quoted Options

	Name	Number of Quoted Options Held	% Held of Quoted Options
1	Power United Limited	50,000,000	38.18
2	Antony William Paul Sage <Egas Super Fund A/C>	9,960,000	7.60
3	HSBC Custody Nominees (Aust) Limited	8,097,628	6.18
4	JP Morgan Nominees Australia Limited	5,000,000	3.82
5	HSBC Custody Nominees (Aust) Limited	2,000,000	1.53
6	Ms Thi Ly Huang Pham	1,788,000	1.37
7	Peter Treen Electrical Discounter P/L	1,548,439	1.18
8	Verily Pty Ltd	1,250,000	0.95
9	Mr Steven Jan & Mrs Karen Zielinski <Mauvista Park Super A/C>	1,150,000	0.88
10	Timmarin Holdings Pty Ltd	1,080,000	0.82
11	Mr Christopher Eric Barnes	1,000,000	0.76
12	Mr Robert Burgess <Practice Super Fund>	952,000	0.73
13	Mr Robert William Higham <Higham Inv Unit A/C>	829,500	0.63
14	Caduceus Pty Ltd <L&R Genua Super Fund A/C>	825,000	0.63
15	Caficill Pty Limited <The Ofner Family A/C>	800,000	0.61
16	Mr Lewis Richard Collier	762,000	0.58
17	Ganbaru Pty Ltd <The Parrish Super Fund A/C>	690,000	0.53
18	Mr Christopher Eric Barnes	619,000	0.47
19	Arredo Pty Ltd	603,500	0.46
20	National Nominees Limited	570,000	0.44



Cape Lambert Iron Ore Limited

ABN 71 095 047 920

NOTICE OF ANNUAL GENERAL MEETING

– and –

EXPLANATORY STATEMENT

– and –

PROXY FORM

DATE AND TIME OF MEETING:

30 November 2007 at 9.00am

VENUE:

Holiday Inn City Centre Perth
778-788 Hay Street

Perth WA 6000

These documents should be read in their entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

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Cape Lambert Iron Ore Limited
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NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the members of Cape Lambert Iron Ore Limited ("**Cape Lambert Iron Ore**" or the "**Company**") will be held at Holiday Inn City Centre Perth, 778-788 Hay Street, Perth, Western Australia 6000, at 9.00am, 30 November 2007.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

AGENDA

ORDINARY BUSINESS

To receive and consider the financial report of the Company for the period ended 30 June 2007 and the reports by directors and auditors thereon.

To consider and, if thought fit, to pass, with or without modification, the following ordinary resolutions:-

1. Ordinary Resolution 1: "To re-elect a Director"

To re-elect as a director Mr Peter Landau who retires in accordance with Clause 12.4 of the Company's Constitution and, being eligible, offers himself for re-election.

2. Ordinary Resolution 2: "To re-elect a Director"

To re-elect as a director Mr Tim Turner who retires in accordance with Clause 12.2 of the Company's Constitution and, being eligible, offers himself for re-election.

3. Ordinary Resolution 3: "Adoption of Remuneration Report (Non-binding)"

To adopt, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 4 is advisory only and does not bind the Directors or the Company.

Cape Lambert Iron Ore Limited
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4. Ordinary Resolution 4: “Approval of the Employee Incentive Scheme”

That, for the purposes of Exception 9 of Rule 7.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to administer and issue securities under its employee incentive scheme as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Memorandum

1. Prior to making a decision with respect to Resolution 4, members should refer to Section 4 of the Explanatory Statement which accompanies this Notice of Meeting.
2. In accordance with ASX Listing Rule 7.2, the Company will disregard any votes cast on Resolution 4 by any director of the Company, any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if resolution 4 is passed and any person associated with those persons.

5. Ordinary Resolution 5: “Appointment of PriceWaterhouseCoopers as auditors of the Company”

“That PriceWaterhouseCoopers be appointed as auditors of the Company, with effect from the end of the meeting and the Directors be authorised to set their remuneration, subject to ASIC approval.”

Short Explanation: Following the resignation of Ernst & Young as auditors of the Company, the Directors seek to appoint PriceWatterhouseCoopers as auditors of the Company. Pursuant to Section 328 of the Corporations Act 2001, PriceWaterhouseCoopers, having been nominated by a Shareholder, consent to act as auditors of the Company and seek Shareholders approval to be appointed auditors of the Company.

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PROXIES

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of the member. If two proxies are appointed, and a member does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes. A proxy need not be a member of the Company.
2. In order to vote on behalf of a company that is a Shareholder of the Company, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.
3. Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged at the registered office of the Company, at 18 Oxford Close, LEEDERVILLE WA 6007, or by facsimile (61 8) 9380 9666 not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.
4. An instrument appointing a proxy:
 - a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
 - b) may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
 - c) shall be deemed to confer authority to demand or join in demanding a poll; and
 - d) shall be in such form as the Directors determine and which complies with Section 250A of the Corporations Act 2001 and the Listing Rules;

ATTENDANCE AND VOTING ELIGIBILITY

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that Shares held at 5.00pm WST on 28 November 2006 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time.

VOTING EXCLUSION

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.

BY ORDER OF THE BOARD

Tim Turner

Director/Secretary

Dated: 23 October 2007

Cape Lambert Iron Ore Limited
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EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Cape Lambert Iron Ore Limited (**"Cape Lambert Iron Ore"** or the **"Company"**) in connection with Resolutions 1 to 5 of the Annual General Meeting (**Meeting** or **Annual General Meeting**) of members to be held at Holiday Inn City Centre Perth, 778-788 Hay Street, Perth, Western Australia 6000, at 9.00am, 30 November 2007.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

1. RESOLUTION 1: "TO RE-ELECT A DIRECTOR"

Resolution 1 seeks approval for the election of Mr Peter Landau, who retires in accordance with Clause 12.4 of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company, with effect from the end of the Meeting.

Mr Landau is a corporate lawyer and advisor who has previously worked with Grange Consulting Group, Clayton Utz and general counsel at Co-operative Bulk Holdings. 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, M & A 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.

2. RESOLUTION 2: "TO RE-ELECT A DIRECTOR"

Resolution 2 seeks approval for the election of Mr Tim Turner, who retires by rotation in accordance with Clause 12.2 of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company, with effect from the end of the Meeting.

Mr Timothy Paul Turner has joined Cape Lambert Iron Ore Ltd in the dual position of Director and Company Secretary. As senior partner with Accounting firm, Hewitt Turner & Gelevitis, Mr Turner specialises in domestic business structuring, corporate and trust tax planning and the issuing of audit opinions. He also has in excess of 20 years experience in new ventures, capital raisings and general business consultancy.

Mr Turner has a Bachelor of Business (Accounting and Business Administration), is a Registered Company Auditor, a Fellow of CPA Australia, a Fellow of the Taxation Institute of Australia. Mr Turner is also a Director of currently listed International Goldfields Limited (ASX Code IGC) and Global Iron Ltd (ASX Code GFE).

3. RESOLUTION 3 – REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 3 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of directors, secretaries and senior managers of the Company; and

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- discussion of the relationship between such policy and the Company's performance; and the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

4. RESOLUTION 4 – APPROVAL OF THE EMPLOYEE INCENTIVE SCHEME

The Company has established an Employee Incentive Scheme, the terms of which were set out in the Prospectus dated 14 October 2003 (“**Scheme**”). Resolution 4 is a resolution which seeks shareholder approval in accordance with Exception 9 of Rule 7.2 of the ASX Listing Rules for the Company to issue securities under the Scheme without prior shareholder approval and in reliance on the exception to Listing Rule 7.1

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of Listing Rule 7.2).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company flexibility to issue securities, shareholders are requested to approve the issue of securities under the Plan as an exemption from Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that Resolution 4 does not approve the issue of any Scheme Options to any Director of the Company. Scheme Options cannot be granted to Directors or associates of the Company unless prior approval of shareholders is obtained in accordance with the Listing Rules.

The main purposes of the Scheme is to give an additional incentive to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts.

If plan options are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of options exercised. It will also increase the number of Shares that are on issue by the number of options exercised.

Shares issued pursuant to the exercise of Scheme Options will rank *pari passu* in all respects with the Company's existing Shares.

Application will not be made for official quotation on the ASX of the Scheme Options.

In accordance with Listing Rule 7.2, Shareholders are provided with the following information.

A summary of the significant terms of the Employee Incentive Scheme follows:

- (a) The maximum number of Plan Options that can be issued under the Plan is that number which equals 5% of the then current number of Shares on issue.
- (b) Directors, employee and consultants of the Company will be eligible to participate in the Scheme. Subject to the Listing Rules, the Board of Directors shall determine the number of Scheme Options (if any) to be allocated to the various Directors, employees and consultants of the Company.

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- (c) Directors of the Company will be entitled to participate in the Scheme subject to all necessary approvals pursuant to the Corporations Act and the Listing Rules being obtained.
- (d) The issue price of each Scheme Option will be nil.
- (e) The exercise price of each Scheme Option to be:
 - a. 125% of the market value (as defined in "Annexure A") of the Company's Shares on the date on which the options are issued
 - b. 20 cents; or
 - c. any greater price determined by the board.

Whichever is the greatest.

- (f) Each Scheme Option entitles the Option holder to subscribe for and be allotted one Share.
- (g) All Plan Options have an expiry date determined by the board and at any time between 2 and 5 years after the date of grant of the options.

Full terms and conditions of the Scheme are outlined in Annexure A.

Options issued under the Scheme since disclosure of the terms of the Scheme in the Company's Prospectus dated 7 June 2002:

No. of Options	Exercise Price	Expiry Date
550,000	\$0.427	22 October 2008
500,000	\$0.367	9 February 2009

There has been no change to the number or terms of securities to be issued, the mechanism for pricing or payment, or any other material terms of the Scheme since its disclosure in the Company's Prospectus dated 7 June 2002.

5. RESOLUTION 5 – APPOINT PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY

Following the resignation of Ernst & Young as auditors of the Company, the Directors seek to appoint PriceWaterhouseCoopers as auditors of the Company. Pursuant to Section 328 of the Corporations Act 2001, PriceWaterhouseCoopers, having been nominated by a Shareholder (refer to page 9 of this Explanatory Statement for a copy of the nomination letter), consent to act as auditors of the Company and seek Shareholders approval to be appointed auditors of the Company.

Under the Corporations Act, the resignation of an auditor is subject to approval by the Australian Securities and Investments Commission (ASIC) and appointment of a new auditor is subject to approval at an annual general meeting. Ernst & Young has sought ASIC approval to resign and the Company seeks approval at this Meeting for PriceWaterhouseCoopers to be appointed auditor of the Company, subject to receiving this ASIC approval.

The Directors have confidence in PriceWaterhouseCoopers' independence, professionalism and competence and therefore the Directors support this nomination.

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ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Statement carefully before deciding how to vote on each Resolution.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.

Enquiries

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Statement should be directed to the Company's Executive Director, Mr Antony Sage or Company Secretary, Mr Timothy Turner (telephone: +61 8 9380 9555).

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Copy of Letter of Nomination of Auditors

17 October 2007

The Directors
Cape Lambert Iron Ore Limited
18 Oxford Close
LEEDERVILLE WA 6007

Dear Sirs,

I, Steven Zelinski as a Director of Gentry Investments Pty Ltd, being a shareholder in Cape Lambert Iron Ore Limited, hereby nominate PriceWaterhouseCoopers to be appointed auditors of the Company at the forthcoming Annual General Meeting to be held 30 November 2007 or at any adjournment thereof, subject to ASIC approval.

Yours faithfully,

Steven Zelinski
Director – Gentry Investments Pty Ltd

Cape Lambert Iron Ore Limited
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ANNEXURE “A”

Terms and Conditions of Employee Option Scheme

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these Terms and Conditions, the following words and expressions have the meanings indicated unless the contrary intention appears:

“Associate” of an Employee means:

- a) a spouse, parent, brother, sister or child of the Employee (“Relative”);
- b) a body corporate that is effectively controlled by one or more of the Employee and the Relatives of the Employee; or
- c) the trustee of a trust that is effectively controlled by one or more of the Employee and the Relatives of the Employee.

“ASX” means Australian Securities Exchange Limited.

“Board” means all or some of the Directors acting as a board.

“Company” means Cape Lambert Iron Ore Ltd.

“Director” means a director of the Company.

“Employee” means:

- a) a full-time or part-time employee of a company in the Group;
- b) a director of the company in the Group; or
- c) a consultant of the company and a person, by whatever name called and whether or not a director, whom the Board determines is concerned, or takes part, in the management of a company in the Group.

“Group” means the Company and its subsidiaries (as defined in the Corporations Act 2001).

“Listing Rules” means the Official Listing Rules of ASX.

“Market Value” of a Share means:

- a) unless (b) applies – the market value determined under the Income Tax Act; or
- b) if the Board adopts another method for determining the market value – the value determined under that method.

“Option” means an option to subscribe for Shares issued under the Scheme.

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“Participant” means:

- a) an Employee who personally holds an Option issued under the Scheme; or
- b) an Employee whose nominated Associate holds an Option issued under the Scheme.

“Redundancy” means any situation where the requirements of the relevant company in the Group for an Employee to carry out a particular kind of work (given his or her particular skills) or to carry out certain work in a particular place, have ceased or diminished (or are likely to do so), but does not extend to the dismissal of an Employee for personal or disciplinary reasons, including for reasons of misconduct or unsatisfactory performance, or where an Employee leaves of his or her own accord.

“Retirement” means retirement by the Participant from employment with the Group at age 55 or over.

“Scheme” means the Cape Lambert Iron Ore Ltd Employee Incentive Scheme constituted by these Terms and Conditions.

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

“Total and Permanent Disablement” means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

- 1.2 Words imparting the singular include the plural and vice versa and words denoting a gender include all other genders.

2. ISSUE OF OPTIONS

Eligibility

- 2.1 The Board may offer Options to an Employee having regard to:

- a) the potential contribution of the Employee to the Group; and
- b) any other matters the Board considers relevant.

Nomination of Associate

- 2.2 Upon receipt of an offer of Options an Employee may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

Acceptance of offers

- 2.3 An Employee or nominated Associate may accept an offer of Options within the time specified in the offer document. No payment is required to accept the offer.

Issue of Options

- 2.4 Options must be issued in accordance with these Terms and Conditions and each Participant and, where relevant, Associate will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.
- 2.5 The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.
- 2.6 The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

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3. MAXIMUM NUMBER OF OPTIONS

The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:

- a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and
- b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme,

(disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act 2001), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

4. ENTITLEMENT

4.1 Subject to clauses 4, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the exercise price per Share.

4.2 The exercise price per Share is:

- a) 125% of the Market Value of Shares on the day the Option is issued;
- b) 20 cents; or
- c) any greater exercise price determined by the Board and advised to the Employee when Options are offered to the Employee,

whichever is the greatest.

4.3 Subject to these Terms and Conditions, the Company must allot shares on exercise of an Option in accordance with the Listing Rules.

4.4 Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

5. EXERCISE OF OPTIONS

5.1 An Option is exercisable by the holder lodging a notice of exercise of Option and application for Shares in a form approved by the Company, together with the exercise price of each Share to be issued on exercise and the relevant Option certificate, with the Company Secretary.

5.2 Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.

5.3 Subject to clauses 5.4-5.7, an Option that has not lapsed may be exercised at any time between 2 and 5 years after the date the Option is issued.

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5.4 If a Participant ceases to be an Employee;

- a) 2 years or more after Options are issued in relation to the Participant; or
- b) because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board,

the options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be an Employee or any longer period permitted by the Board. If not exercised within that period, the Options lapse.

5.5 If a Participant ceases to be an Employee and clause 5.4 does not apply, Options issued in relation to the Participant lapse.

5.6 If the Board determines that:

- a) a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to any company in the Group; and
- b) Options issued in relation to the Participant are to be forfeited,

the Options will immediately lapse.

5.7 Notwithstanding any other clause, any Option not exercised will lapse on the expiry of five years after the date the Option was issued.

6. TRANSFER

Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

7. QUOTATION OF SHARES

The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

8. PARTICIPATION IN FUTURE ISSUES

- 8.1 If the Options are exercised before the record date of an entitlement, the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option Holder of the proposed issue at least nine (9) business days before the record date. Option Holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.
- 8.2 In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- 8.3 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

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- 8.4 In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = \frac{O - \frac{E[P - (S + D)]}{N + 1}}$$

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the Subscription price for a security under the pro rata issue.

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- 8.5 The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.

- 8.6 The Company shall notify each Option Holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

9. ADVICE

The Company must give notice to each Participant or his nominated Associate of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

10. NOTICES

Notices may be given by the Company to the holder or the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to holders or Participants.

11. RIGHT TO ACCOUNTS

Holders will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

Cape Lambert Iron Ore Limited

ABN 71 095 047 920

12. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

13. ADMINISTRATION OF THE SCHEME

- 13.1 The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.
- 13.2 Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- 13.3 Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.
- 13.4 The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

14. AMENDMENTS

These Terms and Conditions may only be amended, subject to the Listing Rules, by special resolution of the Company in general meeting.

15. RIGHTS OF PARTICIPANTS

Nothing in these Terms and Conditions:

- a) confers on any Employee or Associate the right to receive any Options;
- b) confers on any Participant the right to continue as an Employee;
- c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee; or
- d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

16. QUOTATION OF OPTIONS

The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

Cape Lambert Iron Ore Limited

ABN 71 095 047 920

CAPE LAMBERT IRON ORE LIMITED

ABN 71 095 047 920

TO LODGE A PROXY FORM:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Facsimile 61 8 9323 2033

FOR ALL ENQUIRIES CALL:

(within Australia) 1300 557 010
(outside Australia) 61 3 9415 4000

000002 000 CFER
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BY 9:00AM (WDT) ON 28 NOVEMBER 2007



YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:

www.capelam.com.au

- ☒ Access your annual report
- ☒ Review and update your securityholding

YOUR SECURE ONLINE ACCESS INFORMATION

SRN/HIN:

POST CODE:

! FOR SECURITY REASONS IT IS
IMPORTANT THAT YOU KEEP
YOUR SRN/HIN CONFIDENTIAL.

HOW TO COMPLETE THIS PROXY FORM Please read these notes prior to completion of the voting form.

VOTES ON ITEMS OF BUSINESS

Voting 100% of your holding. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Voting a portion of your holding. You may indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. The sum of the votes cast on each item or the percentages for and against an item must not exceed your voting entitlement or 100%.

A proxy need not be a securityholder of the Company.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the proportion or number of votes each proxy may exercise, otherwise each proxy may exercise half of the votes. Fractions of votes will be disregarded. A separate Proxy Form should be used for each proxy. You can obtain additional forms by telephoning the company's share registry or you may copy this form. If you lodge two proxies please lodge both forms together.

SIGNING INSTRUCTIONS

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

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

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

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

If a representative of a corporate securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained by telephoning the company's share registry or at www.computershare.com.

LODGEMENT OF A PROXY FORM. This Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 48 hours before the commencement of the meeting at 9:00AM (WDT), Friday, 30 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/We being a member/s of Cape Lambert Iron Ore Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



Please leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Cape Lambert Iron Ore Limited to be held at the Holiday Inn City Centre Perth, 778-788 Hay Street, Perth, Western Australia on Friday, 30 November 2007 at 9:00AM (WDT) and at any adjournment of that meeting.

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IMPORTANT: FOR ITEM 4 BELOW If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Item 4 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4.

STEP 2 ITEMS OF BUSINESS

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

	For	Against	Abstain
Item 1 To re-elect Mr Peter Landau as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 To re-elect Mr Tim Turner as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Adoption of Remuneration Report (Non-binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of the Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Appointment of PriceWaterhouseCoopers as auditors of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

SIGN SIGNATURE OF SECURITYHOLDER(S) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary



000002 000 CFER
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of name and/or address. If your name and/or address is incorrect, please mark this box and make the correction on this form. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes. Please note, you cannot change ownership of your securities using this form.

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