

Media Release
21 January 2008

Resource upgrade imminent at Cape Lambert Iron Ore Project as aggressive drill program continues to yield high grade results

HIGHLIGHTS

- **Golder Associates on track for completion of resource update at Cape Lambert Iron Ore project by the start of February 2008,**
- **Resource update is based on aggressive 2007 drilling program - 65 Reverse Circulation (RC) drill holes out of a total 88 completed in 2007 used in the update. All drill holes could not be used due to slow assay turnaround,**
- **Results from 2007 drilling has confirmed that significant magnetite mineralisation exists within the Northern Extension Area and is located in broad, moderately shallow zones,**
- **Recent Davis Tube Recovery (DTR) results from drilling at the Northern Extension Area of the project include:**
 - **MA427, 104m (from 76m) at an average DTR recovery of 28% mass to concentrate with a concentrate grade of 69% Fe and 3.8% silica,**
 - **MA424, 88m (from 96m) at an average DTR recovery of 27% mass to concentrate with a concentrate grade of 69% Fe and 3.7% silica,**
 - **MA423, 96m (from 120m) at an average DTR recovery of 26% mass to concentrate with a concentrate grade of 67% Fe and 3.5% silica,**
- **RC and diamond drill rigs are currently working at the project, with results from this drilling and the remaining holes from the 2007 drilling program to form the basis of a further resource upgrade in June 2008 quarter.**

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (ASX: **CFE**, AIM: **CLIO**) remains on track for a resource upgrade at its 100 per cent owned Cape Lambert iron ore project, located in the Pilbara region of Western Australia (refer Figure 1), by February 2008.

International consulting company Golder Associates will complete the resource update on behalf of the Company, utilising results received from the significant 2007-drilling program. During 2007, the Company completed 88 RC drill holes for an advance of 31,013m and 18 diamond holes for an advance of 4,756m. This was significantly more than the 2006 program, where the Company completed only 69 RC holes for a total advance of 18,052m. Results from the 2007 drill program, which in the later stages focussed on the Northern Extension Area of the project, continued to show the magnetite mineralisation at Cape Lambert is capable of being concentrated to a saleable product.

Commenting on the results of the drilling campaign and the impending resource upgrade Cape Lambert Chairman Ian Burston said, "These further, positive results demonstrate concentrates of saleable quality can be achieved from broad, moderately shallow magnetite zones within the Northern Extension Area of the project.

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This area typically produces a 67-69%Fe concentrate with 3.5-3.8% silica, which is ideal for blending with the slightly lower Fe and higher silica DTR concentrate produced from the central and southern parts of the project. Importantly, it remains open along strike to the north and down-dip."

"Further, we remain on track to announce a resource update for the end of January based on the results from 65 out of 88 RC holes from the 2007 drilling program" he added.

Earlier reported holes from the Northern Extension Area include **MA415** (72m, from 80m, at an average DTR recovery of 28% mass to concentrate and a concentrate grade of 69% Fe and 3.7% silica), **MA401** (64m, from 100m, at an average DTR recovery of 23% mass to concentrate and a concentrate grade of 70% Fe and 3.2% silica), **MA402** (66m, from 140m, at an average DTR recovery of 23% mass to concentrate and a concentrate grade of 69% Fe and 3.7% silica) and **MA417** (29m, from 43m, at an average DTR recovery of 26% mass to concentrate and a concentrate grade of 69% Fe and 3.7% silica).

Resource Update

Independent, international mining consultant, Golder Associates is nearing completion of the previously advised resource update. The resource update is based on drill data and assay results from the 2007 drilling program, which were received prior to 31 December 2007. The resource update remains on schedule for completion and reporting in late January, 2008.

Drill data and assays results from the 2007 drilling program received after 31 December 2007 (23 RC, 9 metallurgical diamond holes and 7 diamond tails) and drilling in the March 2008 quarter will form the basis for a further resource update to be completed in the June 2008 quarter.

RC drilling

The 2008 drilling program commenced in the second week of January and there are two RC rigs and one diamond rig currently working at Cape Lambert. Both RC drill rigs are within the Northern Extension Area (refer Figure 2) with the objective of extending the open resource further north.

A total of 88 RC holes for a total advance of 31,013m were completed during 2007. This compares with a planned advance of 33,000m and 69 RC holes for a total advance of 18,052m during 2006. As at 31 December 2007, DTR and assay results had been received for 65 of 88 RC holes.

Diamond drilling

Up to 31 December 2007, the Company had completed 9 diamond metallurgical holes and 9 diamond tails for a total advance of 4,756m. A 10,000m-diamond core-drilling program is planned and is scheduled to be completed in the first half of 2008.

Completed diamond metallurgical holes have been despatched to independent laboratory AMDEL Limited for metallurgical test work.

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The availability of diamond core has enabled bulk density measurements to be taken. Bulk density determinations completed to date have shown an average bulk density of 3.3-3.4 tonnes per cubic metre is typical of the magnetite mineralisation. This compares favourably with the assumed bulk density of 3.0 tonnes per cubic metre for the June 2007 resource estimate.

ENDS

FOR MORE INFORMATION PLEASE CONTACT:

Cape Lambert Iron Ore Limited

Ian Burston	+61 (0)8 9211 0600
Tony Sage	+61 (0)8 9380 9555

Australian Enquiries:

Professional Public Relations	
David Tasker	+61 (0)8 9388 0944

UK Enquiries:

Collins Stewart Europe Limited	
Adrian Hadden	+44 (0)20 7523 8353
Oliver Quarmby	+44 (0) 20 7523 8354

Conduit PR:

Jos Simson	+44 (0)20 7429 6603/+44 (0)7899 870 450
Jane Stacey	+44 (0)20 7429 6606

Website:

www.capelam.com.au

The DTR information in this report is based on information compiled by GV Ariti who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ariti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ariti consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

The exploration information in this report is based on information compiled by Mr. Bruce Hunter, Regional Exploration Manager, who is a Member of The Australian Institute of Geoscientists. Mr. Hunter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Hunter consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears

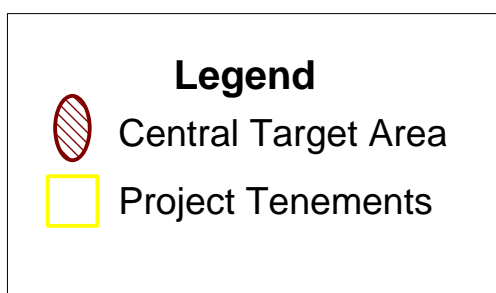
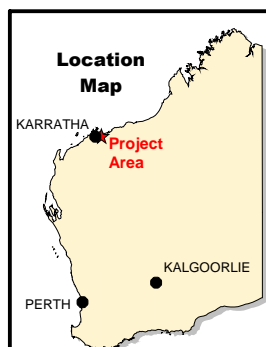
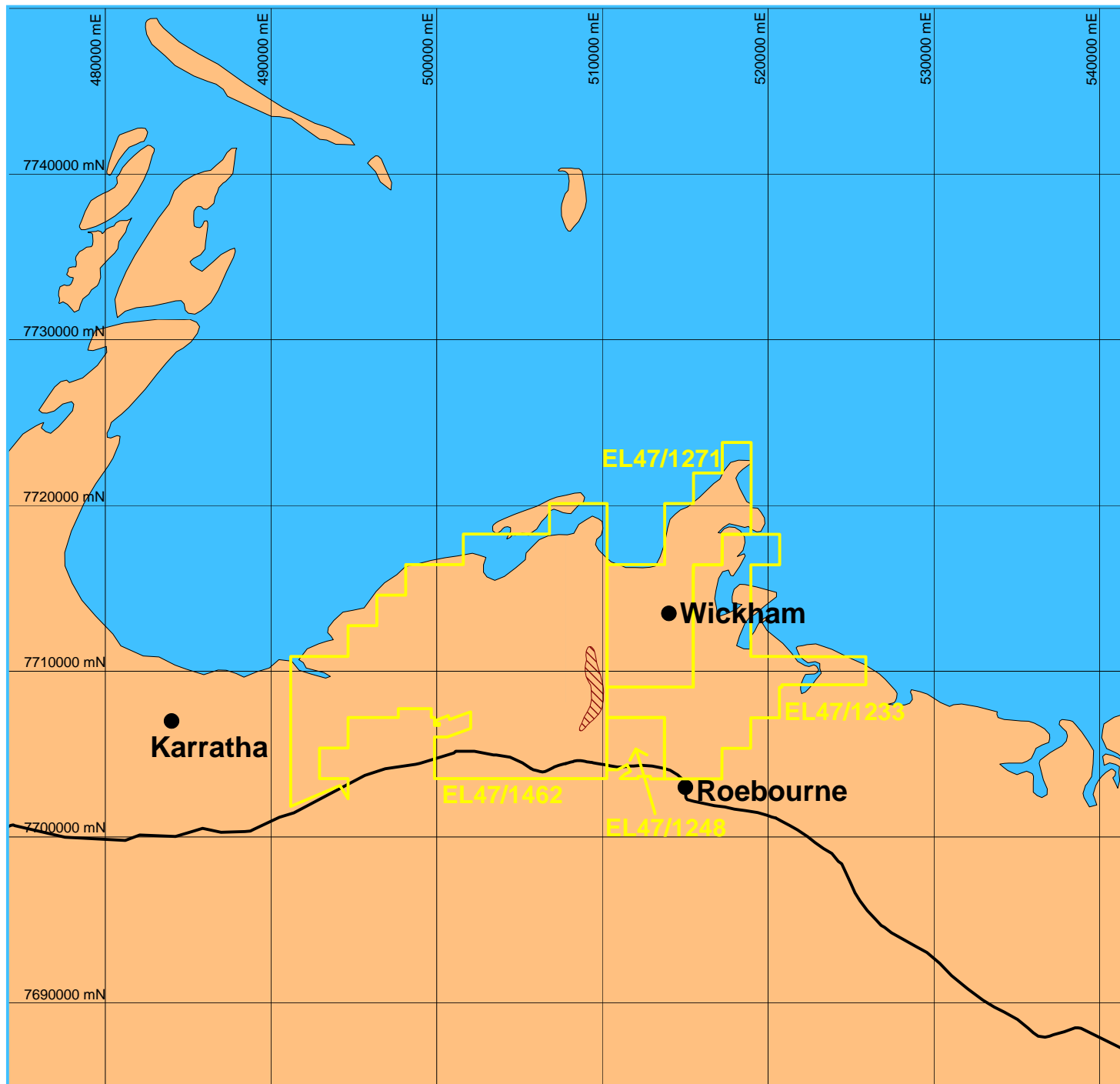


Figure 1
Location and Tenements

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Drawn:	Revised:	November 2007
Dwg No.: CLIO 023	Report No.:	
Datum: GDA 94	Scale:	1 : 350 000

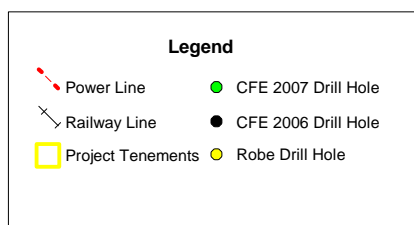
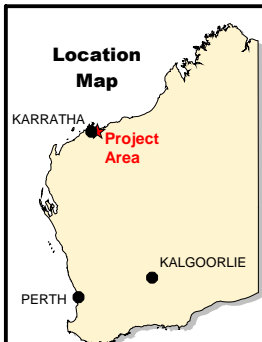
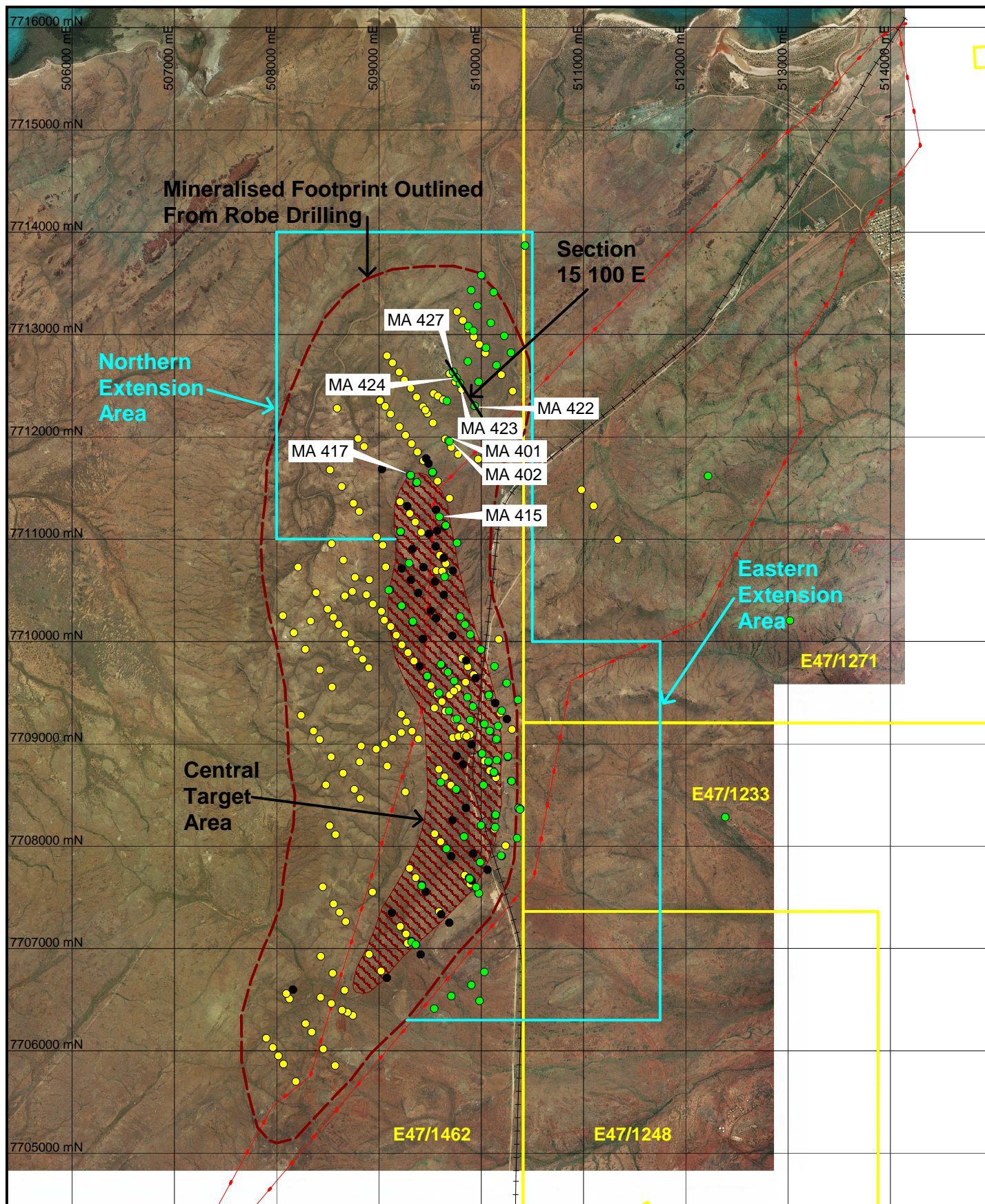


Figure 2
Drill Hole Locations

Author:	Date: August 2007
Drawn:	Revised: January 2008
Dwg No.: CLIO 015	Report No.:
Datum: GDA94	Scale: 1:50 000