

30 October 2009

The Company Announcements Office
ASX Limited

Via E Lodgement

**QUARTERLY OPERATIONS REPORT AND
APPENDIX 5B FOR PERIOD ENDING
30 SEPTEMBER 2009.**

Yours faithfully
CAPE LAMBERT IRON ORE LIMITED

Tony Sage
Executive Chairman

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in mining and exploration companies.

The Company continues to focus on investment in early stage resource projects and companies, primarily in iron ore, copper and gold. Its "hands on" approach is geared to add value and position assets for development and/or sale.

The Board and management exhibit a strong track record of delivering shareholder value.

**Australian Securities Exchange
Code: CFE**

Ordinary shares
536,619,804

Unlisted options (30 June 2010)
8,350,000

Unlisted options (31 Oct 2010)
28,000,000

Board of Directors

Tony Sage Executive Chairman
Tim Turner Non-executive Director
Brian Maher Non-executive Director

Eloise von Puttkammer
Company Secretary

Key Projects and Interests

Lady Annie Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

Cape Lambert Contact

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HIGHLIGHTS

- Scrip takeover bid for Corvette Resources Limited (“Corvette”) completed with Cape Lambert now controlling 46.5% of the shares on issue. Corvette is a gold exploration company with a 2,302 km² strategic land holding known as the Plumridge Project, located 60 km south of the 5 Moz Tropicana-Havana gold deposit.
- A binding heads of agreement signed to acquire 100% of the share capital of Mojo Mining Pty Ltd (“Mojo”) for \$1.75 million in scrip (3,976,729 CFE shares). Mojo holds 14 contiguous exploration tenements (approximately 4,241 km²) that compliment the 38,000 km² tenement package held by 100% owned Cape Lambert subsidiary, Australis Exploration Pty Ltd.
- Through its 100% owned subsidiary, Dempsey Resources Pty Ltd (“Dempsey”), the Company subscribed for \$5.9 million in convertible notes during the quarter. The notes are with the following companies:
 - Uranium exploration company, Cauldron Energy Limited (“Cauldron”) (ASX: CXU) for \$1.5 million;
 - Molybdenum exploration company, Victory West Moly Limited (ASX: VWM) for \$2 million; and
 - Unlisted uranium exploration company, Africa Uranium Limited for \$2.4 million.
- Dempsey converted three notes during the quarter being:
 - A \$2.3 million note in Cauldron, which will enable Cape Lambert to acquire up to 18.7% (subject to Cauldron shareholder approval) in this company;
 - A \$2.0 million note in African iron ore explorer, DMC Mining Limited (ASX: DMM), which enabled the Company to acquire approximately 36% DMM; and
 - A \$28 million note in Pinnacle Group Assets Ltd, which converted to a 26.2% interest. Pinnacle has coal and iron ore prospects in West Africa.
- Cash at bank on 30 September 2009 totalled approximately \$44.3 million.
- Domestic (Brisbane, Sydney and Melbourne) and international (London and New York) roadshows completed during the quarter, significantly enhancing exposure to Australia and international institutions and funds. Analyst coverage also increased.
- During the quarter, Evraz Group SA sold 60,000,000 shares in the Company, believed to have been purchased by a number of UK and Australian institutions.
- Patersons Securities Limited appointed as Lead Manager to facilitate an initial public offering of the Lady Annie project, located in Queensland. Cape Lambert to retain between 5 and 10% of the new company.
- Copper cathode sales from the Lady Annie project of 560 tonnes for the quarter realising US\$3.2 million. The copper is being recovered from inventory.
- Final assay results received from trenching completed at the Marampa Gafal West prospect. Significant results included:
 - 230 m at 43% Fe in trench MPTR001C; and
 - 217 m at 44% Fe in trench MPTR001A.
- Diamond drilling continued at the Gafal West prospect at Marampa with a total of 2,764 m completed during the quarter. Total advance since drilling commenced is 3,576 m. Assay results expected late in the December 2009 quarter.

CORPORATE

Strategy and Business Model

Cape Lambert Iron Ore Limited (“Cape Lambert” or the “Company”) (ASX: **CFE**) is an Australian domiciled, cashed-up resources and investment company, with interests in a number of resource projects and companies.

Through acquisitions in its own right and the acquisition of CopperCo Limited’s assets, and subscriptions to convertible notes, the Company has exposure to iron ore, copper, gold, uranium, phosphate and lead-silver-zinc assets in Australia, Africa and South America (refer Figure 1).

The Company’s strategy is to acquire and invest in undervalued and distressed mineral assets and companies (“Assets”), and to add value to those Assets through a hands on approach to management, exploration and evaluation to enable the Assets to be monetised at a multiple. As Assets are monetised, the Board of the Company intends to follow a policy of distributing surplus cash to shareholders.

Acquisition of CopperCo Assets

On 29 June 2009, Cape Lambert completed the acquisition of the assets of CopperCo Limited (Receivers and Managers Appointed) (“CopperCo”). The assets included the Lady Annie copper project, the high-grade Sappes gold project, a 25% interest in the high-grade Lady Loretta lead-zinc-silver project and interests in various listed resource companies and other projects.

Takeover of Corvette Resources

During the quarter, the Company finalised its off-market, all scrip offer for the remaining issued shares in gold exploration company, Corvette Resources Limited (“Corvette”).

Cape Lambert initially acquired a 19.9% stake in Corvette as part of the acquisition of the CopperCo assets.

The offer closed on 11 September 2009, and the Company was successful in acquiring an additional 26.6%, thereby increasing its holding to 46.5% of the fully paid shares on issue in Corvette.

Convertible Notes

Conversions

DMC Mining Limited

On 3 July 2009, Cape Lambert announced that its wholly owned subsidiary Dempsey Resources Pty Ltd (“Dempsey”) had acquired a 36.4% interest in ASX listed, iron ore exploration company DMC Mining Limited (ASX: DMM) (“DMC”) following the conversion of a \$2 million convertible note and the exercise of 5 million unlisted options.

This investment will enable Cape Lambert shareholders to benefit from having exposure to the potentially world class Mayoko iron ore project (“Mayoko”), located in the Republic of Congo (“RoC”).

Mayoko is a greenfields project with excellent potential for the definition of large itabirite type iron ore deposits. The project is differentiated from several other iron ore projects located in

central, west Africa through access to a 429 km long operating, narrow gauge railway from the port of Point Noire on the Atlantic coast of the RoC.

DMC has announced an exploration target size of 0.7 – 1.0 billion tonnes of itabirite mineralisation, based on a recently completed 220 km² high resolution, airborne geophysical survey, supported by historic, shallow diamond drilling and recent trenching.

DMC expects to commence a 2,400 m diamond drilling program at Mayoko in early November 2009.

The Company has two representative directors on the board of DMC.

Cauldron Energy Limited

On 15 July 2009, Dempsey converted a \$2.3 million note in Cauldron Energy Limited (ASX: CXU) (“Cauldron”).

As a consequence, Cape Lambert will hold up to 18.7% (subject to Cauldron shareholder approval) of Cauldron’s issued capital.

Cauldron is a uranium exploration company with interests in Western Australia, South Australia and Argentina.

Pinnacle Group Assets Ltd

During the quarter, Cape Lambert converted its \$28 million note into a 26.2% stake in Pinnacle Group Assets Ltd (“Pinnacle”).

Pinnacle has exploration tenements covering 3,250 km², over a 150 km strike length north and south of the Pepel deep water port in Sierra Leone. Historic work indicates substantial prospectivity for coal and iron ore within these holdings.

Subscriptions

Africa Uranium Limited

During the quarter, the Company subscribed to a \$2.4 million convertible note from Africa Uranium Limited (“Africa Uranium”) with a term of 24 months and an interest rate of 12% per annum. The note can be converted into 10% of Africa Uranium’s share capital at any time prior to the repayment date.

Africa Uranium has uranium exploration projects in Namibia and South Africa, with its flagship project being the Hoasib Project located in Namibia.

Operating uranium mines close to the Hoasib Project include Langer Heinrich (Paladin) and Rossing (Rio Tinto). Projects currently being evaluated in the region include Trekkopje (Areva), Goanikontes (Bannerman Resources), Rossing South (Extract Resources) and Valencia (Forsys Metals).

Victory West Moly Limited

On 14 September 2009, the Company subscribed to a \$2.0 million convertible note with ASX listed Victory West Moly Limited (ASX: VWM) (“Victory West”).

The note is for a term of 24 months and carries a coupon rate of 12% per annum. The conversion price is the higher of \$0.30 per share or the volume weighted average closing price on the ASX, calculated using the five trading days immediately prior to conversion.

Victory West proposes to use the funds for ongoing exploration work at the Malala Molybdenum Project (“Malala”), located in the Republic of Indonesia. Malala is an advanced exploration project that will ultimately be 75% owned by Victory West.

Cauldron Energy Limited

On 13 August 2009, Dempsey subscribed for a \$1.5 million convertible note with Cauldron. Dempsey has the right before the repayment date (31 July 2012) to convert the note into ordinary shares in Cauldron. The conversion price is \$0.50 and the note has a coupon rate of 10% per annum.

This is a separate and second subscription to the earlier \$2.3 million note that has been converted (see above).

Lady Annie Project – Initial Public Offering (“IPO”)

On 26 August 2009, Cape Lambert appointed Patersons Securities Limited (“Patersons”) to act as Lead Manager in the proposed divestment, via an IPO, of its 100% owned Lady Annie project (“Lady Annie”), located in Queensland (refer Figure 2).

The IPO is expected to be completed by year end.

Mojo Acquisition

During the quarter, the Company signed a binding Heads of Agreement to acquire 100% ownership of 14 contiguous exploration tenements located in north west Queensland, which are prospective for copper, lead-zinc-silver and uranium mineralisation.

The acquisition consideration is Cape Lambert scrip to the value of \$1.75 million (3,976,279 shares).

The 14 tenements are contiguous to the land package held by 100% owned Cape Lambert subsidiary, Australis Exploration Pty Ltd, and are located 200 km south of Mt Isa.

Completion of this acquisition is expected to occur in the December 2009 quarter.

PROJECTS

Lady Annie Project (100% interest) (“Lady Annie”)

Care and Maintenance

Lady Annie is located approximately 120 km north of Mt Isa, Queensland (refer Figure 2).

Lady Annie was initially developed by CopperCo, who commissioned a 19,000 tpa copper cathode mining operation in October 2007. In September 2008, CopperCo expanded the plant with the objective of increasing output progressively to 30,000 tpa by mid 2009. In November 2008, CopperCo placed itself into Voluntary Administration and its assets were subsequently purchased by Cape Lambert in June 2009.

In February 2009, mining activities at Lady Annie were suspended and the project was placed on care and maintenance. Copper extraction from the heap leach pads has continued at a reduced rate since the discontinuance of mining. Cape Lambert has retained a small number of CopperCo's workforce, including key technical staff, to continue with copper extraction and to help maintain the overall facilities.

Copper sales for the September 2009 quarter totalled 559.5 tonnes, realising US\$3.2 million. Copper cathode is sold to Tennant Metals Pty Ltd at the mine gate at the London Metal Exchange cash buyers copper price on the day of shipment less US\$178 per tonne.

Tenements

At the end of the September quarter, the Lady Annie tenement holdings comprised 29 granted Exploration Permits for Minerals (“EPMs”) with a total area of 1,613 km² and 14 Mining Leases with a total area of 29.45 km².

In addition there were a total of 57 applications. Six (6) of the applications cover 21 granted EPMS, which have been conditionally surrendered to amalgamate the immediate Lady Annie EPMS into 6 consolidated project areas for optimal exploration management and statutory tenement reporting. Forty six (46) applications have sole and first priority to grant. The remaining 5 applications are competitive.

Exploration

An Exploration Manager for Lady Annie was appointed during the quarter.

Work during the quarter focused on import and compilation of the Lady Annie exploration databases, and interpretation and prioritisation of targets.

The Lady Annie tenements contain several exploration targets with the potential to substantially add to the oxide copper resources and extend mine life.

These comprise:

- extensions and additions at the known deposits;
- prospects with limited drilling; and
- untested targets comprising coincident geochemical and geostructural anomalies.

Extensions to the known deposits comprise areas that are not closed off by drilling at Lady Brenda, Flying Horse, Mt Clarke and Anthill (refer Figure 3). Infill drilling and mine optimisation studies are planned to upgrade the confidence of a number of these resources to enable them to be incorporated into the mining inventory.

There are several prospects where scout drilling by CopperCo and previous explorers returned encouraging results that are to be followed up. These prospects include Wild Gecko, Dividend, McLeod Hill and Lady Maggie (refer Figure 3). In addition there are several targets where surficial copper anomalies, associated with regional structures have not been drill tested. These include Redie Creek, Johnson Creek and Python (refer Figure 3).

Field exploration work is scheduled to commence early in 2010.

Sappes Gold Project (100% interest) (“Sappes”)

Sappes is located in north eastern Greece approximately 30 km north west of the Aegean Sea port city of Alexandroupolis, on a 20.1 km² mining lease, granted until 2023.

Sappes is based on the development of the underground high-grade Viper Deposit and an open pit nearby at the St Demetrios deposit. A feasibility study was completed in 2003 by Kvaerner Engineering and Construction UK Ltd (“Kvaerner”) and updated in 2006.

The Company aims to permit Sappes to enable its sale with the permitting risk removed. Permitting is expected to take in the order of 24-36 months with minimum expenditure related to the updating of the Kvaerner 2006 feasibility study, and environmental impact studies.

A review of Sappes commenced during the quarter and preliminary discussions were held with Aker Solutions (formerly Kvaerner), with regard to updating the various studies. Cape Lambert personnel are proposing to visit Sappes during the December 2009 quarter, to meet key stakeholders and to determine the best strategy for the timely completion of the permitting process.

Marampa Iron Ore Project (35% interest and Manager) (“Marampa”)

Marampa is a hematite iron ore project at exploration stage, comprising a single exploration licence, which is located 90 km northeast of Freetown, Sierra Leone, West Africa.

Hardrock Exploration

Mapping and Trenching

Work during the quarter focused on the generation of a structural geological model for the Gafal West prospect, detailed geological mapping and trenching at the Matukia prospect and geological mapping and sampling of pits at the Makambo prospect (refer Figure 4).

The Gafal West prospect extends 4 km to the west over a zone 1-3 km wide from the old DELCO open pit at Gafal Hill. During the quarter, SRK Consulting (“SRK”) completed a structural geological model of the Gafal West prospect using data from completed diamond drill holes and from mapping of trenches and pits completed earlier in 2009. The structural model indicates a broad basinal structural setting to the hematite mineralisation at Gafal West, with an outcrop strike length of over 8 km represented as two limbs of an east southeast plunging synform. The structural model has greatly advanced the understanding of the detailed fold morphology of the hematite mineralisation, which will result in optimum drill hole positioning as the drilling program progresses.

As part of the SRK study, 17 thin sections of the principal lithologies were prepared and analysed. These indicated that the host rocks to the hematite mineralisation are a series of quarto-feldspathic schists derived from sedimentary rocks, with the hematite horizon representing an iron-rich sedimentary precursor.

Assay results were received for the four trenches completed at the Gafal West prospect and are shown in Table 1. The best results were from trench MPTR001C, which returned 230 m

at 43% Fe from the western limb of a third generation ("F3") synform located 1 km west of the F3 synform at Gafal Hill.

Prospect-scale mapping and trenching was completed at the Matukia prospect in preparation for the start of drilling in the first quarter of 2010. Matukia is located immediately to the north northeast of the old DELCO Masaboin Hill open pit (refer Figure 4). The mapping confirmed that outcropping hematite schist mineralisation extends continuously for over 2 km. A total of four trenches were completed across the main ridge at the Matukia prospect, with assay results expected in the December 2009 quarter.

Geological mapping and sampling of historical prospecting pits was completed at the Makambo prospect, located approximately 8 km north of the town of Lunsar. This is a new prospect identified by regional mapping. The mapping indicates areas of specular hematite schist outcropping over a strike length of approximately 800 m. Assay results from the historical pits sampled as part of the mapping program are shown in Table 2. These results indicate the potential for the Makambo prospect to host hematite mineralisation similar in grade to Gafal West.

Diamond Drilling

Diamond drilling at the Gafal West prospect continued throughout the quarter with a total of 2,764 m completed, bringing the total meters completed since the start of the current program in June 2009 to 3,576.4 m in 8 drill holes (refer Table 3). The aim of the drilling program is to complete a 2 km long representative geological section across the prospect area to confirm the detailed fold morphology and aid the planning of further drilling. All diamond drill holes at Gafal West are being oriented to allow the collection of accurate structural measurements to be used to model the fold patterns of the host stratigraphy.

Logging and structural measurements of the diamond drill core completed to date, in combination with the SRK structural modelling, indicate that there are two F3 synforms present along the 2 km long section covering the eastern part of the Gafal West prospect.

The first assay results from the Gafal West diamond drilling program are expected late in the December 2009 quarter.

Auger Drilling of Gafal Pit Rim Stockpile

During the quarter, a total of 16 holes for 108 m of auger drilling were completed over a stockpile remaining from the previous DELCO mining operation at Gafal Hill. Holes were drilled on a 50 m x 50 m grid with depths varying from 1 m to 13 m with an average depth of 7 m, including a minimum of 1 m into the substrate.

Two samples were split from each 1 m interval for head assay and metallurgical test work, respectively. The head samples were air freighted to Ultra Trace Geoanalytical Laboratories, Perth for analysis. The assay results are summarised in Table 4. The average length-weighted grade of the auger samples is 38% Fe.

Cape Lambert South Project (100% interest) ("Cape Lambert South")

No work was conducted at Cape Lambert South during the quarter. The annual report to the WA Department of Mines and Energy was completed and submitted.

Australis Exploration Pty Ltd (100% interest) (“Australis”)

Australis is a wholly owned subsidiary of Cape Lambert with a 100% interest in a number of granted exploration licences and applications with a total area of approximately 41,000 km² in the Northern Territory and Queensland.

At the end of the quarter, Australis held 15 granted Exploration Licences in the Northern Territory totalling 21,010 km², and a total of 41 applications for Exploration Permits for Minerals in Queensland of 19,964 km². The tenements are primarily prospective for rock phosphate, uranium and base metals.

A Supervising Geologist was appointed during the quarter.

Work during the quarter focused on import and acquisition of exploration datasets and commencement of target generation. The Australis database includes an extensive package of information, including geophysical and geological data, and historical reports.

The Company plans to evaluate the Australis tenements to generate targets to be tested for rock phosphate, uranium and base metal over the next 12 months.

Table 1 - Gafal West Trench Assay Results

Trench ID	Easting WGS84 Zone 28	Northing	RL M	Azimuth	Dip Deg.	From	To Metres	Interval	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	MnO %	LOI %
MPTR001A	770051	957614	72	357	0	5	222	217	43.80	22.77	8.01	0.04	0.3	5
MPTR001B	770039	957346	78	353	0	25	137	112	30.34	34.47	12.47	0.05	0.73	6.34
MPTR001C	770054	958708	86	351	0	4	234	230	42.69	18.43	10.99	0.05	0.77	6.65
MPTR002	769640	957952	91	350	0	0	92	92	40.36	28.23	8.02	0.04	0.01	4.58

(Above 20% Fe cut-off, maximum of 4 m internal waste)

Table 2 - Makambo Pits Assay Results

Pit ID	Easting WGS84 Zone 28	Northing	RL M	Dip Deg.	From	To Metres	Interval	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	MnO %	LOI %
MPHPT001	771028	971896	84	90	2.50	4.50	2.00	25.85	35.54	16.19	0.03	0.03	8.69
MPHPT002	771037	971907	66	90	1.50	3.50	2.00	24.50	45.65	10.27	0.04	0.08	7.47
MPHPT003	771082	971911	65	90	2.50	4.50	2.00	35.27	25.44	13.50	0.03	0.03	8.04
MPHPT004	771089	971891	76	90	1.50	3.50	2.00	53.12	18.48	3.15	0.01	0.02	1.63
MPHPT006	771062	971944	73	90	1.50	3.50	2.00	28.38	39.25	11.66	0.02	0.13	6.28
MPHPT007	771044	971979	78	90	1.50	3.50	2.00	21.35	40.80	17.34	0.03	0.03	8.55
MPHPT009	771076	971965	83	90	1.50	3.50	2.00	28.66	27.60	14.23	0.08	5.80	9.70
MPHPT010	771109	971954	79	90	1.30	3.30	2.00	28.07	37.64	12.55	0.03	0.07	6.12
MPHPT011	771112	971924	81	90	1.50	3.50	2.00	52.23	15.59	4.91	0.02	0.03	3.63
MPHPT012	771141	971931	75	90	1.50	3.50	2.00	46.33	17.44	9.11	0.04	0.16	5.37
MPHPT014	771105	971768	66	90	1.50	3.50	2.00	30.00	42.95	6.72	0.06	0.10	6.01
MPHPT018	771032	971883	81	90	2.50	4.50	2.00	31.41	36.54	10.96	0.02	0.17	5.52
MPHPT020	771055	971915	94	90	1.50	3.50	2.00	33.18	28.83	12.82	0.05	0.04	8.15
MPHPT021	771027	971905	84	90	1.50	3.50	2.00	28.61	32.45	15.49	0.03	0.16	8.37
MPHPT022	771057	971870	84	90	1.50	3.50	2.00	24.60	40.27	13.93	0.03	1.10	7.88
MPHPT025	771086	971780	75	90	1.70	3.70	2.00	34.05	26.21	12.76	0.05	2.70	8.07
MPHPT026	771069	971807	84	90	1.50	3.50	2.00	34.45	30.50	9.54	0.03	3.09	5.97
MPHPT043	771028	971699	77	90	2.50	4.50	2.00	46.37	23.90	5.51	0.01	0.29	2.16
MPHPT044	771052	971679	80	90	1.50	3.50	2.00	49.72	17.71	5.96	0.03	0.08	3.55
MPHPT046	771128	971813	44	90	1.50	3.50	2.00	31.63	30.60	13.84	0.04	0.08	8.02
MPHPT047	771122	971848	58	90	1.50	3.50	2.00	46.83	15.71	10.08	0.03	0.08	6.22
MPHPT048	771127	971863	76	90	1.50	3.50	2.00	48.96	13.14	9.34	0.05	0.04	6.12

Table 3 - Gafal West Diamond Drill Hole Collar Details

Hole ID	Easting WGS84 Zone 28	Northing	RL M	Dip Deg.	Azimuth Deg.	Hole Depth (m)	Total Mtrs Drilled		Comment
							HQ	NQ	
MPDD005	769951	958748	96	-60	300	360	57	303	Assays pending
MPDD006	769952	958749	96	-50	120	492	78	414	Assays pending
MPDD007	769913	958783	97	-50	300	320	69	251	Assays pending
MPDD008	770080	958727	94	-50	300	405	48	357	Assays pending
MPDD009	769818	958722	89	-60	300	418	54	364	Assays pending
MPDD010	770728	958245	99	-50	300	503	72	431	Assays pending
MPDD011	770130	958657	90	-60	300	433	51	382	Assays pending
MPDD012	770127.1	958659	90	-60	120	490	48	441	Assays pending

Table 4: Gafal West Auger Drilling Results

Hole ID	Easting WGS84 Zone 28	Northing	RL M	Dip Deg.	From	To Metres	Interval	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	MnO %	LOI %
MPAG032	771434	958200	67	90	0	8	8	40.40%	27.37	8.29	0	0.02	4.66
MPAG033	771450	958250	64	90	0	12	12	40.26%	27.15	8.2	0.1	0.07	5.38
MPAG034	771400	958300	65	90	0	7	7	32.41%	37.28	9.12	0.1	0.03	5.55
MPAG035	771400	958250	63	90	0	9	9	41.39%	25.04	8.78	0.1	0.08	5.3
MPAG036	771400	958200	63	90	0	9	9	41.00%	25.7	8.6	0.1	0.07	5.33
MPAG037	771350	958200	63	90	0	10	10	41.76%	24.43	8.72	0.1	0.14	5.32
MPAG038	771350	958250	68	90	0	13	13	35.05%	34.7	8.64	0	0.07	4.62
MPAG039	771300	958300	63	90	0	9	9	35.14%	34.26	8.76	0	0.02	4.89
MPAG040	771308	958298	75	90	0	2	2	35.13%	36.34	8.15	0	0.02	3.15
MPAG041	771350	958250	67	90	0	7	7	32.73%	35.77	10.33	0	0.05	4.59
MPAG042	771300	958200	66	90	0	6	6	40.29%	26.84	8.78	0	0.04	4.94
MPAG043	771250	958150	65	90	0	4	4	36.28%	32.5	9.28	0	0.02	4.21
MPAG044	771250	958200	67	90	0	4	4	36.12%	32.99	8.98	0	0.01	4.36
MPAG045	771200	958200	68	90	0	4	4	39.18%	29.47	8.33	0	0.02	4.4
MPAG046	771200	958150	68	90	0	3	3	28.42%	46.6	7.64	0	0.01	3.49
MPAG047	771155	958200	69	90	0	1	1	26.62%	45.38	9.4	0	0.01	4.72

(above 20% Fe cut-off, maximum 2 m internal waste)

Competent Persons Attribute:

The exploration information in this report is based on information compiled by Mr. K Bischoff, who is a member of The Australasian Institute of Mining and Metallurgy. Mr. Bischoff 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. Bischoff consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

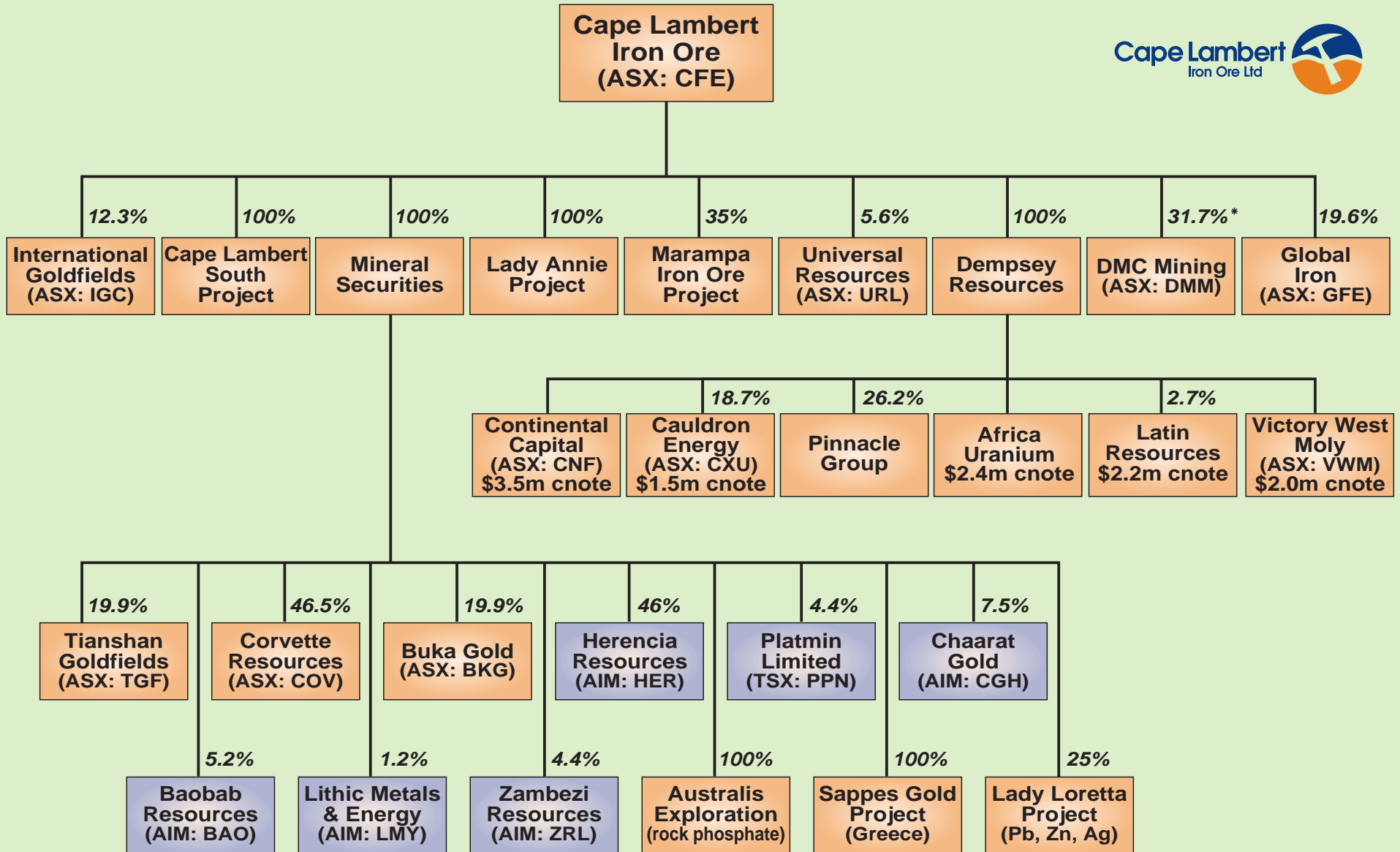
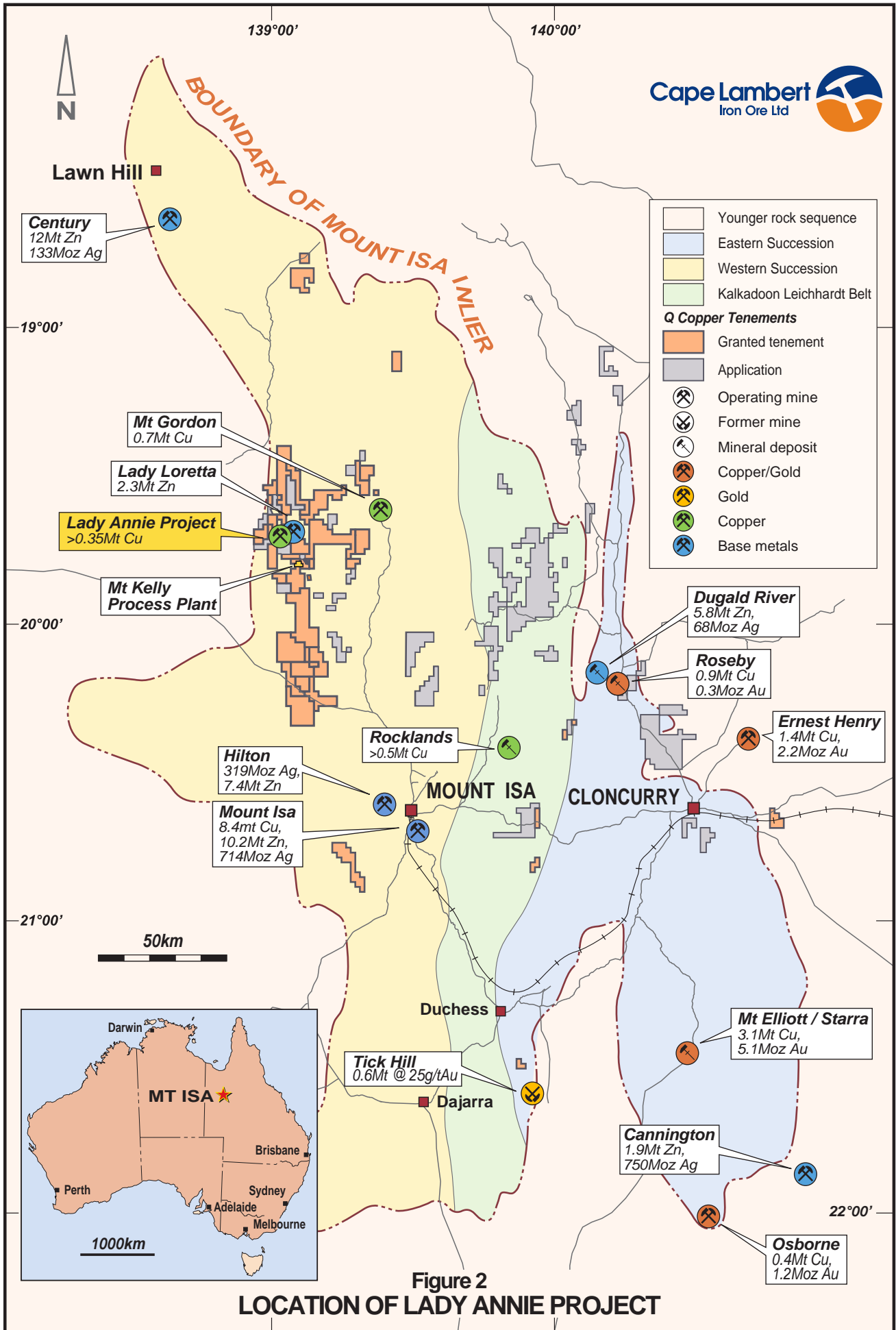


Figure 1
GROUP STRUCTURE

Note: *Interim interest held in DMM whilst tranche 2 of the DMM capital raising announced on the 22 September 2009 is completed.
Holdings shown in blue are planned for near term divestment.



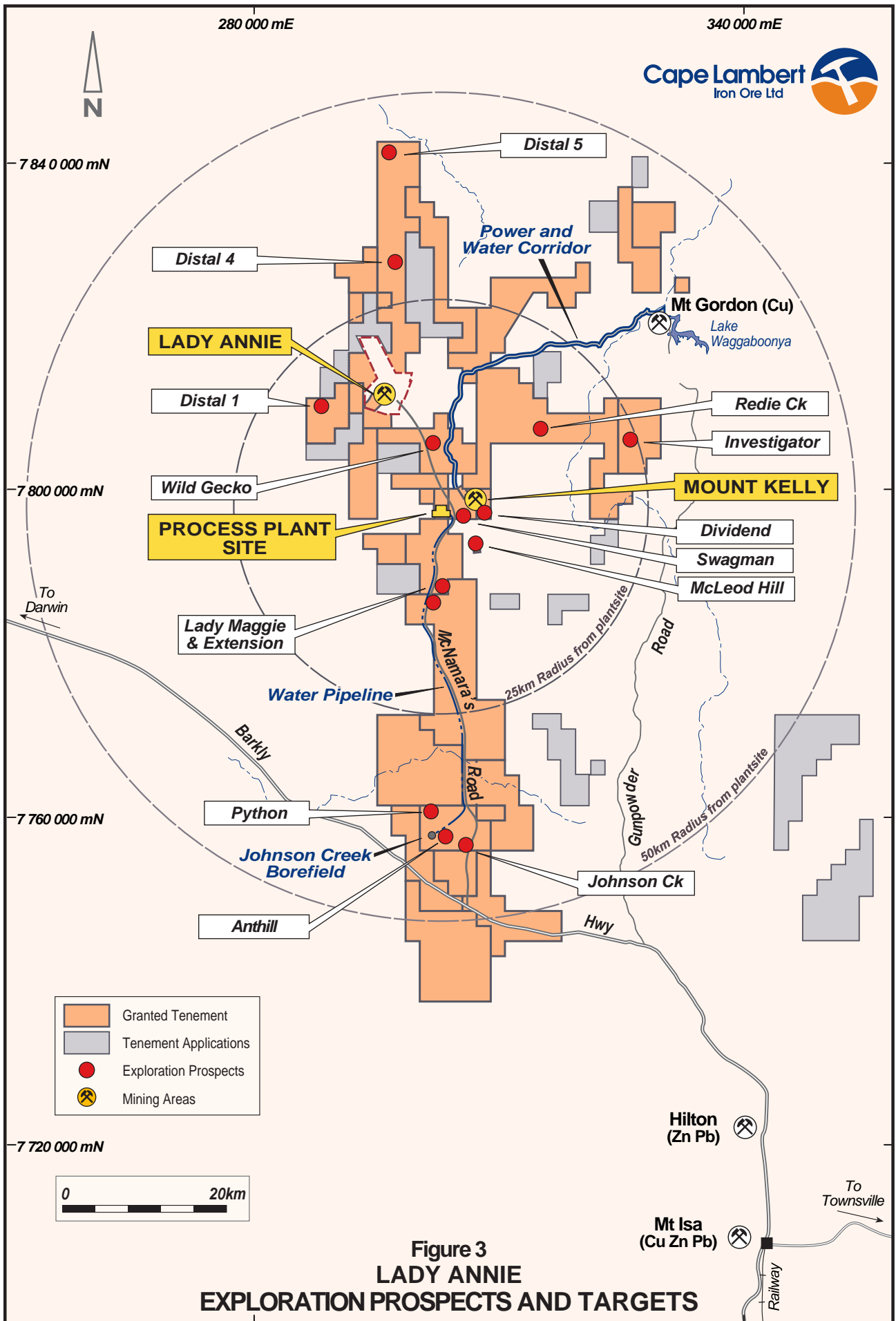


Figure 3
LADY ANNIE
EXPLORATION PROSPECTS AND TARGETS

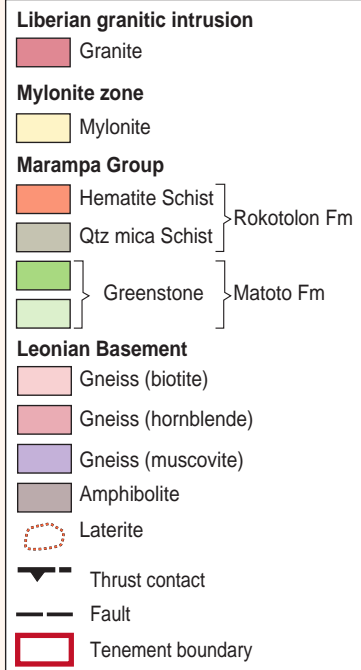
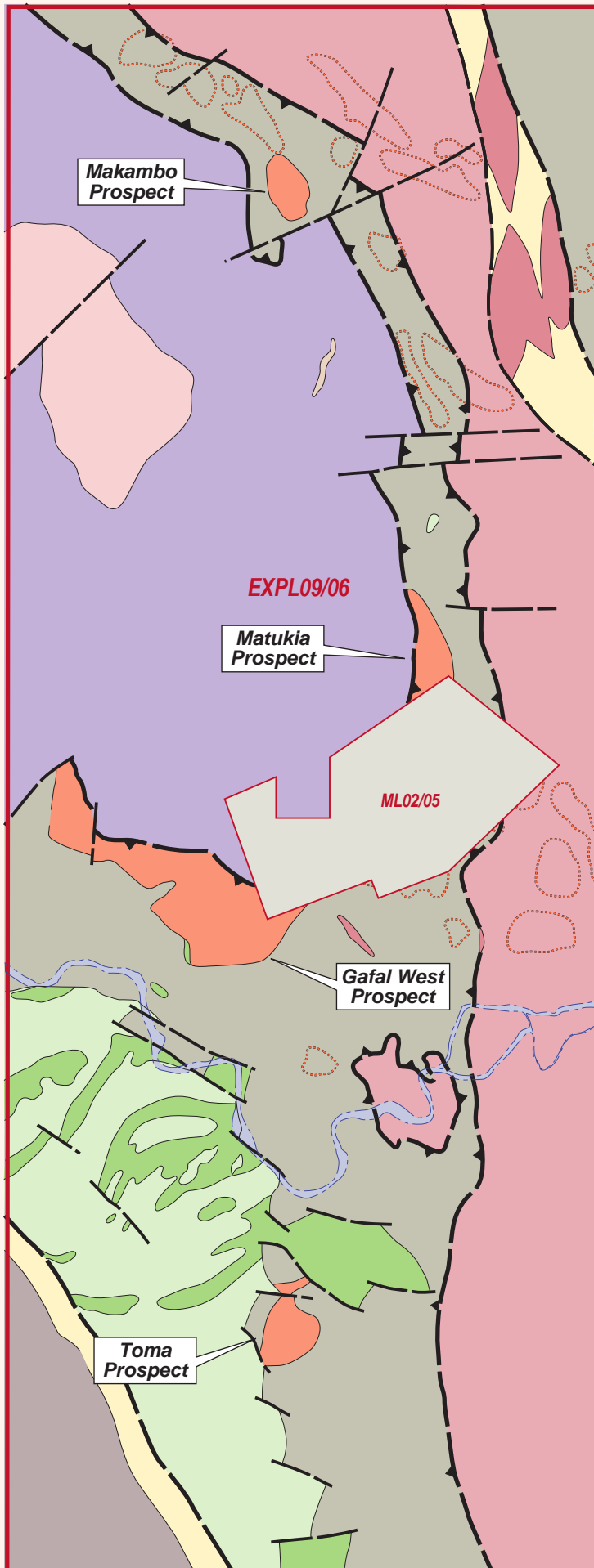
770 000mE

780 000mE

Cape Lambert
Iron Ore Ltd



970 000mN



950 000mN

Figure 4
MARAMPA
PROSPECT LOCATIONS

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CAPE LAMBERT IRON ORE LTD

ABN

71 095 047 920

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	3,849	3,849
1.2 Payments for		
(a) exploration and evaluation	(1,433)	(1,433)
(b) development	-	-
(c) production	(1,856)	(1,856)
(d) administration	(2,351)	(2,351)
1.3 Dividends received	-	-
1.4 Interest and similar items received	1,981	1,981
1.5 Interest and other costs of finance paid	(99)	(99)
1.6 Income taxes paid	-	-
1.7 Other: other income received	-	-
Net Operating Cash Flows	92	92
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(1,453)	(1,453)
(c) other fixed assets	(70)	(70)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other : Payment for Convertible Notes	(5,900)	(5,900)
Other: Purchase of interest in associated entity	-	-
Other: Proceeds on sale of tenements	-	-
Other: payment of commission	-	-
Other: Cash backing security required for performance bonds & bank guarantees	(5,334)	(5,334)
Other: cash balances acquired upon acquisition of Mineral Securities Limited	-	-
Other: transaction related costs	(2,032)	(2,032)
Net investing cash flows	(14,789)	(14,789)
1.13 Total operating and investing cash flows (carried forward)	(14,697)	(14,697)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(14,697)	(14,697)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(15,060)	(15,060)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	(15,060)	(15,060)
	Net (decrease) in cash held	(29,757)	(29,757)
1.20	Cash at beginning of quarter/year to date	74,058	74,058
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	44,301	44,301

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	143
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

\$142,313 payment for executive and non-executive salaries;
\$312 payment for accounting fees to entity related to non-executive director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

12,822,591 shares were issued to shareholders of Corvette Resources Limited pursuant to the take-over bid that closed on 11 September 2009.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	680
4.2 Development	-
Total	680

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	43,598	35,023
5.2 Deposits at call	703	39,035
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	44,301	74,058

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer attached schedule		
6.2	Interests in mining tenements acquired or increased	Refer attached schedule		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

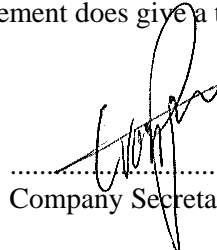
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	536,619,804	536,619,804		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	12,822,591	12,822,591	N/A	N/A
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	28,000,000 8,350,000	- -	<i>Exercise price</i> 30.9 cents 43.2 cents	<i>Expiry date</i> 31 October 2010 30 June 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


.....
Company Secretary

Date: 30 October 2009

Print name: Eloise von Puttkammer

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

Appendix 5B
Mining exploration entity quarterly report

Appendix for item 6.2: Interests in mining tenements acquired or increased

Tenement reference		Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
E47/1760	Mt Anketell	Granted	-	100%
EL 26928	Tobermory	Granted	-	100%
E47/1837	Mt Anketell	Withdrawn	-	100%

+ See chapter 19 for defined terms.