

28 March 2006

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

CAPE LAMBERT OPTION EXERCISE PRICE REDUCTION

Cape Lambert Iron Ore Ltd (CFE) advises that following approval being given for International Goldfields Limited (IGL) to list on ASX, all CFE's options on issue will have their exercise price per option reduced by the same amount as the reduction amount per share, being approximately 2.2 cents (based on CFE shares on issue at the date of this announcement).

Once IGL has received conditional approval to list on ASX, CFE will advise the market of the record date for the reduction in the exercise price per option. Any CFE options exercised prior to this record date will be converted at the current exercise price.

Yours faithfully

CAPE LAMBERT IRON ORE LTD

Tony Sage
Executive Chairman