

19 December 2006

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

“DTR INTERSECTION OF 202m IN HOLE MA210 (DOWN-DIP OF MA209) FURTHER EXTENDS MAGNETITE MINERALISATION”

Further to its announcement dated 12 December 2006, iron ore exploration and development company Cape Lambert Iron Ore Limited (ASX: CFE, AIM: CLIO) (the “Company”) is pleased to announce recently received DTR results for drill holes MA210, MA211 and MA208.

Drill hole MA210 has returned a DTR result of 202m (from 100m to 302m) at an average concentrate recovery of 35.3% by weight, 66.9% Fe, 5.4% SiO₂, 0.35% Al₂O₃ and 0.006% P. Full details of this DTR intercept are set out in Table 1.

Drill hole MA210 is located approximately 200m to the southeast of drill hole MA209. DTR results for drill hole MA209 were released to the market on 12 December 2006, and are restated in Table 1.

The magnetite zone intersected in MA210, MA209 and MA211 is thought to represent the down-dip merged extension of the Upper and Lower mineralised units, and is open down-dip and along strike to the north and south. Step-out drilling of this zone is a first priority drilling target when drilling recommences in 2007.

Also shown in Table 1 are DTR results for drill holes MA208 and MA211. Drill hole MA211 is located up-dip of drill holes MA209 and MA210, and is thought to represent the start of the merged Upper and Lower mineralised units. It returned an intersection of 116m at 65.3% Fe with a concentrate recovery of 33.1% by weight. Drill hole MA208 represents only the Lower mineralised unit.

Yours faithfully
CAPE LAMBERT IRON ORE LTD

Tony Sage
Executive Director

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.

Table 1: Summary Davis Tube Recovery Intercepts

Hole_ID	Local Grid		Sample (m)			DTR results				
	Easting	Northing	From	To	Interval	Recoverable Mag Wt (%)	Fe grade (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
MA210	13,200	10,850	100	302	202	35.3	66.9	5.4	0.35	0.006
MA209	13,200	11,050	72	236	164	33.8	67.4	5.0	0.24	0.006
MA208	13,200	11,300	80	132	52	36.7	64.9	7.3	0.52	0.009
MA211	13,200	11,165	80	196	116	33.1	65.3	7.3	0.47	0.007

- Notes:
- All holes are collared vertically.
 - Sample interval comprises 4m composites.
 - Each 4m composite is individually tested by DTR, with all composite results average for the interval.
 - DTR samples prepared to nominally 100% passing 45 micrometres.
 - DTR testing performed by AMDEL Limited (Mineral Services Laboratory) with chemical analysis by X-ray Fluorescence Spectrometry (XRF).

For more information please contact:

Cape Lambert Iron Ore Ltd

Tony Sage
Ian Burston

+61 8 9380 9555
+61 0 413 998 784

Australian Enquiries:

Professional Public Relations
David Tasker

+61 8 9388 0944

UK Enquiries:

Collins Stewart

Miikka Haromo

+44 (0)20 7523 8000

Conduit PR

Leesa Peters

+44 (0)20 7429 6600
+44 (0)781 215 9885

Website:

www.capelam.com.au