14 March 2007

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

DRILLING AT CAPE LAMBERT IRON ORE PROJECT CONFIRMS NORTHERN STRIKE EXTENSION OF NEW ZONE

KEY POINTS

- Significant Davis Tube Recovery ("DTR") intervals have been returned from drill holes at the Cape Lambert Iron Ore Project in Western Australia:
  - MA230 – 56m at an average DTR recovery of 41% to concentrate, at a concentrate grade of 65.3% Fe and 7.6% silica;
  - MA259 – 50m at an average DTR recovery of 34% to concentrate, at a concentrate grade of 66.9% Fe and 4.8% silica; and
  - MA261 – 31m at an average DTR recovery of 35% to concentrate, at a concentrate grade of 66.6% Fe and 5.6% silica.
- Drill hole MA230 is 500m to the north of drill hole MA210 (202m at an average DTR recovery of 35% to concentrate, at a concentrate grade of 67% Fe and 5.4% silica) and demonstrates strike continuity of this new zone of magnetite mineralisation.
- DTR results for drill holes MA234 and MA233 (200m and 400m respectively to the south of MA210) remain outstanding and are expected to be received within the next two weeks.
- Reverse circulation ("RC") drilling is scheduled to recommence in early April with a diamond core drill program scheduled to start in early June.

BACKGROUND

Cape Lambert Iron Ore Limited (ASX: CFE, AIM: CLIO) is pleased to update the market on the latest DTR results received. Significant DTR intervals have been returned from drill holes MA221, MA230, MA259 and MA261 (refer Table 1). All signifcant DTR results received to-date for the 2006 RC drilling campaign are summarised in Table 2 at the end of this release.

Table 1: Summary Davis Tube Recovery Results

Hole_ID	MGA - 94		Sample (m)			DTR results				
	Easting	Northing	From	To	Interval	Recoverable Mag Wt (%)	Fe grade (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
MA221	509922	7707928	228	260	32	44.3	64.3	8.8	0.48	0.009
MA230	510251	7709242	180	236	56	40.8	65.3	7.6	0.32	0.005
MA259	509559	7711287	65	114	49	34.4	66.9	4.8	0.59	0.009
MA261	509367	7711549	101	132	31	35.0	66.6	5.6	0.55	0.012

These results are part of 1,709 samples submitted for DTR testing from the 2006 RC drilling campaign (refer Figure 1). To-date DTR results have been received for 1,597 samples, 93.4% of samples submitted. Following the receipt of the latest results there are 112 DTR results outstanding for drill holes MA233, MA234, MA264 and MA266. The remaining 112 DTR results are expected to be received within the next two weeks.

The Company announced on 12 and 19 December the results of DTR tests from drill holes MA209 and MA210 respectively. DTR results from drill holes MA209 and MA210 had identified a new, thick zone of magnetite mineralisation at the south-eastern extent of section 13,200E (refer Figure 1 and 2). The DTR results for drill holes MA231 (200m to the north) and MA230 (a further 300m to the north) have confirmed a strike extent of at least 500m to the north. Importantly, DTR results for drill holes MA234 and MA233 are outstanding and could potentially add a further 500m of strike extent to the south, providing a total defined strike of 1,000m. The new zone is open to the east and south (refer Figure 1 and 2).

Cape Lambert Chairman Ian Burston said “The discovery and dimensions of this new zone were significant in the context of rapidly delineating a substantial magnetite resource base to enable project development.”

He further added “When RC drilling recommences in early April this area is the first priority as we test for extension to the south and east.”

Yours faithfully
CAPE LAMBERT IRON ORE LTD

Ian Burston
Chairman

The DTR information in this report is based on information complied 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.

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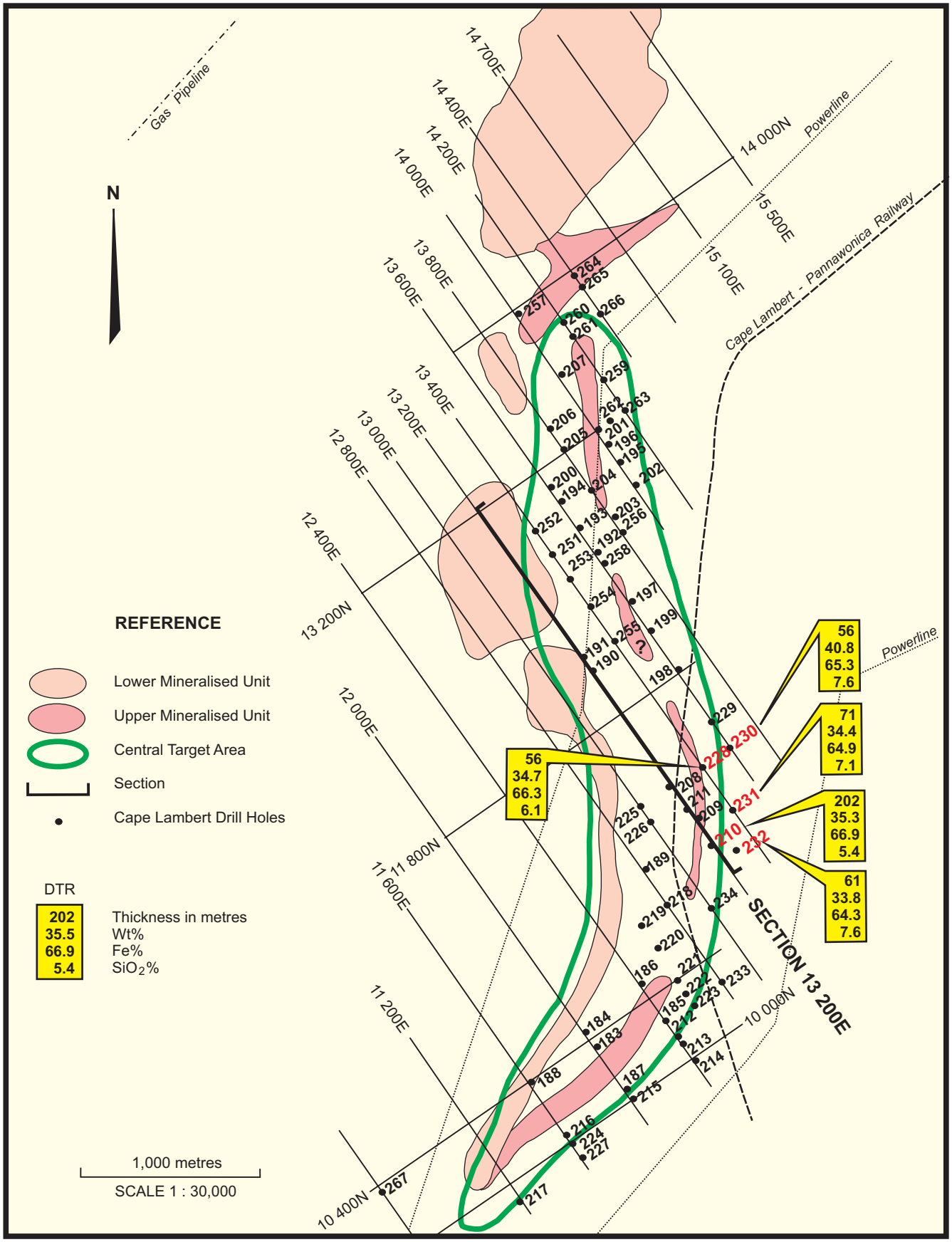
Table 2: Summary Davis Tube Recovery Intercepts

Hole_ID	MGA - 94		Sample (m)			DTR results				
	Easting	Northing	From	To	Interval	Recoverable Mag Wt (%)	Fe grade (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
MA184	509456	7707555	80	104	24	42.6	63.4	8.7	0.28	<0.01
MA185	509880	7707690	84	116	32	39.1	63.8	8.8	0.52	<0.01
MA187	509608	7707333	108	128	20	23.1	65.4	7.0	0.63	<0.01
			136	164	28	34.4	63.5	9.0	0.41	<0.01
MA188	509126	7707349	64	96	32	26.6	64.9	6.9	1.03	<0.01
MA189	509761	7708548	96	140	44	41.0	64.4	8.2	0.49	<0.01
MA190	509471	7709653	4	88	84	30.0	65.8	6.0	0.29	<0.01
MA191	509398	7709757	64	80	16	37.2	66.0	5.8	0.47	<0.01
MA192	509506	7710300	256	288	32	32.4	62.4	8.9	0.78	<0.01
MA193	509383	7710473	180	244	64	31.9	62.5	8.8	0.61	<0.01
MA194	509311	7710602	168	208	40	34.2	65.2	6.7	0.36	<0.01
MA195	509633	7710818	88	120	32	26.6	67.9	4.5	0.30	<0.01
			196	240	44	21.8	63.8	8.4	0.39	0.01
MA196	509554	7710930	28	56	28	26.6	66.4	5.2	0.47	0.01
MA197	509717	7710054	260	276	16	42.5	63.0	9.0	0.32	0.01
MA198	509945	7709640	176	220	44	32.9	63.4	8.3	0.55	0.01
MA199	509851	7709812	204	244	40	35.8	63.2	8.8	0.70	0.01
			344	364	20	30.1	62.9	7.7	0.54	0.01
MA201	509489	7711052	184	228	44	22.8	64.3	7.0	0.43	<0.01
MA202	509723	7710689	156	200	44	31.1	66.5	5.5	0.37	0.01
			268	316	48	32.5	64.0	7.7	0.43	0.01
MA203	509409	7710428	244	284	40	33.5	62.2	9.0	0.50	<0.01
MA207	509277	7711322	100	156	56	23.3	63.0	8.5	0.69	<0.01
MA208	509905	7708993	80	132	52	36.7	64.9	7.3	0.52	0.01
MA209	510070	7708820	72	236	164	33.8	67.4	5.0	0.01	<0.01
MA210	510124	7708719	100	302	202	35.3	66.9	5.4	0.35	<0.01
MA211	510004	7708904	80	196	116	33.1	65.3	7.3	0.47	<0.01

Hole_ID	MGA - 94		Sample (m)			DTR results				
	Easting	Northing	From	To	Interval	Recoverable Mag Wt (%)	Fe grade (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
MA213	509907	7707664	120	168	48	36.3	63.9	7.9	0.91	0.01
MA214	509975	7707540	254	322	68	39.4	67.4	5.4	0.34	0.006
MA215	509690	7707250	138	194	56	31.5	66.3	5.4	0.54	<0.01
MA216	509320	7707070	40	58	18	29.6	65.7	4.9	0.23	<0.01
MA217	509076	7706712	132	148	16	22.9	67.1	2.3	0.34	<0.01
MA218	509850	7708375	132	152	20	40.3	64.7	8.5	0.41	<0.01
MA219	509720	7708250	36	56	20	38.6	65.3	7.2	0.38	0.012
MA221	509922	7707928	228	260	32	44.3	64.3	8.8	0.48	0.009
MA224	509362	7707035	45	120	75	32.6	63.9	8.0	0.61	0.01
MA225	509760	7708882	40	80	40	35.4	65.5	6.9	0.41	<0.01
MA226	509823	7708799	88	104	16	41.5	64.9	7.3	0.36	<0.01
MA227	509408	7706941	173	192	19	31.0	65.8	6.6	0.36	0.008
			241	260	19	25.1	64.8	6.5	1.02	0.011
MA228	510090	7709120	94	150	56	34.7	66.3	6.1	0.40	<0.01
MA229	510137	7709399	228	243	15	36.1	65.4	7.4	0.51	0.006
MA230	510251	7709242	180	236	56	40.8	65.3	7.6	0.32	0.005
MA231	510260	7708870	165	236	71	34.4	64.9	7.1	0.50	<0.01
MA232	510300	7708635	155	216	61	33.8	64.3	7.6	0.48	<0.01
MA253	509330	7710187	172	188	16	25.8	63.2	6.1	0.84	0.015
MA255	509610	7709770	104	137	33	35.5	68.2	4.2	0.23	<0.01
MA259	509559	7711287	65	114	49	34.4	66.9	4.8	0.59	0.009
MA261	509367	7711549	101	132	31	35.0	66.6	5.6	0.55	0.012
MA262	509570	7711080	209	231	22	25.2	65.5	6.2	0.34	<0.01
MA263	509645	7711125	200	245	45	31.9	67.5	4.3	0.39	<0.01
MA265	509485	7711740	76	144	68	26.4	68.2	3.6	0.39	<0.01

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.
- Minimum DTR interval of 16 metres.
- DTR interval is apparent not true.
- DTR samples prepared to nominally 100% passing 45 micrometres.
- DTR testing performed by AMDEL Limited (Mineral Services Laboratory) and Independent Metallurgical Laboratories Pty Ltd with chemical analysis by X-ray Flourescence Spectromery (XRF).



CAPE LAMBERT PROJECT

DRILLHOLE LOCATIONS AND DTR RESULTS

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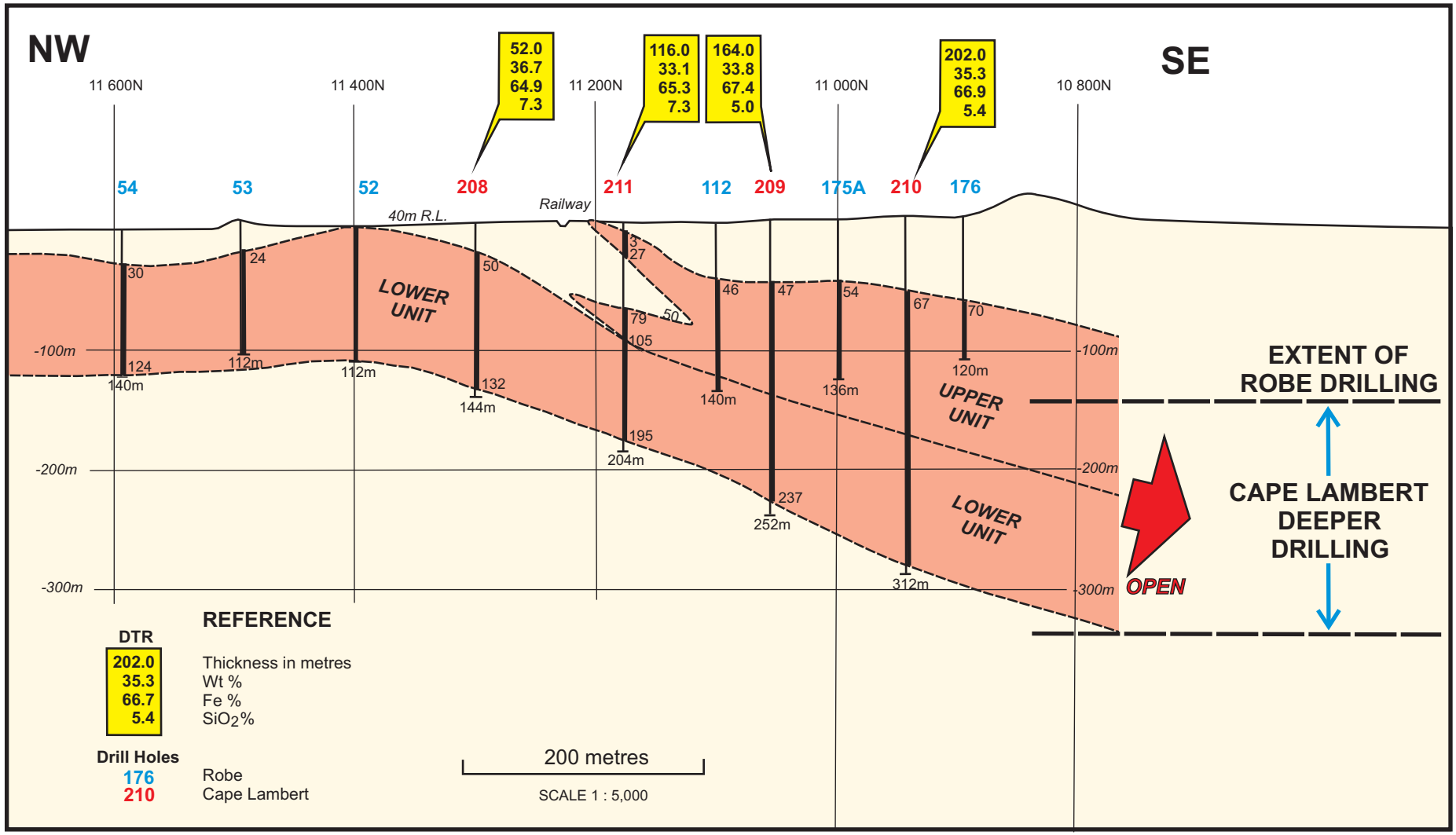
Figure 1



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SECTION 13 200E (Southeast only)

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Figure 2