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The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

**CAPE LAMBERT FINALISES OPTION AGREEMENT TO ACQUIRE
ADJACENT TENEMENTS IN WESTERN AUSTRALIA**

Iron ore exploration and development company Cape Lambert Iron Ore Limited (ASX: CFE, AIM: CLIO) has finalised an option to acquire three tenements (E47/1233, E47/1248 and E47/1271) in the Pilbara region of Western Australia, following the documentation of an option agreement with Mr Kim North.

On 15 January 2007, CFE announced it had signed an exclusive option agreement to acquire the tenements. CFE has until 31 October 2007 to exercise the right to acquire the tenements.

These highly prospective tenements are located adjacent to the Company's Cape Lambert Iron Ore Project (EL47/1462) and increase the size of this tenement holding to approximately 350 sqkm.

Recent exploration drilling at the project has confirmed the presence of a new, high-grade mineralised zone, which appears to extend into the optioned tenements.

This significant mineralised zone will be subject to an extensive drilling campaign, with results expected to be received by the Company in the coming 2-3 months.

Under the terms of the option agreement, Cape Lambert has paid Mr North AUD\$200,000 and issued him with 600,000 CFE ordinary shares.

Yours faithfully

CAPE LAMBERT IRON ORE LIMITED

Tony Sage
Executive Director

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