

5 July 2007

The Company Announcements Office  
Australian Stock Exchange Limited

## Via E Lodgement

### DRILLING UPDATE FROM THE CAPE LAMBERT IRON ORE PROJECT (the "Project")

#### KEY POINTS

- Infill and extension reverse circulation ("RC") drilling program commenced at the Project on 9 May 2007;
- To 30 June 2007, 11 RC holes have been completed for an advance of 4,425 metres;
- Davis Tube Recovery ("DTR") results for the first two RC holes expected in the middle of July;
- Diamond core drilling commenced at the Project on 28 June 2007; and
- By the middle of the September quarter, the Company expects to have three (3) drill rigs (1 diamond plus 2 RC) working at the Project.

#### BACKGROUND

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (the "Company") (ASX code: **CFE**, AIM: **CLIO**) is pleased to update the market on drilling activities at its 100% owned Cape Lambert iron ore project (the "Project"), located in the Pilbara region, Western Australia (refer Figure 1).

#### RC drilling

Infill and extension reverse circulation ("RC") drilling commenced at the Project on 9 May 2007 (refer ASX release dated 10 May 2007). The Company is proposing to complete approximately 33,000 metres of RC drilling during 2007. The objective of the RC drilling is to infill to a hole spacing of 200 m by 100 m within the Central Target Area ("CTA"), and to extend the CTA to the north and east (refer Figure 2).

Up to 30 June 2007, the Company had completed 11 RC holes for an advance of 4,425 metres. These holes were designed to infill to the north of the southeast extent of section 13,200 east (refer Figure 2 and 3).

The Company expects to receive the DTR results from the first two RC holes toward the middle of July.

### Diamond drilling

The Company also wishes to advise that a diamond drill rig has commenced core drilling at the Project. The diamond rig has collared on RC hole MA232 to complete a diamond tail (refer Figure 4). To 30 June, this hole had been extended from 255 metres to 381.5 metres.

A 10,000 metre diamond core drilling program is planned for 2007. Core from the diamond program will be used for metallurgical test work, geotechnical analysis, and to enhance the Company's understanding of the stratigraphy and structural geology.

### Three drill rigs

A second RC rig is expected to arrive at the Project by the end of July. Consequently, by the middle of the September quarter, the Company expects to have three drill rigs (1 diamond plus 2 RC) working at the Project.

Yours faithfully  
CAPE LAMBERT IRON ORE LIMITED

**Tony Sage**  
Executive Director

### **For more information please contact:**

#### **Cape Lambert Iron Ore Limited**

|             |                    |
|-------------|--------------------|
| Ian Burston | +61 (0)8 9211 0600 |
| Tony Sage   | +61 (0)8 9380 9555 |

#### **Australian Enquiries:**

|                               |                    |
|-------------------------------|--------------------|
| Professional Public Relations |                    |
| David Tasker                  | +61 (0)8 9388 0944 |

#### **UK Enquiries:**

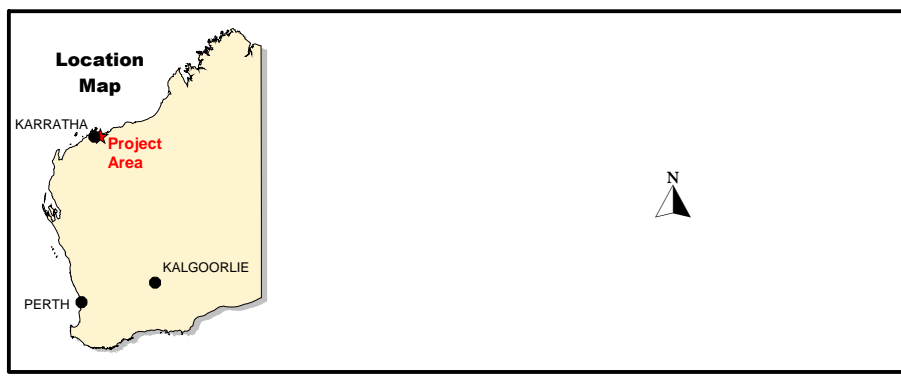
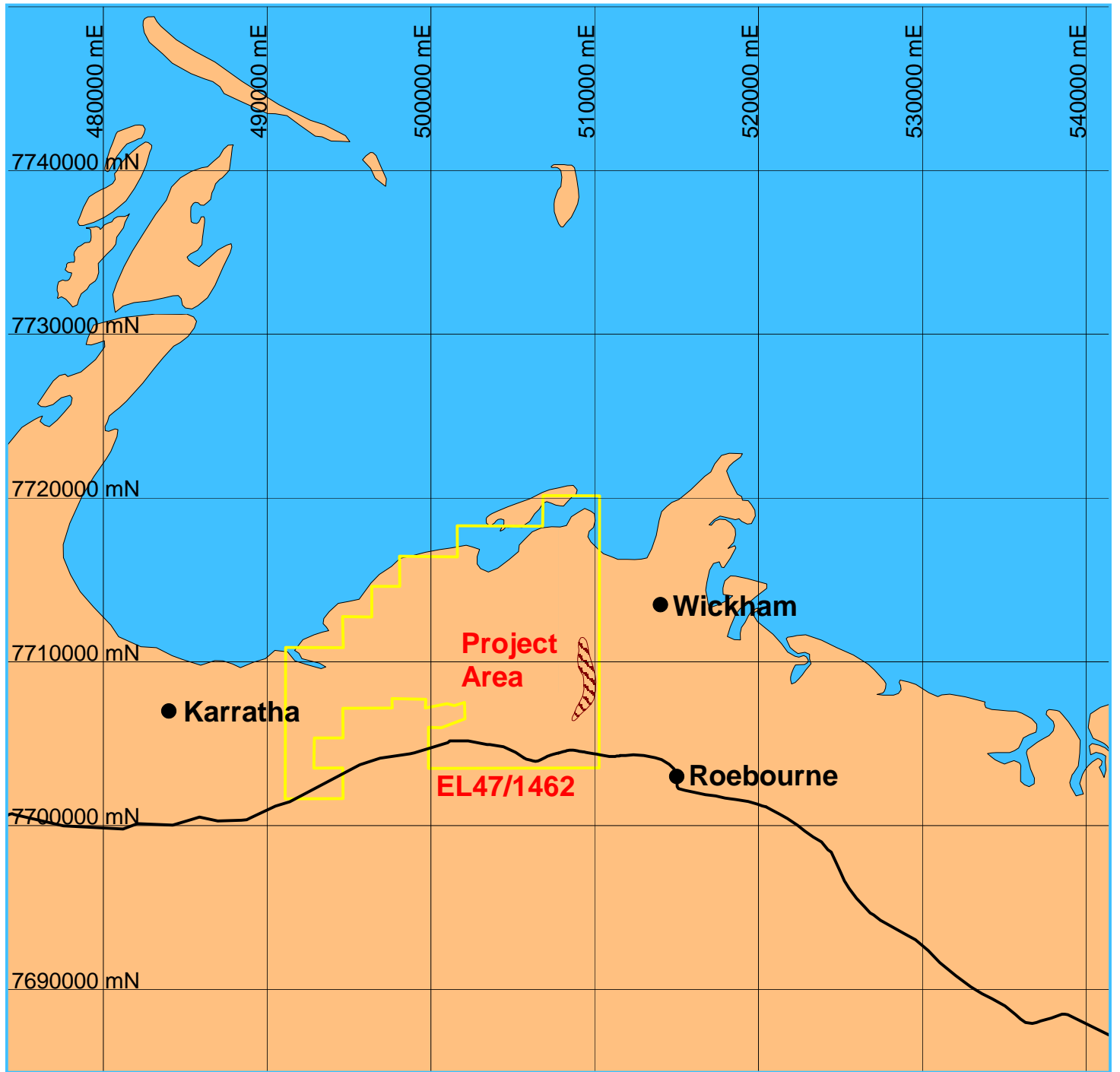
|                                |                     |
|--------------------------------|---------------------|
| Collins Stewart Europe Limited |                     |
| Chris Rollason                 | +44 (0)20 7523 8308 |


#### **Conduit PR**

|              |                     |
|--------------|---------------------|
| Leesa Peters | +44 (0)20 7429 6600 |
| Jos Simson   | +44 (0)20 7429 6603 |

#### **Website:**

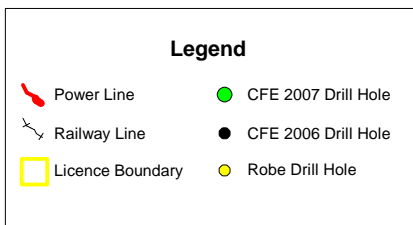
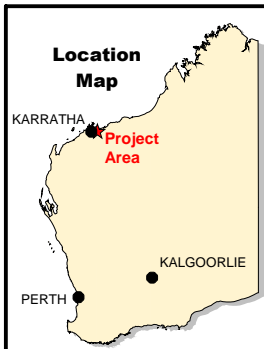
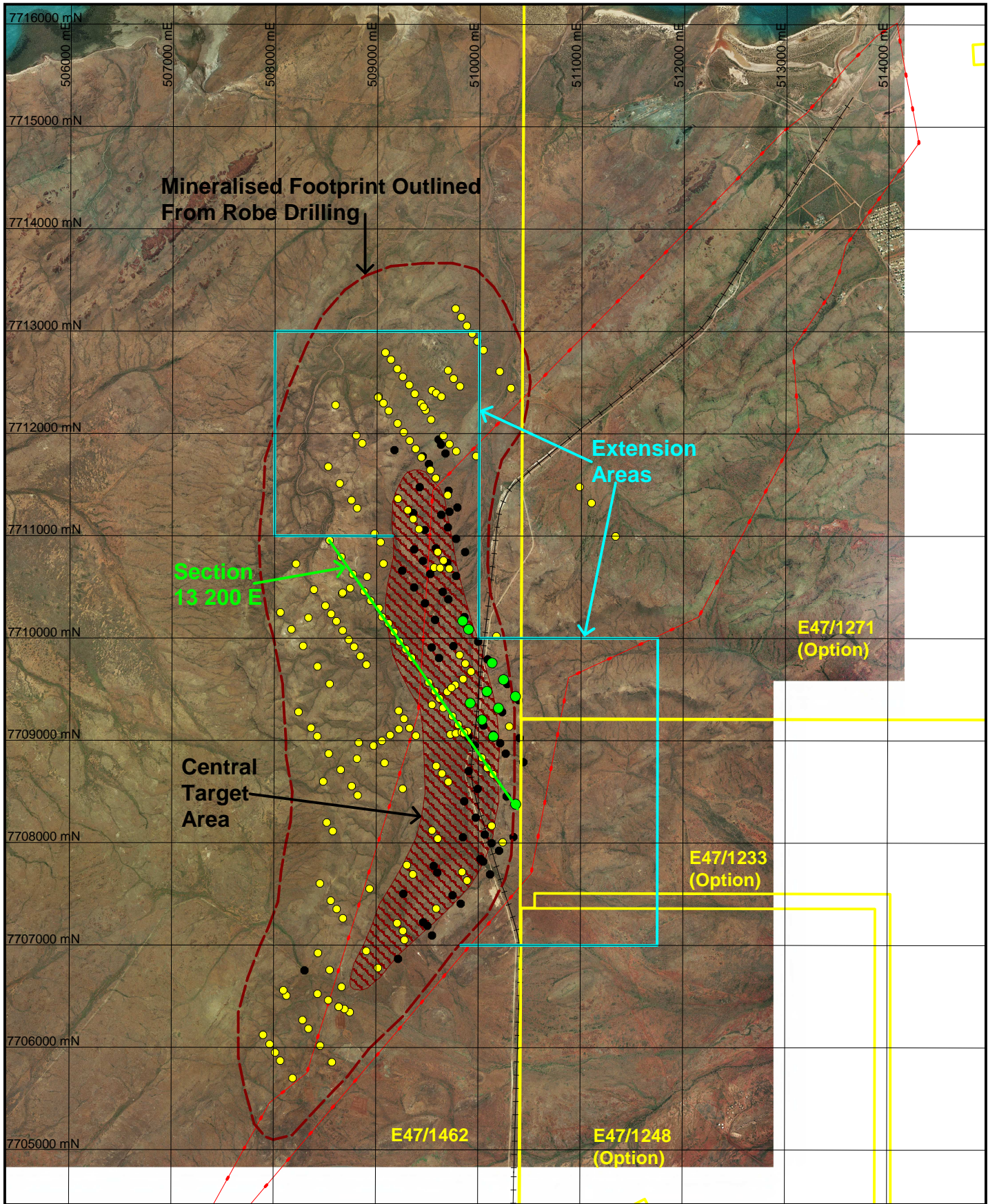
[www.capelam.com.au](http://www.capelam.com.au)





**Figure 1  
Tenement and Project Area**

|                   |                    |
|-------------------|--------------------|
| Author:           | Date:              |
| Drawn:            | Revised:           |
| Dwg No.: CLIO 007 | Report No.:        |
| Datum:            | Scale: 1 : 350 000 |



**Figure 2  
Drill Hole Locations**

|                   |                 |
|-------------------|-----------------|
| Author:           | Date: June 2007 |
| Drawn:            | Revised:        |
| Dwg No.: CLIO 015 | Report No.:     |
| Datum: GDA94      | Scale: 1:50 000 |



**Figure 3: RC drilling at the Cape Lambert iron ore project – hole MA308.**



**Figure 4: Diamond drilling at the Cape Lambert iron ore project – diamond tail to hole MA232.**