

05 September 2007

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

DELONG HOLDINGS LIMITED TAKES AN INITIAL 4.4% STAKE IN CFE

Key points:

- **Delong Holdings Ltd ("Delong") converts 12M unlisted Options in CFE, increasing cash reserves by approx AUD\$4.6M;**
- **Delong now hold a 4.4% stake in the Company;**
- **Prior to 30 September 2007 Delong will convert a further 28M unlisted Options, lifting its stake in CFE to 13.25% and providing a further approx AUD\$10M to CFE; and**
- **First payment of sale agreement (approx AUD\$72M) delayed by mutual agreement to 30 September 2007.**

Iron ore exploration and development company, Cape Lambert Iron Ore Limited ("Cape Lambert" or "the Company") has welcomed a new major shareholder to its register, with Singapore listed Delong taking an initial 4.4% stake in the company through the conversion of 12,000,000 unlisted 2010 Options (at a price of AUD\$0.377). The conversion of these options provides approx AUD\$4.6M to the existing cash reserves of the company.

Delong major shareholder and Chairman Mr Ding acquired these options through a private transaction announced to the market on 30 March 2007. At the time he indicated that he wanted to convert these options so as to provide a tangible example of his long-term commitment to the Company and its operations. He has since transferred these options to Delong (refer Delong announcement to Singapore Stock Exchange).

Delong will convert the balance of the 40M unlisted Options (28M raising a further approx AUD\$10M) on finalisation of minor outstanding issues associated with the Sale Agreement. It is expected that this will occur before 30 September 2007. At the completion of this conversion Delong will hold 13.25% of the issued capital of the company.

By taking such a meaningful stake in the Company Delong has not only provided the Company with a significant boost to existing cash reserves, but also gives a strong commitment of the role they would like to play in the Company and its development moving forward.

On 29 March 2007 Mr Ding entered into a sale agreement with the company to acquire a 70 per cent interest in its Cape Lambert iron ore project for approximately AUD\$240M in cash. Mr Ding has now requested that the purchaser be his Singapore listed company Delong (current market cap AUD\$1.2B). The Board received this request and will now facilitate this change, and the first payment will be made on or before 30 September 2007. The original contract remains in full effect until the new agreement is signed.

The Company believes the delay by one month is more than offset by the fact that Delong has committed to the project by taking a significant shareholding.

Yours faithfully
CAPE LAMBERT IRON ORE LIMITED

Tony Sage
Executive Director

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