

20 September 2007

The Company Announcements Office  
Australian Stock Exchange Limited

**Via E Lodgement**

**UNTESTED MAGNETIC ANOMALIES IDENTIFIED AT CAPE LAMBERT IRON ORE PROJECT.**

**KEY POINTS**

- Several, large untested magnetic anomalies identified within 2kms of the existing Cape Lambert resource;
- The anomalies have an equivalent magnetic response to that of the existing resource;
- The anomalies, on drill testing, may increase the extent of magnetite mineralisation; and
- Drill testing of the magnetic anomalies is planned for the December quarter.

**BACKGROUND**

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (the "Company") (ASX: **CFE**, AIM: **CLIO**) is pleased to advise the market that it has identified several large, untested magnetic anomalies at its Cape Lambert iron ore project, located in the Pilbara region of Western Australia (refer Figure1).

On 16 April 2007, the Company notified the market that it had finalised an option agreement to acquire three tenements to the east of, and contiguous with, the Cape Lambert project tenement EL47/1462 ("Project Tenement"). The tenements, which are subject to the option agreement are EL47/1271, EL47/1233 and EL47/1248 ("Option Tenements") and have an aggregate area of 154 km<sup>2</sup> (refer Figure 1).

As part of the option agreement, the Company acquired an aeromagnetic survey that was flown in February 2007. The Company subsequently engaged independent geophysical consultants, Resource Potentials to interpret the magnetic survey.

The interpretation by Resource Potentials has identified several large, untested magnetic anomalies within the Project Tenement and Option Tenements (refer Figure 2). These anomalies have an equivalent magnetic response to the existing Cape Lambert resource, and represent walk-up drill targets that have the potential to increase the size of the Cape Lambert magnetite resource. Several of these magnetic targets will be drill tested in the December quarter.

In addition to the airborne survey discussed above, the Company has completed a helimag survey covering the eastern portion of the Project Tenement and all of the Option Tenements. A total of 4,300 line kms were flown to cover an area of 210km<sup>2</sup>. This survey will provide higher resolution magnetic images and contours, which will enable more precise drill positioning to test the magnetic anomalies. Resource Potentials has commenced interpretation of the helimag survey.

Yours faithfully  
CAPE LAMBERT IRON ORE LIMITED

**Tony Sage**  
Executive Director

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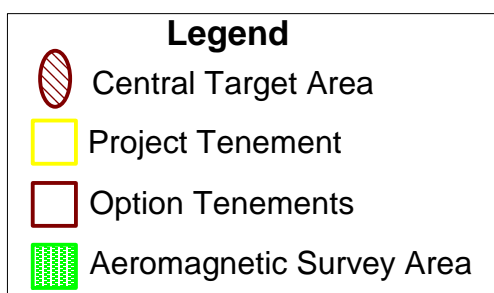
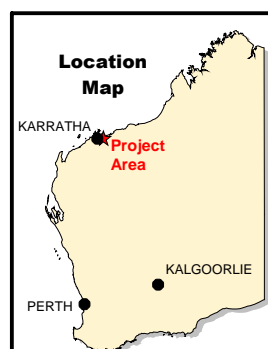
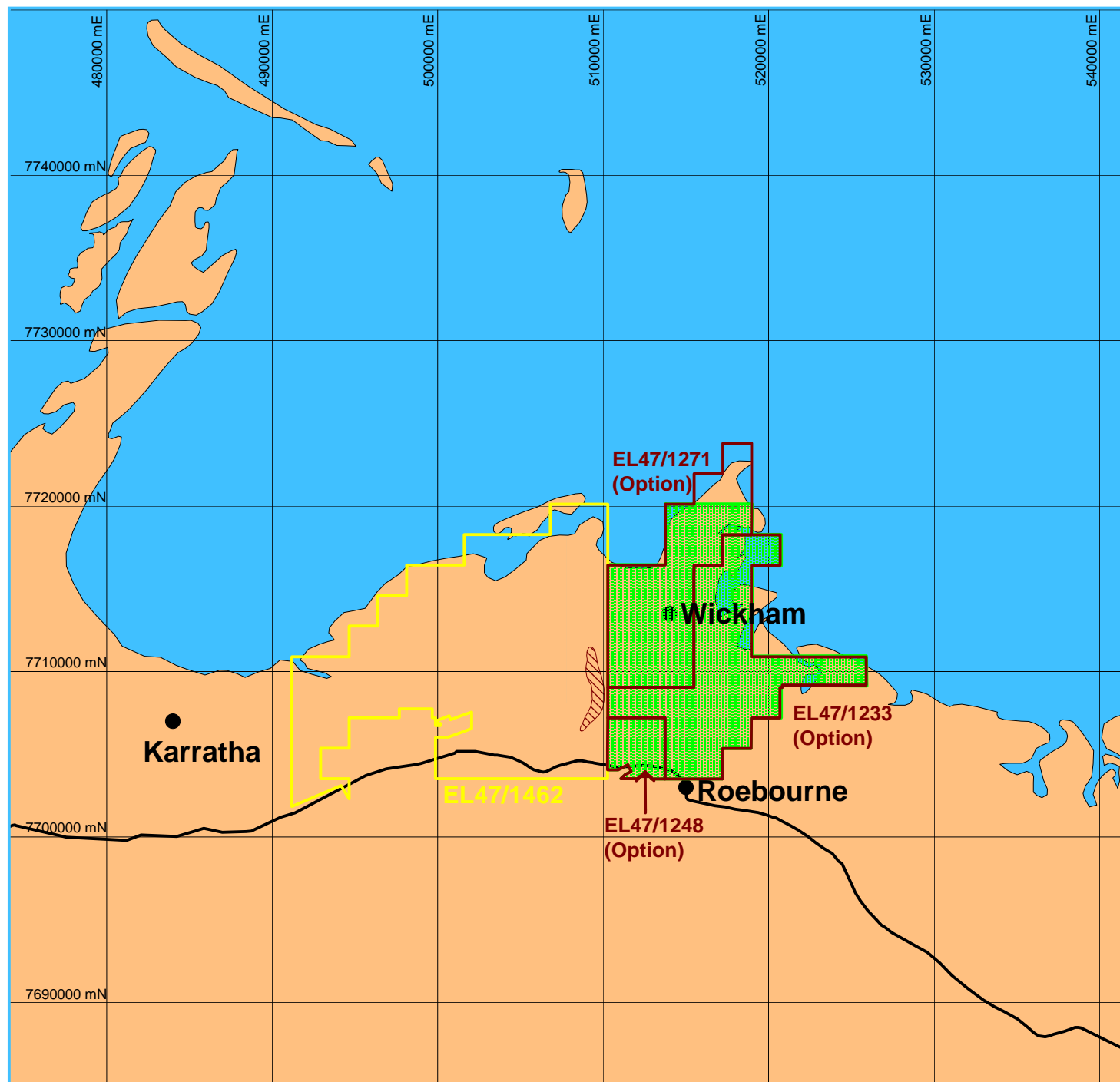
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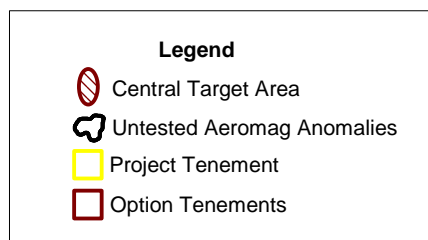
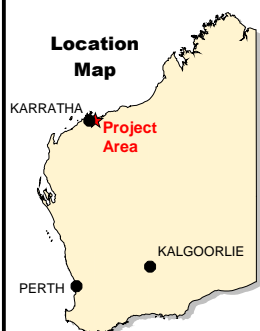
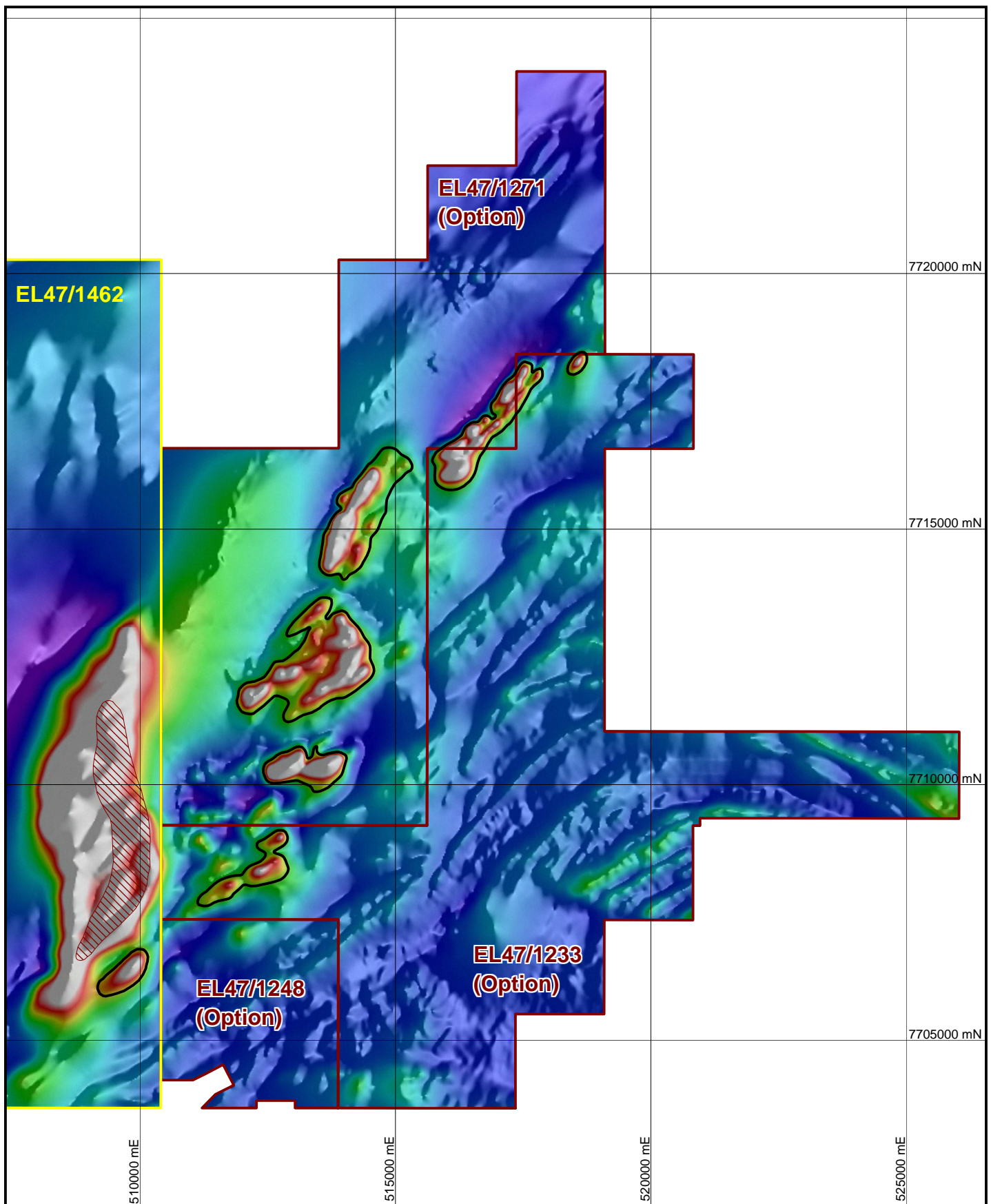
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*The exploration information in this report is based on information compiled by Mr Neil Winfield who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Winfield has sufficient experience which is relevant to the style of mineralisation 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 Winfield consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.*



**Figure 1**  
**Location and Tenements**

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**Figure 2**  
**Aeromagnetic Anomalies**

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