

1 November 2007

The Company Announcements Office  
Australian Stock Exchange Limited

## Via E Lodgement

### CAPE LAMBERT COMPLETES ACQUISITION OF THREE TENEMENTS ADJACENT TO ITS NAMESAKE IRON ORE PROJECT.

#### HIGHLIGHTS:

- Cape Lambert has completed the acquisition of three tenements adjacent to, and contiguous, with its 100% owned Cape Lambert iron ore project;
- Following the acquisition, the Company's ground holding has increased by 70% to 373km<sup>2</sup>;
- Several, large untested magnetic anomalies, with an equivalent magnetic response to the Cape Lambert resource, have been identified on the newly acquired tenements;
- Drill testing of the magnetic anomalies is planned for late in the December quarter.

**Executive Director, Tony Sage commented** *"The acquisition of these tenements is strategically important given their proximity to the existing Cape Lambert resource, the potential for the resource to extend east into the tenements, and the presence of the newly discovered, untested magnetic anomalies.*

#### BACKGROUND:

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: **CFE**, AIM: **CLIO**) is pleased to advise the market that it has completed the acquisition of three tenements adjacent to its Cape Lambert iron project, located in the Pilbara region of Western Australia (refer Figure 1).

With the acquisition now complete, the Company's coastal, Pilbara landholding has increased by 70% from 218km<sup>2</sup> to 373km<sup>2</sup>.

On 16 April 2007, the Company notified the market that it had finalised an option agreement to acquire three tenements ("Agreement") to the east of, and contiguous with, the Cape Lambert project tenement EL47/1462. On 4 October 2007, Cape Lambert exercised its option and settled on 31 October 2007. These tenements are EL47/1271, EL47/1233 and EL47/1248 ("Acquired Tenements"), which have an aggregate area of 155km<sup>2</sup> (refer Figure 1).

Pursuant to the terms of the Agreement, Cape Lambert has agreed to pay a cash and scrip consideration for the Acquired Tenements comprising:

- A\$2million in cash (paid at settlement on 31 October 2007); and
- The equivalent of A\$2million in fully paid ordinary Cape Lambert shares calculated at the average of the closing price 25 trading days prior to the settlement date (shares to be issued in the coming week).

The vendor has also agreed to a commercial arrangement with Cape Lambert whereby, in the event that mining is commenced, he shall be entitled to a contingent production payment of A\$0.50 per tonne of magnetite concentrate, but only in respect of magnetite concentrate produced from the Acquired Tenements.

As part of the Agreement, the Company acquired an aeromagnetic survey that was flown in February 2007. The Company engaged independent geophysical consultants; Resource Potentials to interpret the magnetic survey who subsequently identified several large, untested magnetic anomalies within the Acquired Tenements.

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 (refer ASX/RNS release dated 20 September 2007). Several of these magnetic targets will be drill tested in the December quarter.

In addition to the airborne survey discussed above, the Company completed a helimag survey over the Acquired Tenements during the option period. A total of 4,300 line kms were flown to provide higher resolution magnetic images and contours, which will enable more precise drill positioning to test the magnetic anomalies. Resource Potentials is expected to complete interpretation of the helimag survey in the coming week.

Yours faithfully  
Cape Lambert Iron Ore Limited

Tony Sage  
**Executive Director**

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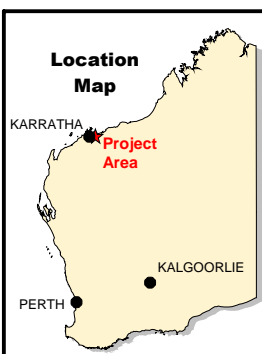
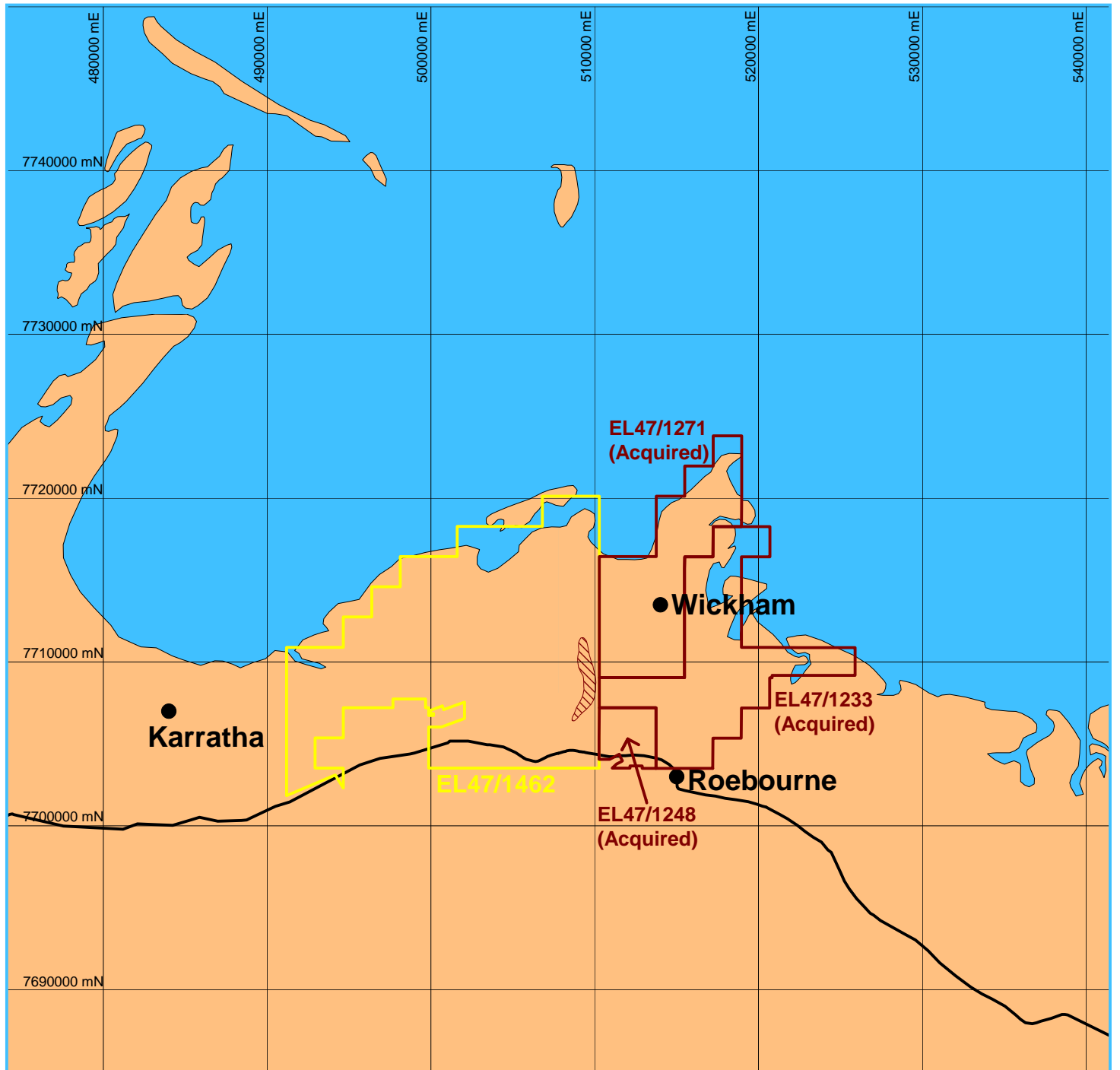
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**Legend**

-  Central Target Area
-  Project Tenement
-  Acquired Tenements



**Figure 1  
Location and Tenements**

Author:	Date:	August 2007
Drawn:	Revised:	October 2007
Dwg No.: CLIO 023	Report No.:	
Datum: GDA 94	Scale:	1 : 350 000