

30 November 2007

The Company Announcements Office Australian Stock Exchange Limited

## Via E Lodgement

# RESOURCE UPDATE UNDERWAY AND FURTHER, POSITIVE DRILL RESULTS RECEIVED AT CAPE LAMBERT

## **HIGHLIGHTS**

- Independent, international mining consultancy Golder Associates has commenced a resource update utilising drill data and assay results received to 31 October 2007. Golder is scheduled to complete the resource update in late January 2008.
- A second resource update is scheduled for completion by Golder in the June 2008 quarter based on drill data and assay results received after 31 October 2007.
- Further Davis Tube Recovery ("DTR") results demonstrate concentrates of saleable quality can be achieved from broad, moderately shallow magnetite zones within the Northern Extension Area. Significant results include:
  - MA415, 72m (from 80m) at an average DTR recovery of 28% mass to concentrate with a concentrate grade of 69% Fe and 3.7% silica,
  - MA320, 112m (from 84m) at an average DTR recovery of 34% mass to concentrate with a concentrate grade of 65% Fe and 6.7% silica,
  - MA417, 29m (from 43m) at an average DTR recovery of 26% mass to concentrate with a concentrate grade of 69% Fe and 3.7% silica,
- Three drill rigs (1 x diamond and 2 x reverse circulation ("RC")) remain working at Cape Lambert. One of the RC rigs is drill testing the newly discovered, southern most magnetic anomaly with initial positive results.
- Drill metrics to 26 November 2007 are as follows:
  - 77 RC holes have been completed for an advance of 27,598m. This compares with 69 RC holes for a total advance of 18,052m during 2006,
  - 5 diamond metallurgical holes and 8 diamond tails have been completed for an advance of 4,340m.

## BACKGROUND

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: **CFE**, AIM: **CLIO**) is pleased to provide an update on activities related to 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 RC drilling for 2007 commenced at the Project on 9 May. The Company is proposing to complete approximately 33,000m of RC drilling during 2007 (27,598m completed to 26 November 2007). The objective of this RC drilling is to increase the size and confidence of the Central Target Area ("CTA") mineral resource. The Company published an interim mineral resource estimate for the CTA in June 2007 of **977 million tonnes grading 32.4% Fe**<sup>1</sup>. This estimate was based on both the Company's 2006, and Robe's historical, drilling as well as a conservative, assumed bulk density of 3 tonnes per cubic metre.

The Company currently has two RC drill rigs working at the Project.

RC drilling in the December 2007 quarter has focused within the Northern Extension Area (refer Figure 2) to increase the size of the resource, and testing the most southern magnetic anomaly outlined in the Company's ASX and AIM release dated 23 November 2007 (refer Figure 3). Drilling on the southern anomaly consists of a program of 5 RC holes to test a strike extent over 600m. To date, two holes have been completed with wide intersections (50-100m) of medium to coarse grained magnetite logged in the holes. Assay results will be announced when they are received.

Drilling of the other, eastern magnetic anomalies (refer Figure 3) is scheduled to commence early in 2008, once regulatory approvals are complete. Native title heritage clearances have already been completed for these areas.

### DTR results

The Company has received DTR results for a further 20 RC holes with results now received for a total of 51 out of 77 holes. Significant DTR results are summarised in Table 1 and include;

- MA415, 72m (from 80m) at an average DTR recovery of 28% mass to concentrate with a concentrate grade of 69% Fe and 3.7% silica,
- MA320, 112m (from 84m) at an average DTR recovery of 34% mass to concentrate with a concentrate grade of 65% Fe and 6.7% silica,
- MA417, 29m (from 43m) at an average DTR recovery of 26% mass to concentrate with a concentrate grade of 69% Fe and 3.7% silica,

The DTR results continue to show the magnetite mineralisation at Cape Lambert is capable of being concentrated to a saleable product. Drill holes MA415 and MA417 are from within the Northern Extension Area (refer Figure 2). This area tends to produce a higher Fe and lower silica DTR concentrates, which is ideal for blending with the slightly lower Fe and higher silica DTR concentrate produced from the central and southern portions of the CTA. Earlier reported holes from the Northern Extension Area include MA401 (64m, from 100m, at an average DTR recovery of 23% mass to concentrate and a concentrate grade of 70% Fe and 3.2% silica) and MA402 (66m, from 140m, at an average DTR recovery of 23% mass to concentrate and a concentrate grade of 69% Fe and 3.7% silica).

## Diamond drilling

Up to 26 November 2007, the Company had completed 5 diamond metallurgical holes and 8 diamond tails for a total advance of 4,340m.

A 10,000m diamond core drilling program is planned. The first four diamond metallurgical holes have arrived in Perth, with geotechnical logging completed, and metallurgical test work for flow sheet verification underway.

The availability of diamond core has also enabled bulk density measurements to be taken. To date, approximately 280 bulk density determinations have been completed with an average bulk density of 3.3-3.4 tonnes per cubic metre typical of the magnetite

<sup>&</sup>lt;sup>1</sup> Refer ASX and AIM announcement dated 20 June 2007.

mineralisation. This compares favourably with the assumed bulk density of 3.0 tonnes per cubic metre for the June 2007 resource estimate.

Yours faithfully CAPE LAMBERT IRON ORE LIMITED

lan Burston 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	
Adrian Hadden	+44 (0)20 7523 8353
Oliver Quarmby	+44 (0) 20 7523 8354
Conduit PR:	
Jos Simson	+44 (0)20 7429 6603/+44 (0)7899 870 450
Jane Stacey	+44 (0)20 7429 6606

Website: www.capelam.com.au

The DTR information in this report is based on information complied by GV Ariti who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ariti 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 Ariti consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

The exploration information in this report is based on information compiled by Mr. Bruce Hunter, Regional Exploration Manager, who is a Member of The Australian Institute of Geoscientists. Mr. Hunter 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. Hunter consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

	LOCATION		SAMPLE		HEAD	DTR RESULT						
	Easting	Northing	from	to	interval	Fe	Mass	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Р	S
Hole ID	(MGA94)	(MGA94)	(m)	(m)	(m)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
MA320	510083	7709124	84	196	112	32.2	34.4	65.1	6.7	0.62	0.01	0.07
MA328	509885	7707688	56	84	28	35.0	37.6	65.5	7.1	0.57	0.01	0.03
MA329	505595	7692184	120	140	20	35.4	39.9	66.7	6.3	0.34	0.01	0.01
		7707539	212	248	36	34.7	40.9	66.7	5.8	0.39	0.01	0.12
MA331	509976		260	284	24	33.3	36.3	66.6	6.1	0.47	0.01	0.14
			356	384	28	34.0	35.1	65.5	7.1	0.60	0.01	0.07
MA333	509887	7707682	64	80	16	35.9	41.0	68.0	5.0	0.11	0.01	0.01
			140	156	16	37.7	43.2	66.2	6.7	0.22	0.01	0.01
			324	344	20	35.9	36.5	65.4	6.7	0.60	0.01	0.40
MA404	510069	7708828	204	222	18	34.7	36.8	66.4	5.7	0.31	0.01	0.02
MA414	509764	7710963	172	216	44	33.7	32.9	69.1	3.6	0.28	0.01	0.01
			312	344	32	33.1	31.3	65.8	7.2	0.41	0.01	0.01
MA415	509591	7711219	80	152	72	33.1	28.5	68.9	3.7	0.39	0.01	0.01
MA417	509311	7711624	43	72	29	32.5	26.5	69.2	3.7	0.25	0.01	0.01
MA418	509371	7711555	72	92	20	32.9	29.8	66.7	6.3	0.66	0.01	0.02
			96	112	16	32.5	32.3	66.9	5.9	0.68	0.01	0.02

Table 1: Significant Davis Tube Recovery Results

Notes:

- Sample intervals comprise nominally 4m composites.
- Each composite is individually tested by DTR, with all composite results averaged for the interval.
- Sample interval is apparent, not true.
- DTR head samples prepared to nominally 100% passing 45 micrometers.
- DTR testing performed by AMDEL Limited (IML laboratory) and ALS Laboratory Group with chemical analysis by X-ray Fluorescence Spectrometry (XRF).
- Minimum reported DTR interval is 16 metres at a 9% SiO<sub>2</sub> concentrate grade top-cut.





