

30 November 2007

The Company Announcements Office
Australian Stock Exchange Limited

Via E Lodgement

**CHAIRMAN'S ADDRESS
2007 ANNUAL GENERAL MEETING**

Please find attached herewith a copy of the Chairman's Address to be made at the Company's Annual General Meeting, which is being held at 9.00am today.

Yours faithfully
CAPE LAMBERT IRON ORE LIMITED

Tony Sage
Executive Director

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CHAIRMAN'S ADDRESS
2007 ANNUAL GENERAL MEETING

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At its Annual General Meeting to be held today at 9.00 a.m. in Perth, Australia, Ian Burston, the Chairman of Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: CFE, AIM: CLIO) will make the following comments:

"I believe that we have the potential to develop a significant mining asset at Cape Lambert. I am highly confident in the Company's future prospects for the following reasons:

- We have a 1000 million tonne in-situ, whole rock JORC resource based on drilling completed to the end of 2006 and with a further resource update underway.
- Expanded acreage that is so far under-explored, but is very prospective based on the results of recent aerial surveys.
- The great advantage of being close to the coast, which offers substantial savings in the development and operating stage.
- We have several options available for the development of a port, and opportunities to share the development cost of a port with others.
- There is every reason to believe that market growth still has a way to go, although the rate of growth can be expected to moderate in the coming years.
- With the proposed merger of Rio and BHP- Billiton causing a degree of concern among iron ore purchasers, the Chinese are particularly keen to diversify and secure their sources of supply.

Cape Lambert has opportunities and is well positioned to take advantage of them. But as we have all seen over the years, and most recently in the turbulence among some of the iron ore hopefuls in the Mid West Australia Region, the old saying that "there's many a slip twixt cup and lip" is as true as ever.

The one thing we cannot afford to do – and will not do – is take success for granted.

It is your management's firm belief that it is not enough merely to be successful. Our obligation to you as fellow shareholders is to *maximise* success . . . to secure the utmost from every opportunity.

It is also why, as a further example, we ultimately terminated our dealings with interests who had sought to acquire a large stake in our project when those interests did not satisfy conditions to which they had agreed despite various concessions and extensions. I repeat our earlier view that the Company strongly believes that in taking this action the shareholders will be in a more advantageous position in the future.

We believe our company to be sufficiently valuable to attract continuing interest – and to appeal to the quality end of the market.

If and when we see a worthwhile purpose to be served by taking in a major new investor, or forming some type of partnership, we will explore it thoroughly. But we will do so prudently, professionally, and always with the best interests of our shareholders foremost in our minds.

I now propose to touch on some of the operational aspects of the business – things that underpin the reasons for confidence.

As recently announced to the Australian Stock Exchange and to the AIM market in London, we have concluded the acquisition of three additional exploration tenements.

The new acreage borders our existing tenements on the east and increases our coastal land holdings by 70 per cent to a total 373 square kilometres.

Aerial surveying has already revealed large magnetic anomalies in this additional landholding, and these anomalies are equivalent in magnetic intensity to the existing anomalies comprising the Cape Lambert resource.

We will drill-test these anomalies over the coming months and we confidently look forward to a substantial increase in our JORC-compliant resource in the course of 2008.

One of the key strategic values to us of the new tenements is that they provide us with the opportunity to test the north-northeast extension of the resource. If our suppositions are borne out, we will in effect have a single major ore resource in a single land holding.

I believe the implications of this for operational and scale efficiencies will be readily apparent to you.

Your Board believes it is important to take careful note of the dramatic increases in the price of iron ore that the global steel industry has had to accommodate in recent years – with possible further rises in prospect.

With this in mind, the Board and management are determined to ensure that Cape Lambert is a low-cost producer, operating at maximum efficiency and productivity. For these are the virtues that will keep us operating profitably if and when the market for iron ore retreats.

In this regard, I draw your attention especially to the location of our tenements. We will have nothing like the ore transport costs that the inland Pilbara producers have to bear – costs that are only going to get higher.

Similarly, we will be able to achieve valuable economies in areas such as power and water supply, actual ore-extraction costs, workforce accommodation – even in administration, due to the consolidated nature of our acreage.

We know that we have a substantial resource already and we know the advantages of its location.

We also have reason for a degree of confidence that our expanded contiguous acreage will in due course confirm an even larger resource.

As a shareholder, I am disappointed with the fall in the Company's share price following the termination of dealings with a potential Chinese investor. However, as I have outlined above the

Company's underlying value remains intact, particularly as the underlying fundamentals I have spoken of are quite evident."

IF Burston
Executive Chairman

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