30 January 2008

The Company Announcements Office
ASX Limited

Via E Lodgement

SUBSTANTIAL, 59% INCREASE IN CAPE LAMBERT RESOURCE TO 1.56 BILLION TONNES.

HIGHLIGHTS

- Upgraded resource estimate of **1.56 billion tonnes** grading 31.2% Fe equating to a 59% increase in resource tonnage,
- Upgraded resource estimate includes assays from 65 Reverse Circulation drill holes out of a total of 88 completed in the aggressive 2007 drilling program,
- Approximately **63% or 979 million tonnes** is classified at the higher confidence category of **Indicated**,
- Resource remains open to the northeast, southeast and south, with significant prospectivity remaining to be fully explored and drill tested within Cape Lambert's expansive coastal landholding,
- A further resource update is scheduled to be completed in the June 2008 quarter incorporating the remaining 2007 and March quarter 2008 drilling.

BACKGROUND

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: **CFE**, AIM: **CLIO**) is pleased to announce a substantial increase in the mineral resource estimate for its 100% owned Cape Lambert iron ore project (the "Project"), located in the Pilbara region, Western Australia (refer Figure 1).

The upgraded resource estimate of **1.56 billion tonnes** grading 31.2% Fe is summarised in Table 1 and represents a **59% increase** from the Indicated and Inferred Resource of 977 million tonnes grading 32.4% Fe announced in June 2007.

Table 1: Summary Mineral Resource Estimate

Resource Classification	Million tonnes	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S (%)	LOI (%)
Indicated	979	31.4	40.2	2.25	0.03	0.14	5.95
Inferred	577	30.8	41.0	2.22	0.03	0.13	7.38
Total	**1,556**	**31.2**	**40.5**	**2.24**	**0.03**	**0.13**	**6.48**

The resource estimate was prepared and classified by **independent**, international mining consultancy group, Golder Associates Pty Ltd ("Golder") in accordance with the 2004 Edition of the JORC Code[1]. A full copy of Golder's summary report is attached to this announcement.

The mineral resource estimate is based on drill data acquired in the Company's 2006 drilling program and 65 Reverse Circulation drill holes from a total of 88 completed in the 2007 drilling program, together with earlier drilling data from Robe River acquired during the 1990s.

Approximately **63% or 979 million tonnes** of the resource is classified at the higher confidence category of **Indicated**. This component of the resource will now be subject to mining studies for open pit design and Ore Reserve determination.

The Inferred component of the upgraded resource – comprising **577 million tonnes** at 30.8% Fe – is largely located within the newly delineated Northern Extension Area and only requires limited, closer spaced infill drilling to convert it to the Indicated category.

The resource remains open to the northeast, southeast and south and a substantial portion of the Company's expansive coastal landholding is prospective and remains to be fully explored and drill tested (refer Figure 2). Consequently, the Company is confident of achieving further, substantial increases in the Project's mineral resource inventory.

Golder has been retained to prepare a further resource update based on the remaining 2007 and March quarter 2008 drilling. This update is expected to be completed and reported in the June 2008 quarter.

Executive Chairman, Ian Burston, commented that "*this substantial increase in the resource underpins the Board's confidence in the Project and its fundamental underlying economic value*". He added "*the Company's expansive coastal land package contains significant under-explored prospectivity that has the potential to increase the Project's mineral resource inventory to more than 2 billion tonnes located virtually on China's doorstep*".

Yours faithfully
Cape Lambert Iron Ore Limited

Ian Burston
Executive Chairman

[1] The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC) effective December 2004.

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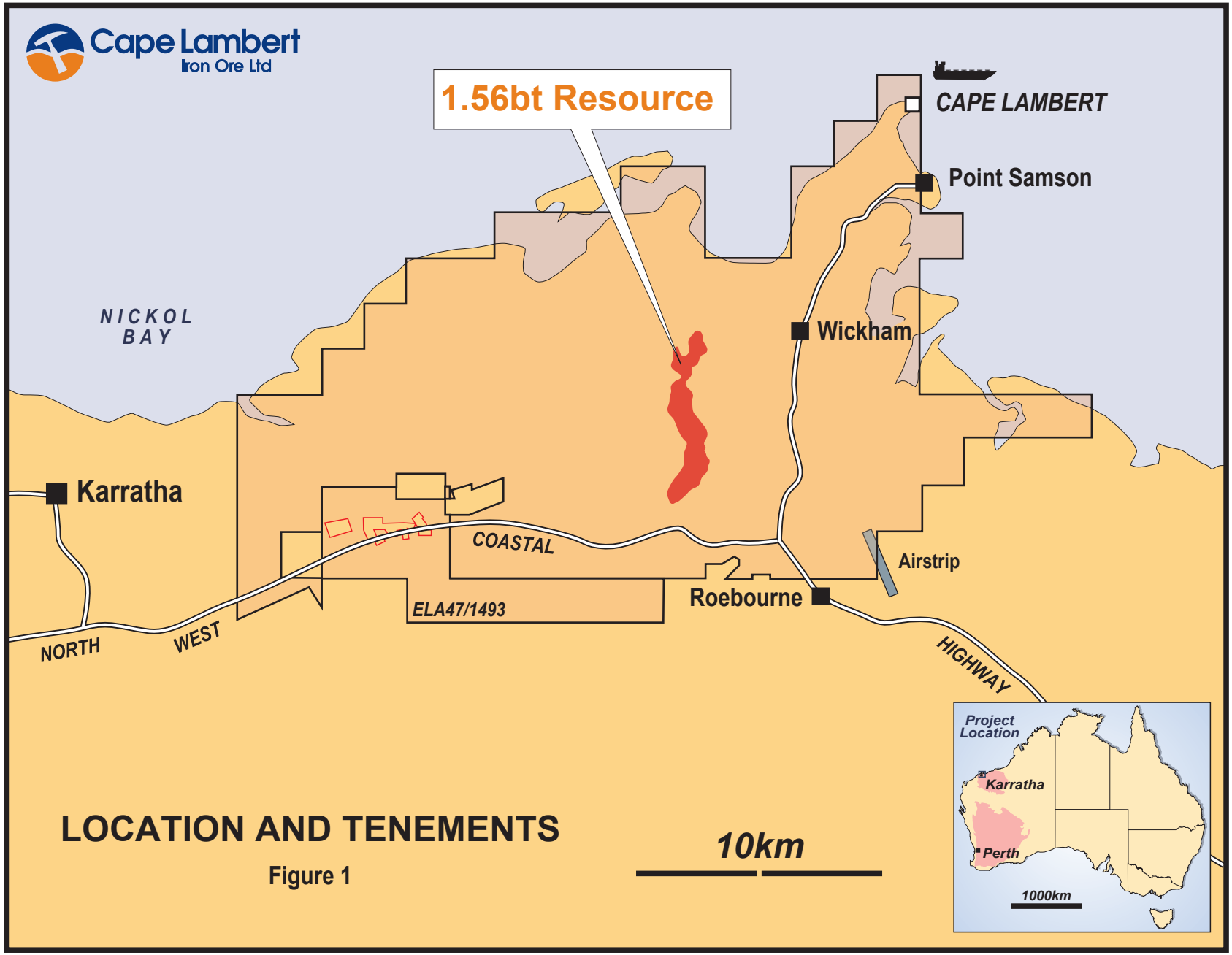
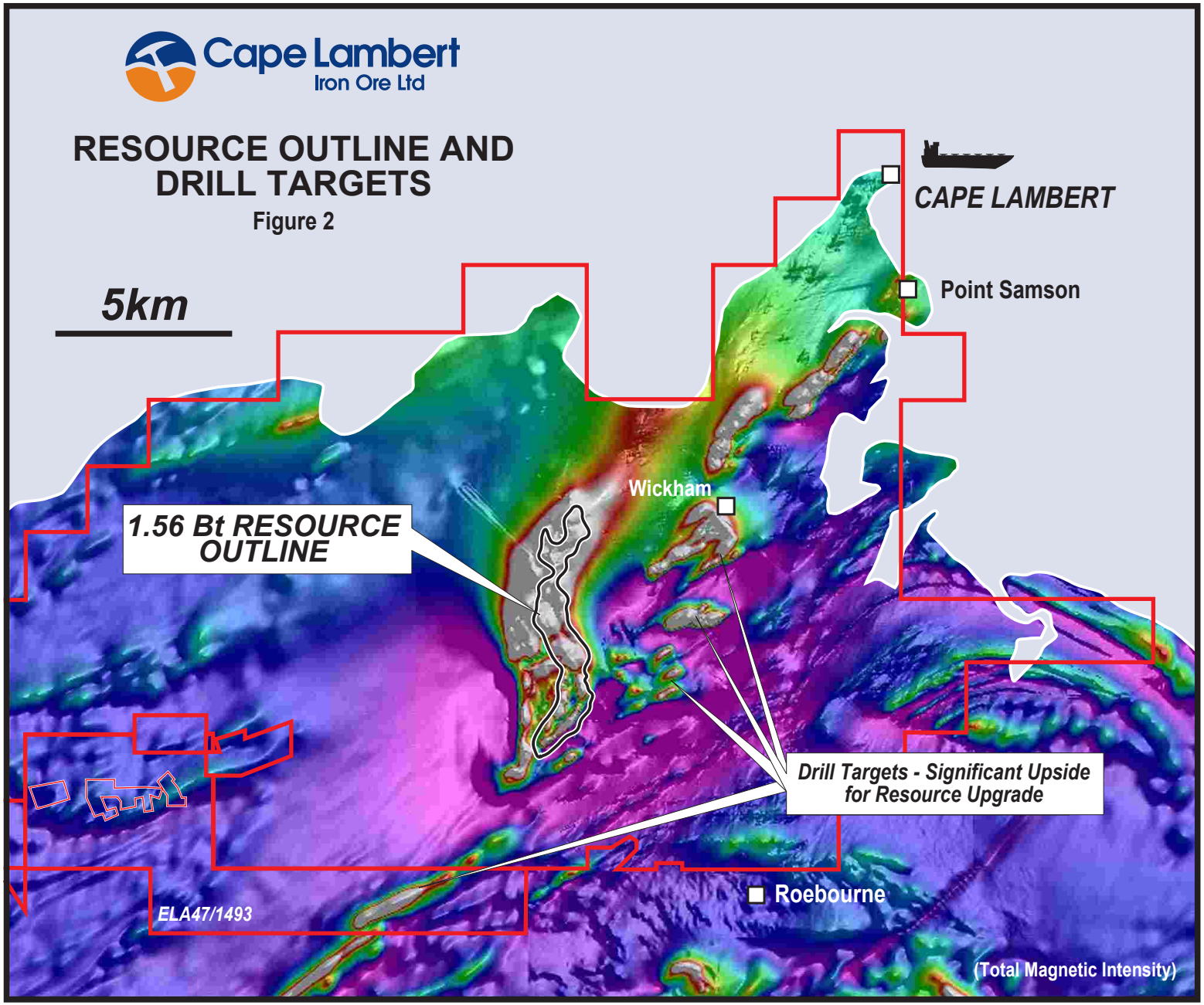


LOCATION AND TENEMENTS

Figure 1


Cape Lambert
Iron Ore Ltd
RESOURCE OUTLINE AND
DRILL TARGETS
Figure 2
5km
CAPE LAMBERT
Point Samson
Wickham
1.56 Bt RESOURCE
OUTLINE
Drill Targets - Significant Upside
for Resource Upgrade
Roebourne
ELA47/1493
(Total Magnetic Intensity)

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30 January 2008 077641602-L01

Cape Lambert Iron Ore
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Attention: Mr Neil Winfield

Dear Neil

FEBRUARY 2008 RESOURCE STATEMENT FOR CAPE LAMBERT

Golder Associates Pty Ltd (Golder) has completed the Cape Lambert resource model using all available assay data as of 20 December 2007. The resource estimate was classified according to the guidelines of the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004).

Classification of the resource estimate as Indicated and Inferred status was completed by Golder geologists, as described below, based on geological confidence criteria, quality and representativeness of sampling and data density.

The *in situ* Mineral Resource is constrained to the mineralised domain boundaries.

ASSUMPTIONS AND METHODOLOGY

This Mineral Resource estimate is based on a number of factors and assumptions:

- All of the available historic and current drilling data was used in the geological interpretation of the resource. "Historical" data is that acquired by Robe River Iron in the 1990's. "Current" data is that acquired by Cape Lambert Iron Ore in 2006/2007. Historical concentrate data was excluded from the resource estimation.

- Stratigraphic horizons were interpreted and modelled in three dimensions to define geological domains that were used to flag the sample data for statistical analysis and grade estimation.

- The survey control for collar positions was considered adequate for the purposes of this study.

- *In situ* densities of 3.35 t/m^3 and 3.0 t/m^3 was assigned to the mineralised domains and waste domains respectively. These values are based domain average values calculated from 437 drill core density determinations.

- Statistical and geostatistical analysis was carried out on drilling data composited to 4 m downhole. This included variography to model spatial continuity relationships in the geological domains.

- The Ordinary Kriging (OK) interpolation method was used for resource estimation of Head and Concentrate grades for Fe, Fe^{++}, SiO_2, Al_2O_3, TiO_2, S, K_2O, MgO, TiO_2, P and LOI using variogram parameters defined from the geostatistical analysis. Additionally the Na_2O and Davis Tube Recovery values were estimated for the concentrate only.

- Estimations for concentrate grades were weighted by Davis Tube Recovery in order to appropriately reflect the relationship between concentrate Mass Recovery and the Concentrate assays.

- Historical concentrate assays were based on single samples taken over the complete mineralised intercept(s) in a hole. These assays were not used due to the differing sample support.

MINERAL RESOURCE STATEMENT

The resource estimates were classified in accordance with the guidelines of the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004). The classification was considered appropriate on the basis of geological confidence criteria, quality and representativeness of sampling and data density.

This resource has been defined using geological boundaries and a nominal cut-off grade of 20% Head Fe, Magnetic Susceptibility response and stratigraphy and includes minor internal dilution. All estimated concentrate grades were weighted by Davis Tube Recovery.

The resource is made up of a series of sub-parallel stratigraphic units gently dipping to the south-east extending over 6900 m of strike. The deposit varies in depth from sub-crop to 450 m below surface and is up to 800 m in width with an average unit thickness of approximately 20 m.

The resource is based on the Ordinary Kriging interpolated block model *CL_080115_OK_model.bmf* (Table 1 and Table 2).

Table 1: Cape Lambert *in situ* Mineral Resource at a Nominal Head Grade Cut-Off of 20% Fe – Head Grades

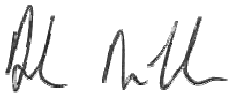
	Domain	MTonnes	Fe	FeII	SiO2	Al2O3	Phos	LOI	CaO	K2O	MgO	Sul	TiO2
Indicated	1	480.4	31.55	16.51	39.38	1.99	0.025	7.05	3.01	0.18	2.60	0.115	0.141
	2												
	3												
	4	65.6	25.66	15.21	44.07	4.34	0.032	7.86	2.61	0.59	2.57	0.322	0.313
	5												
	6												
	7												
	8	318.2	32.35	14.18	40.44	2.21	0.025	4.59	3.13	0.27	2.82	0.121	0.157
	9	65.8	30.61	13.54	41.25	2.45	0.026	4.49	3.80	0.32	3.27	0.164	0.17
	10	49.3	32.25	13.24	40.79	2.11	0.026	3.45	3.59	0.26	3.10	0.153	0.151
Inferred	1	184.6	31.45	14.27	40.57	2.41	0.027	4.19	3.66	0.23	2.99	0.111	0.166
	2	16.1	28.20	16.64	42.67	3.90	0.03	7.48	2.13	0.17	2.79	0.114	0.234
	3	1.2	31.85	16.60	40.42	2.40	0.024	4.53	3.54	0.17	2.75	0.107	0.174
	4	9.6	25.45	15.63	44.31	4.11	0.031	8.05	2.70	0.53	2.62	0.529	0.268
	5	2.2	28.33	15.07	44.89	3.97	0.033	5.35	1.80	0.32	2.27	0.228	0.253
	6	292.0	30.41	17.50	41.03	1.98	0.023	9.64	1.11	0.04	2.10	0.132	0.145
	7	30.7	33.52	17.48	39.67	1.30	0.024	8.73	0.32	0.03	1.43	0.027	0.088
	8	37.3	30.70	15.11	41.12	2.46	0.026	4.64	3.85	0.27	3.06	0.143	0.174
	9	3.3	27.09	9.31	45.23	3.35	0.026	4.22	3.56	0.30	3.63	0.221	0.199
	10	0.2	28.25	15.27	43.57	4.17	0.039	4.73	2.43	0.35	3.08	0.126	0.322
Indicated	Total	979.2	31.39	15.30	40.24	2.25	0.025	5.95	3.10	0.25	2.74	0.136	0.16
Inferred	Total	577.1	30.76	16.20	40.96	2.22	0.025	7.38	2.14	0.13	2.45	0.127	0.156
Total		1,556.4	31.15	15.64	40.50	2.24	0.025	6.48	2.75	0.21	2.63	0.133	0.158

Table 2: Cape Lambert *in situ* Mineral Resource at a Nominal Head Grade Cut-Off of 20% Fe – Davis Tube Concentrate (dtc) Grades

	Domain	MTonnes	c_fe	c_feii	c_sio2	c_al2o3	c_phos	c_loi	c_cao	c_k2o	c_mgo	c_na2o	c_sul	c_tio2	dtr
Indicated	1	480.4	60.77	22.26	10.85	0.63	0.01	0.06	0.81	0.05	1.09	0.03	0.113	0.076	32.72
	2														
	3														
	4	65.6	56.21	22.34	13.71	1.43	0.017	1.89	1.09	0.11	1.32	0.039	0.231	0.118	25.64
	5														
	6														
	7														
	8	318.2	58.82	20.91	13.35	0.71	0.011	0.06	0.98	0.07	1.39	0.034	0.141	0.086	36.54
	9	65.8	60.04	21.13	12.17	0.69	0.01	0.61	0.93	0.07	1.31	0.041	0.157	0.09	34.88
	10	49.3	61.02	21.19	11.68	0.63	0.01	0.54	0.76	0.06	1.30	0.051	0.208	0.084	38.14
Inferred	1	184.6	62.03	22.97	10.48	0.56	0.01	-0.32	0.72	0.05	1.07	0.028	0.081	0.079	35.55
	2	16.1	64.94	22.79	7.63	0.41	0.013	-0.82	0.34	0.03	0.54	0.016	0.027	0.054	26.91
	3	1.2	60.49	22.76	10.97	0.97	0.012	-0.04	0.96	0.07	1.19	0.038	0.086	0.101	38.15
	4	9.6	52.04	21.26	16.79	1.86	0.022	3.33	1.61	0.13	1.68	0.033	0.357	0.145	24.51
	5	2.2	61.26	22.35	10.84	0.88	0.012	1.16	0.75	0.04	1.01	0.012	0.151	0.084	26.81
	6	292.0	68.28	22.54	4.25	0.30	0.007	-2.27	0.11	0.01	0.22	0.019	0.021	0.062	23.72
	7	30.7	68.28	22.54	4.25	0.30	0.007	-2.27	0.11	0.01	0.22	0.019	0.021	0.062	23.68
	8	37.3	58.39	21.21	13.80	0.81	0.011	0.00	1.07	0.07	1.49	0.028	0.139	0.091	37.91
	9	3.3	54.70	22.09	17.96	0.76	0.01	0.49	1.06	0.06	2.28	0.008	0.098	0.088	29.58
	10	0.2	57.01	20.97	15.47	0.96	0.016	0.39	0.88	0.07	1.07	0.042	0.037	0.116	38.09
Indicated	Total	979.2	59.79	21.70	11.99	0.71	0.011	0.24	0.89	0.06	1.23	0.034	0.138	0.084	33.91
Inferred	Total	577.1	65.15	22.58	7.29	0.45	0.008	-1.33	0.41	0.03	0.62	0.022	0.055	0.071	28.60
Total		1,556.4	61.78	22.02	10.24	0.62	0.01	-0.34	0.71	0.05	1.00	0.03	0.107	0.079	31.94

The information in this statement of Mineral Resources is based on information compiled by Alan Miller who is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient relevant experience to qualify as a Competent Person as defined in the JORC Code (2004). Alan Miller consents to the inclusion of this information in the form and context in which it appears.

Yours faithfully
GOLDER ASSOCIATES PTY LTD



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