

Media release  
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## Cape Lambert increases resource estimate by 59% to 1.5 billion tonnes at WA iron ore project; Development to production on-track

### HIGHLIGHTS

- Upgraded resource estimate of **1.56 billion tonnes** grading 31.2% Fe equating to a 59% increase in resource tonnage,
- 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,
- Further resource update is scheduled to be completed in the June 2008 quarter incorporating the remaining 2007 and March quarter 2008 drilling,
- Company is working toward delineating a resource to underwrite the development of an iron ore mine producing at least 15 Mtpa of concentrate for a plus 20 year life.

Iron ore exploration and development company, Cape Lambert Iron Ore Limited (ASX: **CFE**, AIM: **CLIO**) has taken a significant step forward in the development of its namesake Western Australian iron ore project, following confirmation of a 59% increase to the resource estimate at the project – to 1.56 billion tonnes (grading 31.2% Fe) – see Table 1 following.

The upgraded resource estimate, prepared and classified by independent, international mining consultancy group Golder Associates Pty Ltd, 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.

Commenting on the resource estimate upgrade Cape Lambert Chairman Ian Burston said:

“This substantial increase in the resource underpins the Board's confidence in the project and its fundamental underlying economic value.

Located virtually on China's doorstep, and with clear infrastructure advantages, we believe further aggressive drilling has the potential to increase the mineral resource inventory at Cape Lambert to more than two billion tonnes, and as such sustain a plus 20-year mine life producing at least 15 Mtpa of magnetite concentrate.

The Company's expansive coastal land package contains significant under explored prospectivity that has the potential to underpin the further resource upgrades.”

The resource remains open down-dip, 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 1). Consequently, the Company is confident of achieving further, substantial increases in the project's mineral resource inventory.

The Company is continuing its aggressive drilling program and to this end expects to produce a further resource upgrade in the June 2008 quarter, incorporating the remaining 2007 and March quarter 2008 drilling results. Golder has also been retained to prepare this resource update.

**Table 1: Summary Mineral Resource Estimate**

Resource Classification	Million tonnes	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	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
<b>Total</b>	<b>1,556</b>	<b>31.2</b>	<b>40.5</b>	<b>2.24</b>	<b>0.03</b>	<b>0.13</b>	<b>6.48</b>

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Figure 1: Resource outline and drill targets

