

7 March 2008

The Company Announcements Office
ASX Limited
Via E Lodgement

Market Update

The company wishes to advise that its executive chairman Mr Ian Burston is currently in meetings with the company's UK based shareholders.

We attach herewith a copy of the presentation that Mr Burston will be referring to at these meetings.

Yours faithfully
Cape Lambert Iron Ore Limited

Ian Burston
Executive Chairman

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Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on previous announcements made by Cape Lambert to the ASX.

Corporate Snapshot



Board and Senior Management

Board

Ian Burston	Executive Chairman
Tony Sage	Executive Director
Brian Maher	Non-Executive Director
Peter Landau	Non-Executive Director
Tim Turner	Non-Executive Director

Senior Management

Joe Ariti	GM - Projects
Jeff Hamilton	Project Manager
Kim Bischoff	Chief Geologist

Capital Structure

Ordinary shares (ASX: CFE)	281.6m
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Options on issue

Expiry	Strike (A\$)	Quantity
30-Jun-08	0.49	6.65m
30-Jun-08	0.90	3.30m
22-Oct-08	0.427	0.55m
31-Oct-08 (ASX: CFEO)	0.277	130.97m
09-Feb-09	0.367	0.50m
30-Jun-09	1.40	3.30m
31-Oct-09	0.327	50.00m
31-Oct-10	0.377	28.00m
Total Options		223.3m

Major Shareholders

Power United Limited	6.5%
HSBC Nominees	6.4%
Computershare Clearing	4.3%
Delong Holdings Limited	4.3%
Top 20	42.1%

Share Price - 6 months ending 29 Feb 08

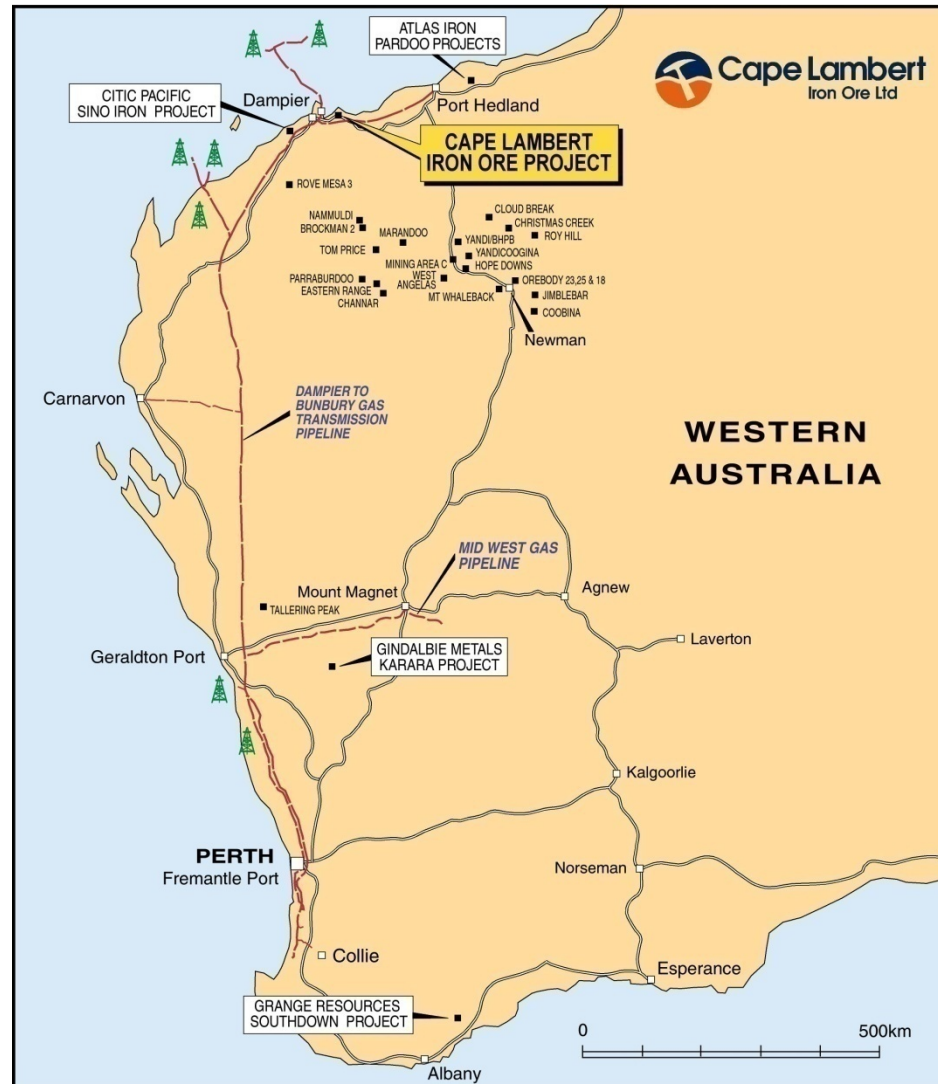


Project Summary



- ▶ Magnetite iron ore project (no known economic hematite),
- ▶ Located on the Pilbara coast at Cape Lambert,
- ▶ Acquired for \$20 million cash and options in late 2005,
- ▶ Main zone of mineralisation has a strike of approximately 9km by 2km,
- ▶ 1.56 billion tonne, JORC compliant, iron ore resource defined,
- ▶ Approximately 75,000 metres of drilling completed over 3 campaigns - $\approx 95\%$ RC,
- ▶ Conventional mineral beneficiation produces marketable magnetite concentrate - $+65\%$ Fe, $\leq 5\%$ (silica + alumina),
- ▶ At feasibility stage.

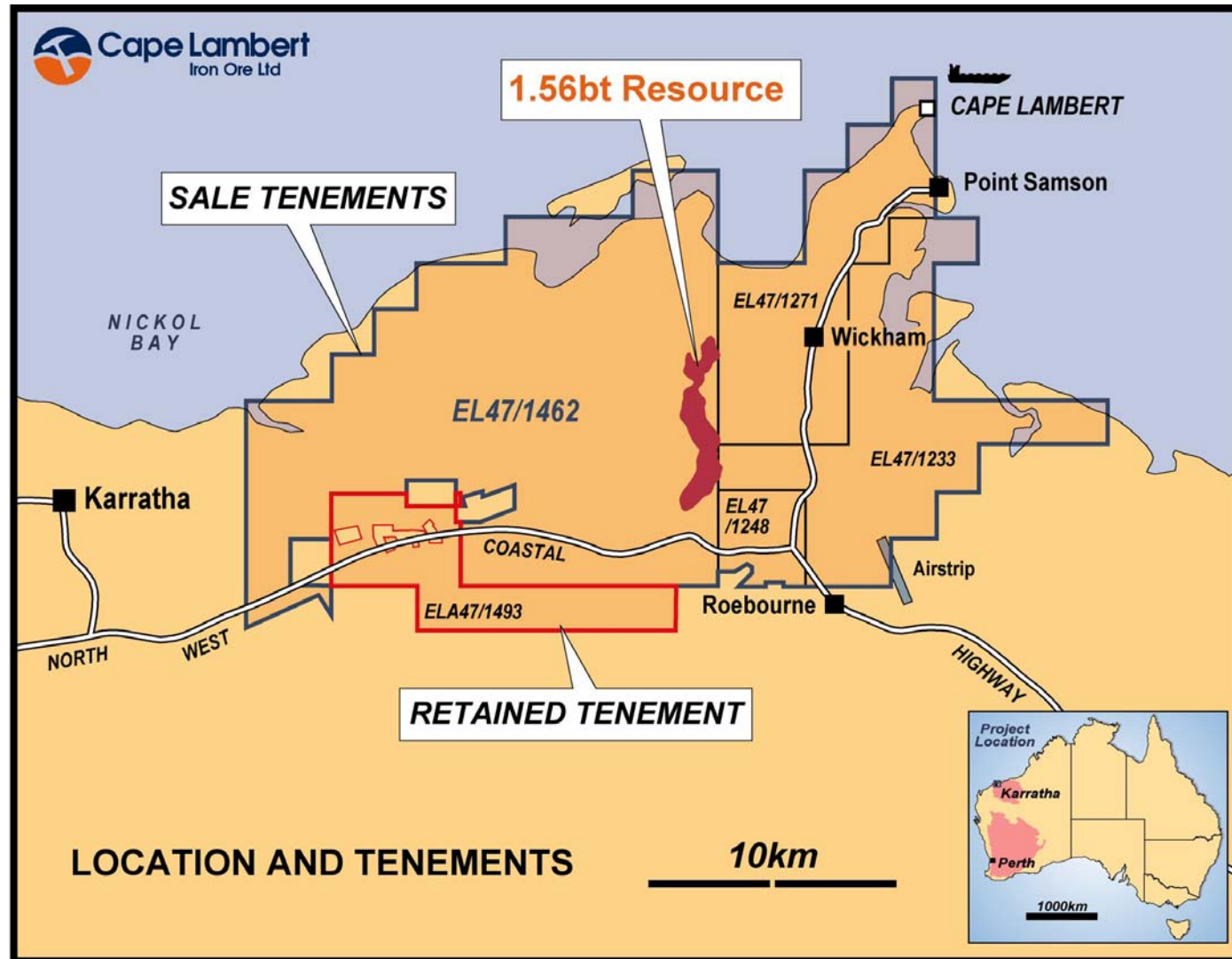
Project Location



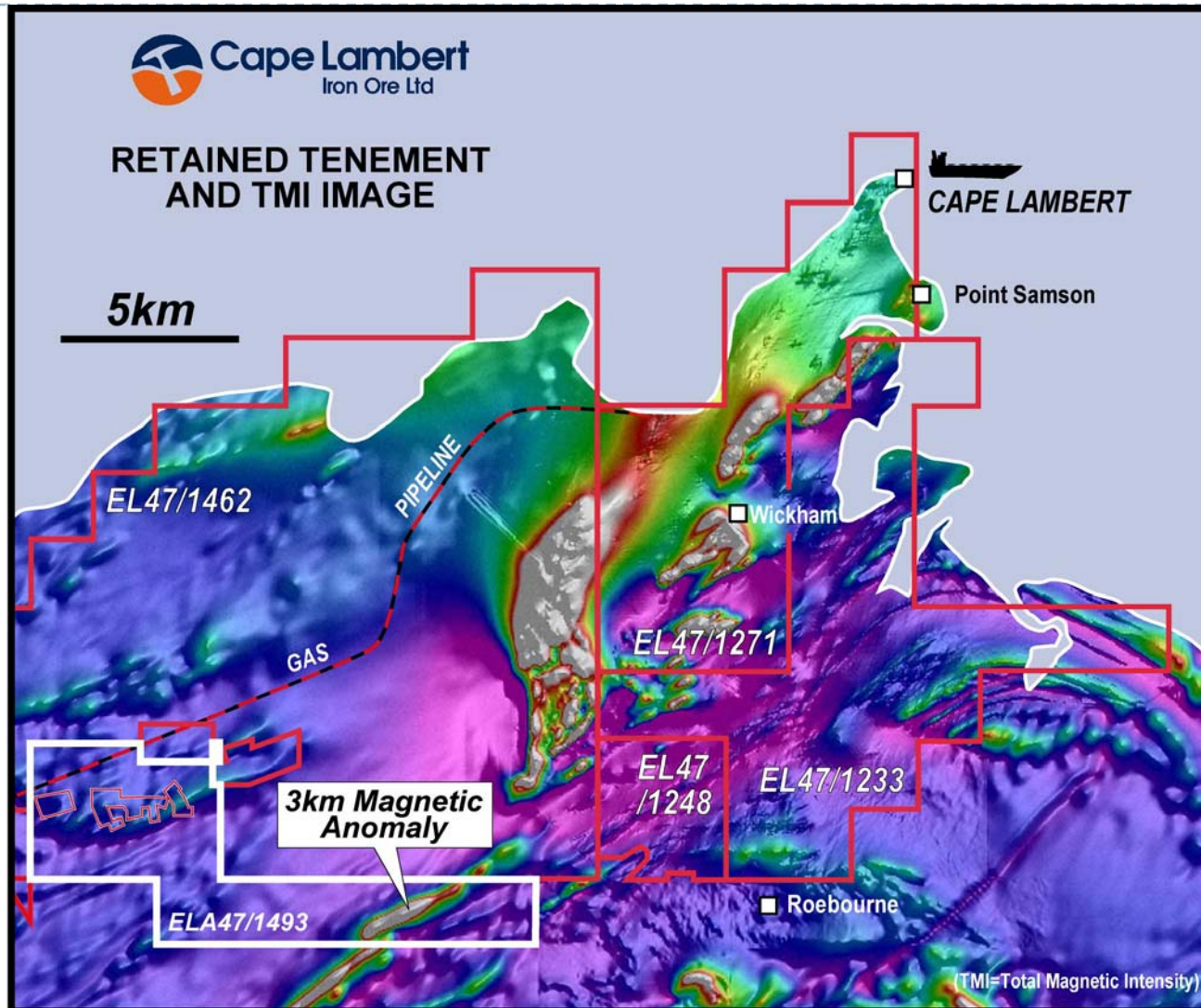
MoU Signed for Sale

- ▶ MoU signed for the sale of the Project tenements to China Metallurgical Group Corporation (“MCC”),
- ▶ Sale consideration is \$400 million, payable in three tranches,
 - ▶ \$240 million or 60%, on sale becoming unconditional,
 - ▶ \$80 million or 20%, sixty days hence, and
 - ▶ \$80 million or 20% on grant of a mining lease.
- ▶ MCC has paid a \$10 million deposit (\$5 million non-refundable if MCC withdraws),
- ▶ MCC has until 30 April to complete due diligence and obtain Chinese government approvals,
- ▶ Sale is subject to various approvals including Cape Lambert shareholders, the Australian Foreign Investment Review Board and the Chinese government.

Sale Tenements



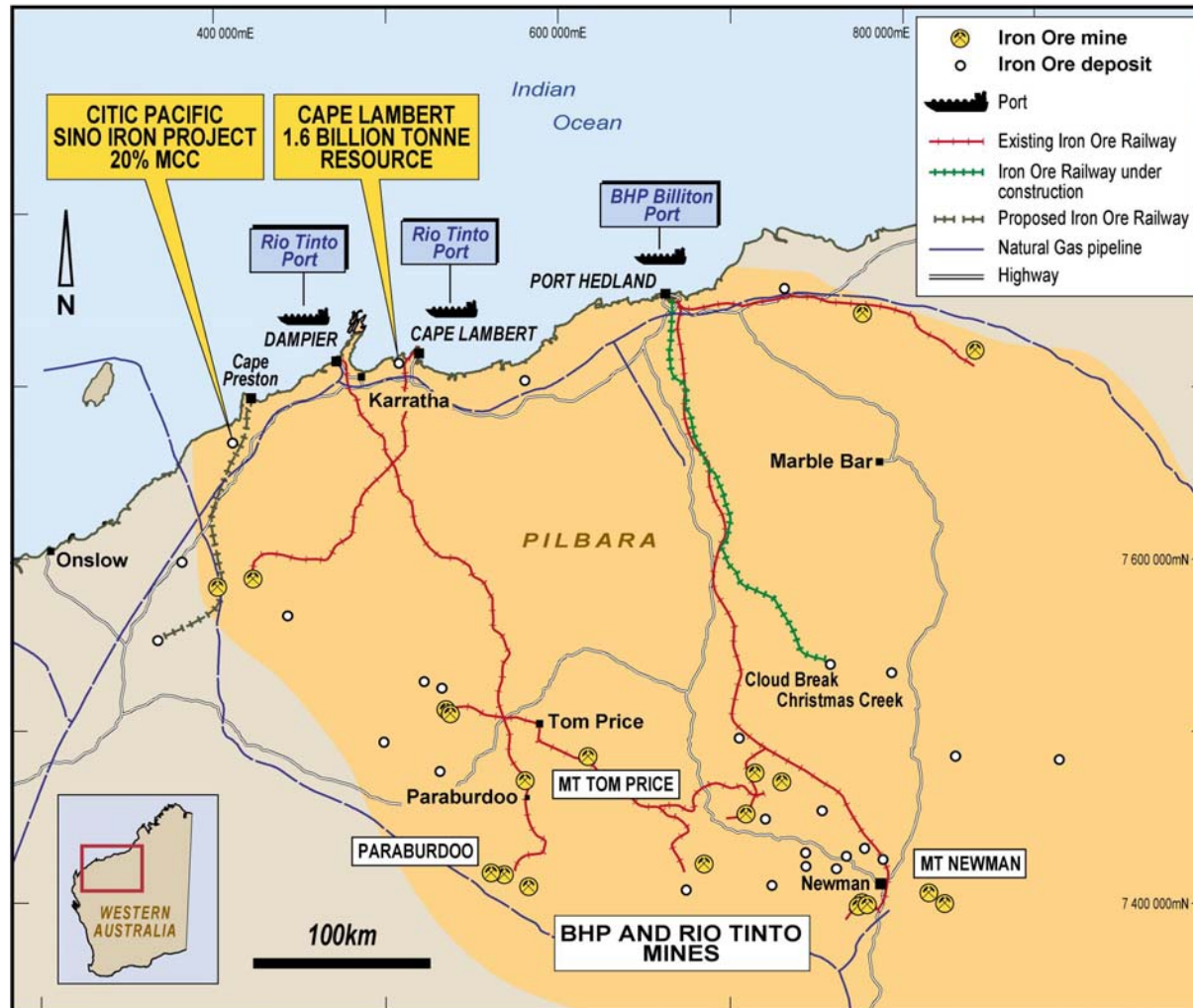
Retained Tenement



About MCC

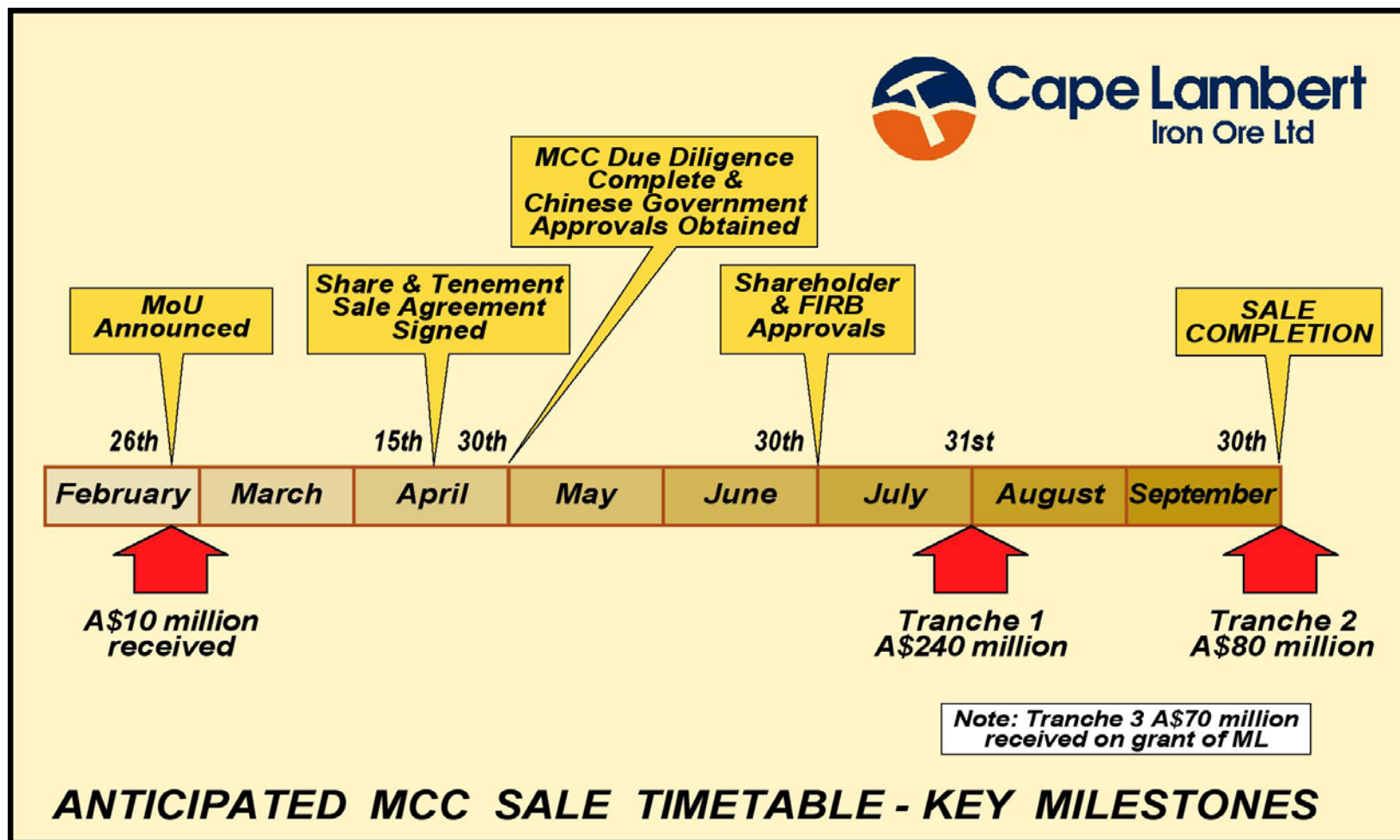
- ▶ Chinese state-owned company,
- ▶ Substantial, vertically integrated conglomerate with turnover of approximately US\$18 billion in 2007,
- ▶ MCC is engaged in EPC contracting, mining (iron ore, copper, gold, nickel, cobalt, zinc, lead and aluminium), papermaking, equipment fabrication and real estate development,
- ▶ Completed design and construction assignments for approximately two thirds of the iron ore projects and 90% of the steel mills in China,
- ▶ In the Pilbara, MCC owns 20% of the Sino Iron Project, and has been awarded the EPC component of this project.

MCC has an existing Pilbara Investment



Anticipated Sale Timeline

Cape Lambert
Iron Ore Ltd



Near Term Plan

- ▶ Assist MCC successfully complete due diligence – several MCC officers currently reviewing information,
- ▶ Prepare and sign sale documentation, and attend to required approvals,
- ▶ Advance the grant of new tenement ELA 47/1493 to enable drill testing of the 3km magnetic anomaly,
- ▶ Step-up the identification and review of new business opportunities that compliment the Company's skills and strengths in mining and iron ore – dedicated personnel now in place,
- ▶ Scale back Cape Lambert project development activities to minimise non value adding expenditure.

Medium Term Plan

- ▶ Pursue new business opportunities that fit the Company's strengths and skill set, where the potential to value add can be demonstrated,
- ▶ Drill test the 3km magnetic anomaly within the retained tenement – to define an inferred resource,
- ▶ Enhance the Board, as necessary, with additional skill sets suited to the Company's new positioning,
- ▶ Post sale completion, review the Company's capital requirements,
- ▶ Retain AIM listing for access to offshore capital markets.

- ▶ Board is committed to, and primarily focused on, the successful completion of the sale to MCC,
- ▶ Repositioning underway to pursue new business opportunities that fit the Company's strengths and skill set, where the potential to value add can be demonstrated,
- ▶ Post sale completion, significant cash reserves available in a time of uncertain capital markets, where access to capital is likely to be limited.