

15 October 2008

The Company Announcements Office
ASX Limited

Via E Lodgement

Ex-date - Return of Capital and Dividend

Cape Lambert Iron Ore Limited ("Cape Lambert" or the "Company") (ASX: **CFE**, AIM: **CLIO**) has in the past 24 hours received a large number of enquiries from shareholders regarding the conversion of ASX listed options (due to expire on 31 October 2008) and the number and type of securities able to take part in the Return of Capital and Dividend payment (refer ASX Announcement, 2 October 2008), therefore, we provide the following clarifications.

ASX Listed Options

Holders of Company options, including those ASX listed options expiring 31 October 2008, wishing to receive the Return of Capital and Dividend payment can do so as long as they convert their options to ordinary shares before the Record Date (20 October 2008). The conversion price at this time is 27.7c per share.

It should be stressed that relevant paperwork and cleared funds (i.e. funds cleared in the Company's account) **MUST** be received by Cape Lambert by 17 October 2008.

After the Record Date (20 October 2008) the exercise price of all Company options will reduce by an amount proportionate to the Return of Capital, however options converted after the record date will **NOT** be eligible for the Return of Capital and Dividend payment.

Record Date & Payment details

As previously advised the Record Date for the Return of Capital and Dividend payment is 20 October 2008. Due to increased administrative tasks associated with the transaction the Company has sought, and had granted, a short extension to the date at which payment of the Return of Capital and Dividend will be made.

The Return of Capital and Dividend payment will now be dispatched to shareholders on 31 October 2008.

UK holders, registered as a result of trading on the AIM market, should note that arrangements are in place to make payments in UK pounds sterling.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

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