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The Company Announcements Office  
ASX Limited

**Via E Lodgement**

## **Drilling Commences at Cape Lambert South**

Cape Lambert Iron Ore Limited (ASX: **CFE**, AIM: **CLIO**) is pleased to advise the market that reverse circulation ("RC") drilling has commenced at its Cape Lambert South Project, located in the coastal Pilbara region of Western Australia (refer Figure 1).

This initial drilling program, which comprises 19 RC and 2 diamond holes for a total advance of approximately 4,000 metres, has been designed to confirm the presence and extent of magnetite iron mineralisation.

The program is expected to be completed in late December 2008.

Yours faithfully  
Cape Lambert Iron Ore Limited

Tony Sage  
**Executive Chairman**

**For more information please contact:**

**Cape Lambert Iron Ore Limited:**  
Tony Sage +61 (0)8 9380 9555

**Australian Enquiries:**  
Professional Public Relations  
David Tasker +61 (0)8 9388 0944/ +61 433 112 936

**UK Enquiries:**  
**Nominated Adviser:**  
Grant Thornton UK LLP  
Fiona Owen +44 (0)20 7383 5100

**AIM Broker:**  
Collins Stewart Europe Limited  
Adrian Hadden +44 (0)20 7523 8353  
Oliver Quarmby +44 (0) 20 7523 8354

**Conduit PR:**  
Jos Simson +44 (0)20 7429 6603/+44 (0)7899 870 450  
Jane Stacey +44 (0)20 7429 6606

**Website:** [www.capelam.com.au](http://www.capelam.com.au)

