

19 February 2009

The Company Announcements Office
ASX Limited

Via E Lodgement

Projects Update

Australian resources company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: CFE, AIM: CLIO) is pleased to provide the following market update on its Marampa Iron Ore project (Sierra Leone) and Cape Lambert South project (Pilbara, Western Australia).

Marampa Iron Ore Project (35% interest and Manager)

The initial work program at Marampa comprises:

- Tailings drilling and metallurgical test work;
- Evaluation of hard rock potential initially by pitting and trenching, with follow-up drill testing of defined geophysical gravity anomalies; and
- Regional evaluation of the exploration licence through geological mapping.

Tailings

The Company has collected, through face and test pit sampling, a 370kg bulk tailings sample for metallurgical test work. This sample was despatched to independent, Australian metallurgical testing group, AMMTEC Limited, with test work now underway. The objective of the metallurgical test program is to assess a number of beneficiation options to enable the production of a hematite concentrate with greater than 65% Fe for, blast furnace or direct reduction, pellet production.

In addition, the Company has also secured a reverse circulation drill rig and drill testing of the tailings to confirm grade and tonnage, and to allow a JORC resource estimate to be completed, is scheduled to commence in March; the Company is working toward publishing a JORC compliant resource estimate for the tailings located on the exploration licence at the end of the third calendar quarter of 2009.

Hard Rock

Test pitting and mapping of the West gravity prospect and East anomaly has commenced. The test pitting and mapping is being done to enable the folding and orientation of the hematite mineralisation to be determined prior to drilling.

Re-logging of the existing core (drilled by the previous operator) has commenced to enable mineralised zones to be selected for metallurgical test work in Australia.

Regional

The Company has engaged SRK Consulting to undertake a regional mapping program throughout the entire 319km² exploration licence.

SRK commenced the regional mapping program in early February. The mapping will be followed-up by trenching and ground gravity geophysics as warranted.

Cape Lambert South (100% interest)

During the December 2008 quarter, the Company completed an initial drilling program at Cape Lambert South, comprising 14 reverse circulation ("RC") drill holes for a total advance of 4,107 metres and a single diamond hole (375m).

Within the central portion of the magnetic anomaly, magnetite banded-iron-formation, with down-hole intervals of between 35 and 73 metres, was logged in 4 RC holes and the diamond hole over a strike length of approximately 1.8km. Assay results and Davis Tube Recovery tests for these intervals and the other drill holes are still pending.

The Company had been advised that some results were expected at the end of January 2009, but all results remain outstanding due to assaying delays. Cape Lambert continues to press the laboratory for the pending assays.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

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Competent Persons Attributes:

The Metallurgical information in this report is based on information compiled by GV Ariti who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Ariti has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ariti consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.

The Exploration information in this report is based on information compiled by K Bischoff who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Bischoff has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Bischoff consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.