

31 March 2009

The Company Announcements Office ASX Limited

Via E Lodgement

DRILL RESULTS RECEIVED FOR CAPE LAMBERT SOUTH

HIGHLIGHTS

- Positive Davis Tube Recovery ("DTR") results received from the initial drilling program at Cape Lambert South;
- The DTR results show that magnetite mineralisation at Cape Lambert South is capable of being concentrated to a product suitable for the manufacture of blast furnace feed pellets (+65% Fe and ≤5% (SiO₂ + Al₂O₂));
- Significant DTR intercepts include;
 - 64m (from 39m) at an average DTR recovery of 27.7% mass to concentrate with a concentrate grade of 69.6% Fe and 2.5% silica from reverse circulation ("RC") drill hole SRC04; and
 - 52m (from 106m) at an average DTR recovery of 22.2% mass to concentrate with a concentrate grade of 68.3% Fe and 3.6% silica from RC drill hole SRC14.

BACKGROUND

Australian resources company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: CFE) is pleased to advise the market that DTR results from the initial drilling program at its Cape Lambert South project have now been received.

Cape Lambert South is the southern extension of China Metallurgical Group Corporation's 1.5 billion tonne magnetite iron ore resource, and is located on granted Exploration Licence E47/1493 in the coastal Pilbara region of Western Australia (refer Figure 1).

The objective of the initial drilling program (which was completed in the December 2008 quarter and comprised 14 RC holes for a total advance of 4,107m and a single diamond hole (375m)) was to test an identified 3km long magnetic anomaly for magnetite mineralisation, and if successful, to determine if the magnetite mineralisation could be concentrated into suitable feed stock for the steel making industry.

DRILL RESULTS

The drilling has identified two units of magnetite bearing banded iron formation ("BIF") over a strike length of approximately 1km, dipping steeply to the south, and located in the central portion of the magnetic anomaly. The BIF is open to the southwest (refer Figure 2).

Significant drill results are summarised in Table 1, and show that magnetite mineralisation at Cape Lambert South is capable of being concentrated to a product suitable for the manufacture of blast furnace feed pellets (+65% Fe and \leq 5% (SiO₂ + Al₂O₃)).



FUTURE PROGRAM

The Company is evaluating the drill data and DTR results from the initial drill program to enable the planning of an infill drill program, which is expected to commence in June/July 2009.

Core from diamond drill hole SDD1 (which is located within the magnetite bearing BIF) is being prepared for a metallurgical test program that will incorporate crushing, grinding, coarse cobbing, laboratory scale magnetic separation and concentrate sulphur reduction. Furthermore, given the high iron and low silica and alumina DTR concentrate grades, the metallurgical test program will assess the suitability of the concentrate for Direct Reduction feed pellets, which receive a significant price premium to blast furnace feed pellets. Results from this program will be announced when they are available.

Yours faithfully Cape Lambert Iron Ore Limited

Tony Sage Executive Chairman

FOR MORE INFORMATION PLEASE CONTACT:

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Cape Lambert Iron Ore Limited: Tony Sage	+61 (0)8 9380 9555
Australian Enquiries: Professional Public Relations David Tasker	+61 (0)8 9388 0944
UK Enquiries: Conduit PR Jos Simson Gareth Tredway	+44 (0)20 7429 6603/+44 (0) 7899870450 +44 (0)20 7429 6612
Cape Lambert website:	

www.capelam.com.au

	LOCATION		COLLAR		SAMPLE			HEAD	DTR RESULT					
Hole ID	Easting	Northing	Dip	Azimuth	from	to	interval	Fe	Mass Recovery	Fe	SiO ₂	Al ₂ O ₃	Р	S
	(MGA94)	(MGA94)	Degrees		(m)	(m)	(m)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
SRC04	505088	7702671	-59.7	348.7	39	103	64	36.00	27.74	69.59	2.54	0.14	0.011	0.55
SRC12	504751	7702465	-50.2	327.2	68	115	47	29.00	22.50	61.65	1.59	0.13	0.005	0.51
					178	196	18	35.35	22.56	69.84	2.05	0.17	0.005	0.82
SRC14	505463	7702836	-59.3	348.4	106	158	52	33.49	22.16	68.30	3.63	0.32	0.008	0.84
SRC16	506183	7703194	-60.6	337.8	102	128	26	35.84	24.20	69.29	2.34	0.15	0.008	2.55

Table 1: Significant Davis Tube Recovery Results

Notes:

- Sample intervals comprise 2-5m composites.
- Each composite is individually tested by DTR, with all composite results averaged for the interval.
- Sample interval is apparent, not true thickness.
- DTR head samples prepared to nominally 100% passing 45 micrometers.
- DTR testing performed by AMDEL Limited (Welshpool laboratory) with chemical analysis by X-ray Fluorescence Spectrometry (XRF).
- Minimum reported DTR interval is 12 metres at a 7% SiO₂ concentrate grade top-cut and a 20% mass recovery to concentrate bottom cut-off.

Competent Persons Attribute:

The DTR 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.



