

7 April 2009

The Company Announcements Office
ASX Limited

Via E Lodgement

TAILINGS DRILLING COMMENCES AT MARAMPA IRON ORE PROJECT

HIGHLIGHTS

- **Air core drilling of historical tailings dumps located at the Marampa Project has commenced;**
- **The initial air core program comprises approximately 150 holes for a total advance of approximately 1,500 metres;**
- **Results from the air core program will enable the preparation of a JORC compliant mineral resource estimate for the tailings, which is scheduled to be completed in the September 2009 quarter; and**
- **Air core drill samples will also be used to prepare a representative bulk tailings sample for bench scale metallurgical test work in Australia.**

BACKGROUND

Australian resources company, Cape Lambert Iron Ore Limited (the "Company" or "Cape Lambert") (ASX: CFE) is pleased to advise the market that air core drilling of the historical tailings located at the Marampa Iron Ore project ("Marampa Project") has commenced.

On 1 October 2008, the Company formalised an agreement with AIM listed African Minerals Limited ("African Minerals") for a 30% investment in the Marampa Project. Under the terms of the investment, Cape Lambert paid an initial scrip consideration of 44 million fully paid ordinary shares, committed to sole fund US\$25 million towards a feasibility study, and assumed management of the Marampa Project. Cape Lambert may terminate its investment in the Marampa Project subject to achieving a minimum expenditure of US\$5 million toward a feasibility study. On 22 January 2009, Cape Lambert increased its investment in the Marampa Project to 35% with payment of a further scrip consideration of 17 million shares.

The Marampa Project is located 150km northeast of Freetown, Sierra Leone, West Africa (Figure 1) and comprises;

- A 319km² granted exploration licence, EXPL09/06 ("Exploration Licence"),
- An inventory of specular hematite tailings located on the Exploration Licence from former mining operations, and
- A Brownfields exploration opportunity representing the extension of hematite mineralisation to the north and west of the former Marampa mining operations, and a number of regional exploration targets.

The Company's near term work plan for the Marampa Project is to evaluate the development of a tailings retreatment operation, and to explore the extensions to the hematite mineralisation and regional targets.

Shallow, air core drilling of the hematite tailings located on the Exploration Licence has now commenced (Figures 2 and 3). The objective of the drilling program is to enable a JORC compliant resource estimate to be completed for the tailings, and to provide representative samples to prepare a bulk tailings sample for bench scale metallurgical test work in Australia. The Company is scheduling completion of the tailings resource estimate for the September 2009 quarter.

The Marampa Project has reduced barriers to entry compared to a "Greenfields" project through its connection by an 84km railway to an existing deep water port, stockpiling and ship loading facility located at Pepel to the southwest ("Rail and Port Infrastructure") (Figure 1). Pursuant to its investment, the Company has a right of access to the Rail and Port Infrastructure, which is currently leased from the government of Sierra Leone by African Minerals.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

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Competent Persons Attribute:

The technical 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.

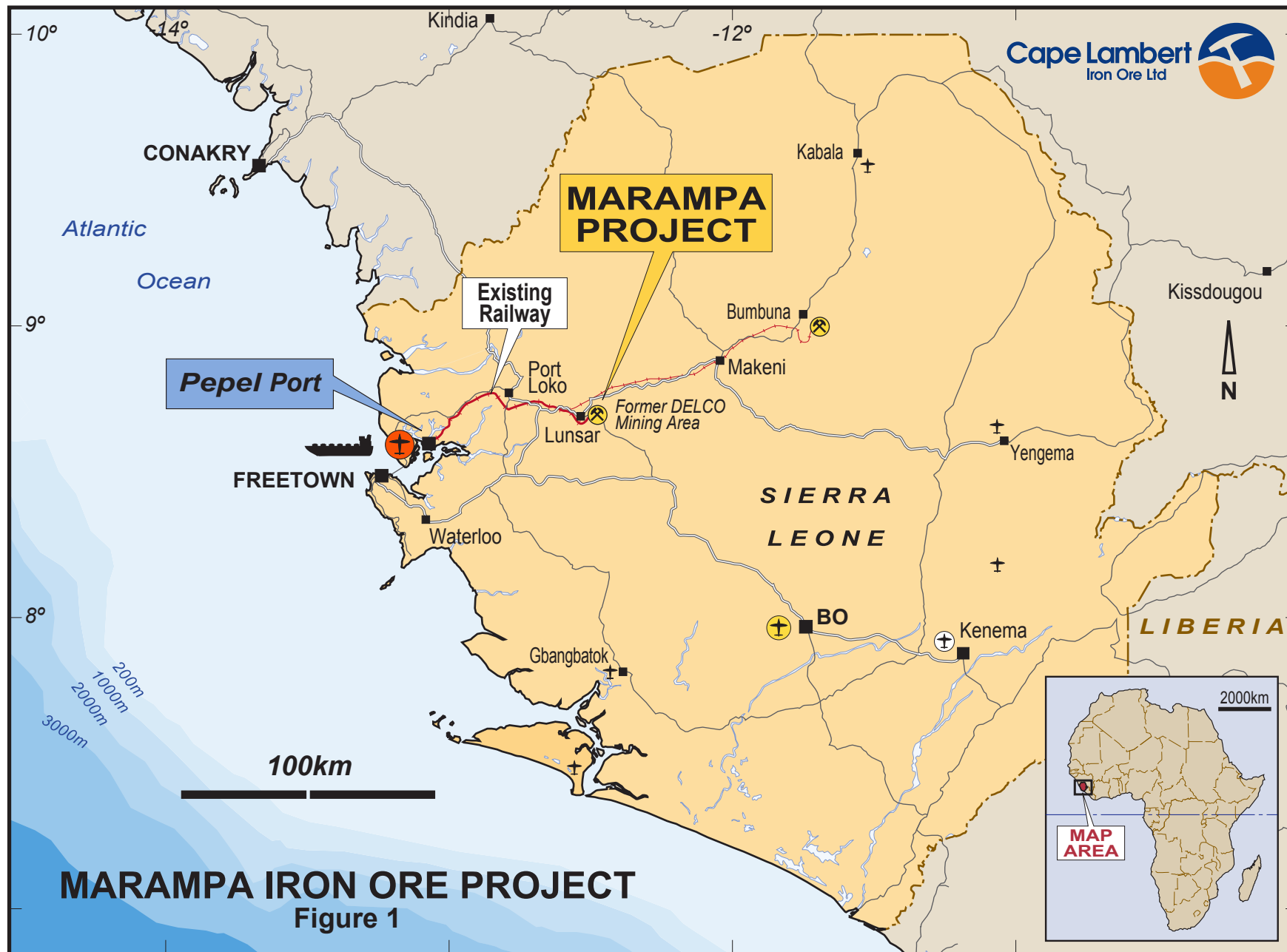




Figure 2: Air Core Drilling of Tailings at Marampa Project



Figure 3: Air Core Drilling of Tailings at Marampa Project