

CAPE LAMBERT ISSUES A\$2.4M CONVERTIBLE NOTE TO AFRICA URANIUM LIMITED

- **Cape Lambert subsidiary issues Convertible Note to private uranium explorer, Africa Uranium Limited,**
- **Africa Uranium owns highly prospective uranium tenements in Namibia and exploration applications in South Africa,**
- **The face value of the note is A\$2.4 million, with a term of 24 months and an interest rate of 12% pa,**
- **The full amount of the note can be converted into 10% of Africa Uranium's share capital at any time prior to the repayment date,**
- **Sixth Convertible Note issued since November 2008.**

Australian resources and investment company, Cape Lambert Iron Ore Limited (**ASX: CFE**) (the "Company" or "Cape Lambert") has, via its 100% owned subsidiary Dempsey Resources Pty Ltd ("Dempsey"), issued a A\$2.4 million Convertible Note to un-listed, uranium explorer Africa Uranium Limited ("Africa Uranium").

Africa Uranium has uranium exploration projects in Namibia and South Africa, with its flagship project being the Hoasib project located in Namibia (refer Figure 1). The Hoasib project area is covered by mineral lease EPL 3664, owned by Green Minerals Resources Pty Ltd, which is a joint venture between the Bastos Foundation (30%) and Africa Uranium (70%).

"Preliminary exploration by Africa Uranium has shown the Hoasib project has the potential to host a large tonnage – low grade uranium deposit of the calcrete hosted Trekkopje mineralisation style owned by Areva in Namibia," said Cape Lambert Executive Chairman, Mr. Tony Sage.

Operating uranium mines close to the Hoasib project include Langer Heinrich (Paladin) and Rossing (Rio Tinto) (refer Figure 1). Projects currently being evaluated in the region include Trekkopje (Areva), Goanikontes (Bannerman Resources), Rossing South (Extract Resources) and Valencia (Forsys Metals).

In South Africa, Africa Uranium has four (4) applications for mineral leases in the Karoo Basin ("Karoo Basin Project"). These applications are held in the name of Makhaha Resources, which is a joint venture between Africa Uranium (74%) and a local Black Economic Empowerment group (26%).

The Karoo Basin is a well known, prospective region for sandstone hosted uranium-molybdenum mineralisation. Previous exploration for uranium in the 1960's to early 1980's identified numerous mineral occurrences and resources.

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in mining and exploration companies.

The Company continues to focus on investment in early stage resource projects and companies, primarily in iron ore, copper and gold. Its "hands on" approach is geared to add value and position assets for development and/or sale.

The Board and management exhibit a strong track record of delivering shareholder value.

Australian Securities Exchange Code: CFE

Ordinary shares
523,797,213

Unlisted options (30 June 2010)
8,350,000

Unlisted options (31 Oct 2010)
28,000,000

Board of Directors

Tony Sage Executive Chairman
Tim Turner Non-executive Director
Brian Maher Non-executive Director

Eloise von Puttkammer
Company Secretary

Key Projects and Interests

Lady Annie Copper Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

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Key terms of the Convertible Note include;

- The face value of the note is A\$2.4 million,
- The term is for 24 months,
- The interest rate is 12% pa,
- The full amount of the note can be converted into 10% of Africa Uranium's share capital as at any time prior to the repayment date,
- The note will be secured by a fixed and floating charge over Africa Uranium.

"To have gained a low risk exposure to these exciting projects, within such well known and defined uranium provinces, is a coup for Cape Lambert and its shareholders," Mr. Sage added.

Since November 2008 and not including this Africa Uranium note, Dempsey has issued A\$41.6 million worth of Convertible Notes to six companies; Continental Capital, Cauldron Energy, Pinnacle, DMC Mining, Latin Resources and Victory West Moly.

To date, Dempsey has converted two of the Convertible Notes, in Cauldron Energy (ASX: CXU) and DMC Mining (ASX: DMM), giving it stakes of 18.7% and 36.3% respectively.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

About Africa Uranium Limited:

Further details about Africa Uranium's projects can be found at www.africauranium.com .

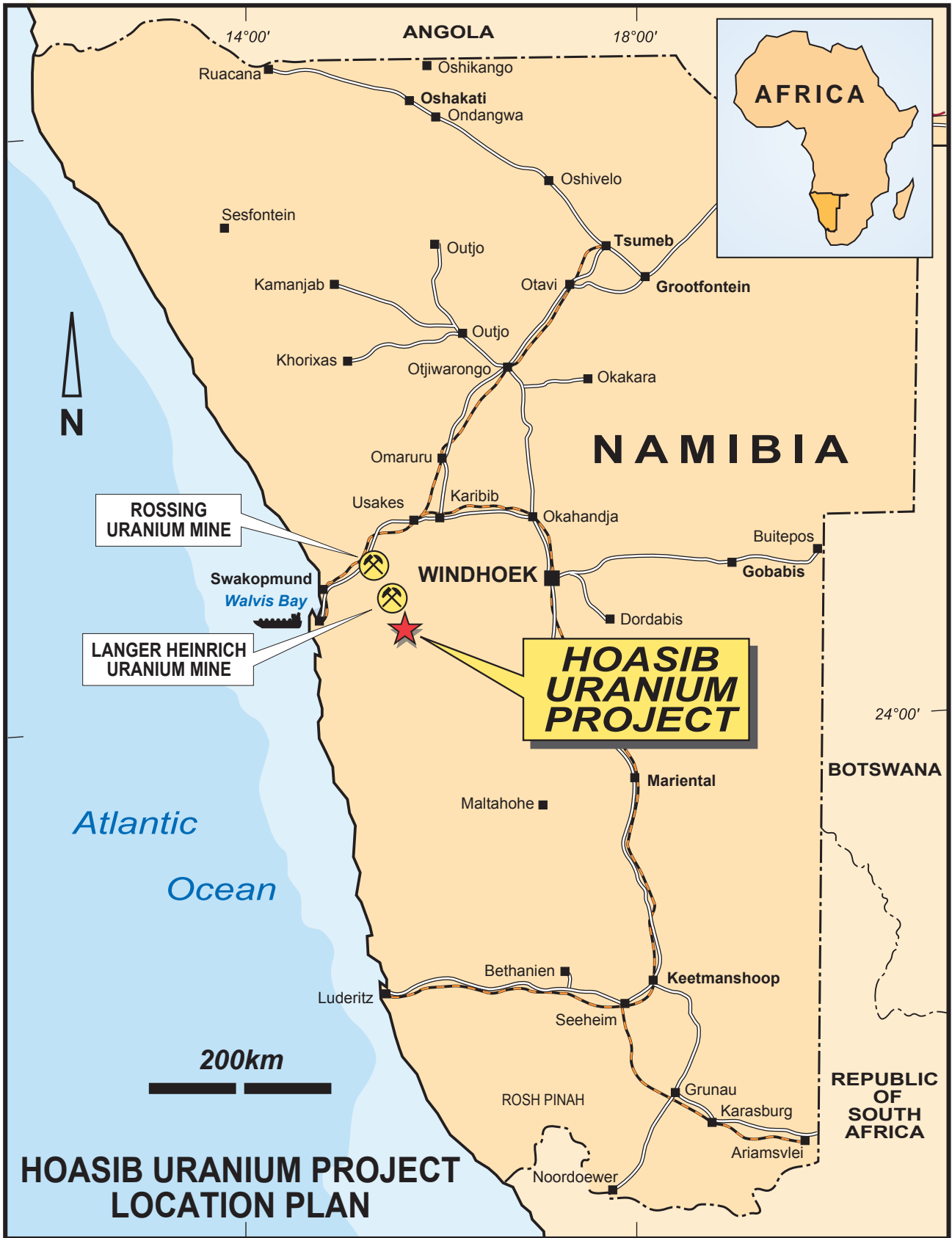


Figure 1