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Q COPPER AUSTRALIA LIMITED – PROSPECTUS LODGED

Key Points:

- Cape Lambert shareholders approve divestment of Lady Annie Project by way of spin-off of Q Copper Australia Limited (“Q Copper”)
- Spin out of Q Copper via the Initial Public Offering (“IPO”) demonstrates Cape Lambert’s ongoing success in executing its incubation, value adding and divestment strategy
- IPO in relation to Q Copper – Prospectus lodged at ASIC
- Prospectus available from www.qcopper.com.au

As announced on 26 August 2009 and 11 November 2009, Australian resources and investment company, Cape Lambert Iron Ore Limited (**ASX: CFE**) (“Cape Lambert” or the “Company”) plans to divest its interest in the Lady Annie Project in Northern Queensland (“Lady Annie Project”) by way of its Initial Public Offering (“IPO”) of Q Copper Australia Limited (“Q Copper”).

The Directors of Cape Lambert are pleased to advise that the prospectus for the IPO of Q Copper was lodged with ASIC on 16 November 2009 (“Prospectus”).

As detailed in the Prospectus, Q Copper is seeking to raise up to \$214 million (before costs) through the issue of up to 214 million shares at an issue price of \$1 each.

As set out in the Company’s announcement dated 11 November 2009, Cape Lambert will receive in the order of \$169 million in consideration for the sale of the Lady Annie Project (by way of the sale of Cape Lambert Lady Annie Exploration Pty Ltd) to be satisfied by the payment of cash and the issue of shares in Q Copper (which shall comprise of no less than \$147 million in cash depending on the total funds raised under the IPO).

Cape Lambert chairman, Mr Tony Sage, said the spin-out of Q Copper is part of the Company’s successful incubation, value-adding and divestment strategy.

“To achieve this level of return for the Lady Annie Project asset is an excellent outcome for Cape Lambert and its shareholders, particularly

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
536,619,804

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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considering that the Company acquired the entire asset portfolio of CopperCo Limited (In Liquidation) (Receivers and Managers Appointed) and its relevant subsidiaries for approximately \$135 million,” said Mr Sage.

In addition to the significant return to the Company, Cape Lambert will also ensure that all shareholders individually benefit from the divestment through the proposed return to shareholders of a portion of the cash consideration.

“Once the IPO has been completed and funds received, Cape Lambert proposes to make a return to shareholders of approximately \$0.10 per share, details of which will be provided to the market in due course. This capital return follows the \$100 million paid to shareholders last year from the sale of our namesake iron ore asset in Western Australia”, Mr Sage said.

The Lady Annie Project comprises open pit mines and a heap leach SW/EX process plant that has been on care and maintenance since February 2009. As at 30 June 2009 the Lady Annie Project had a total oxide Mineral Resource of 24 Mt at 0.9% Cu containing 223,400 t of copper metal and a total transition and sulphide Mineral Resource of 15.8 Mt at 0.8% of Cu containing 127,300t of copper metal as detailed in the Prospectus. The Lady Annie Project also has a large and prospective tenement holding covering approximately 1,640km² of granted exploration permits and mining leases, and approximately 1,500km² of exploration applications.

As detailed in the Prospectus, Q Copper aims to recommence mining at the Lady Annie Project by July 2010.

The IPO will close on 2 December 2009 with Q Copper targeting a listing on ASX prior to the year end. Shareholders and potential investors should note that this date is indicative only and may be varied.

For further information about Q Copper and the IPO, please refer to the electronic versions of the Prospectus which can be downloaded from www.qcopper.com.au.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

COMPETENT PERSON

The information in this announcement that relates to Exploration Results, Minerals Resources or Ore Reserves is based on information reviewed and compiled by Kim Bischoff, who is a Member of the Australasian Institute of Mining and Metallurgy. Kim Bischoff is a consultant to Cape Lambert Iron Ore Limited and has sufficient experience which is relevant to the style of mineralisation and the 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, Minerals Resources and Ore Reserves. Kim Bischoff consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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