

Cape Lambert agrees to A\$135M trade sale of Lady Annie to China Sci-Tech

Key Points:

- Cape Lambert signs formal agreement to sell Lady Annie for a total consideration of A\$135M,
- China Sci-Tech has completed its due diligence and paid a A\$5M deposit, with a further A\$125M to be paid on completion of Sale Agreement,
- Remaining A\$5M payable in two tranches on achievement of certain production and reserve milestones,
- Cape Lambert intends to make A\$0.08 to A\$0.10 return to Shareholders following receipt of A\$125M, and
- China Sci-Tech granted a right of first refusal over any sale of Cape Lambert's interest in Lady Loretta project.

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") has entered into a conditional sale agreement with Hong Kong listed company China Sci-Tech Holdings Limited ("CST"), for the sale of its 100% interest in the Lady Annie Project ("Lady Annie") for a total consideration of A\$135 million.

Under the terms of the binding Share Sale Agreement ("SSA"), Cape Lambert will receive the total consideration as follows:

Deposit	A\$5 million now paid
Completion payment	A\$125 million payable on completion of SSA
First Milestone payment	A\$2.5 million payable upon the production of the first 10,000 tonnes of copper cathode from Lady Annie
Second Milestone payment	A\$2.5 million payable upon the delineation of additional ore reserves containing 25,000 tonnes of copper metal (i.e. above and beyond the existing ore reserve)

CST is proposing to fund the acquisition from existing cash reserves and liquid assets.

Completion of the sale is conditional on a number of matters including CST receiving Foreign Investment Review Board ("FIRB") and its shareholders' approval, and other regulatory approvals and third party consents. CST has already filed an application with FIRB.

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
597,759,256

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
Marampa Iron Ore Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

Cape Lambert Contact

Tony Sage
Executive Chairman
Phone: +61 8 9380 9555

Australian Enquiries

Professional Public Relations
David Tasker
Phone: +61 8 9388 0944
Mobile: +61 433 112 936
Email: david.tasker@ppr.com.au

UK Enquiries

Conduit Public Relations
Jos Simson
Phone: +44 (0)20 7429 6603
Mobile: +44 (0)7899 870 450
Email: Jos@conduitpr.com

In addition to the total consideration, from signing the SSA until completion, CST will reimburse Cape Lambert agreed care and maintenance expenditure incurred at Lady Annie (up to A\$3 million). The Company will also receive approximately A\$13 million of cash back from the release of environmental and other bonds related to Lady Annie.

The sale of Lady Annie is expected to complete on or before 31 May 2010, at which time Cape Lambert will have an additional A\$130 million in cash, and will be in a position to finalise its plans regarding a partially franked dividend payment to Shareholders.

“It is our intention to return between A\$0.08 and A\$0.10 per share to Shareholders once the sale completes and the A\$130 million in cash is received,” said Cape Lambert Executive Chairman, Mr Tony Sage. “This will be the second cash return to our Shareholders in 18 months, with A\$100 million paid in October 2008” he added.

Further, upon completion of the Lady Annie sale, the Company's cash and receivables position will be approximately \$300 million, which does not include the mark-to-market value of its listed securities of approximately \$70 million.

“In the end we felt a trade sale was the best outcome for Shareholders and stakeholders given capital markets remain choppy, and may continue to do so for the medium run. China Sci-Tech has a very clear focus and complimentary financial capacity to return Lady Annie to production in the short term and we believe this is in the best interests of the various stakeholders associated with the project,” Mr Sage added.

Following the sale of Lady Annie, Cape Lambert will still retain a number key assets acquired as part of the CopperCo Limited transaction, including a 25% interest in the high-grade Lady Loretta lead-zinc-silver project located near Lady Annie, the high-grade Sappes gold project located in Greece, the early definition Australis rock phosphate land package, and controlling interest in listed NiPlats Australia Limited (ASX: NIP), Corvette Resources Limited (ASX: CVX) and Fe Limited (ASX: FEL). With the sale of Lady Annie and other non-core assets, the Company will have realised approximately A\$159 million in cash (does not include Lady Annie Milestone Payments).

Subject to CST completing the purchase of Lady Annie, Cape Lambert will grant CST a right of first refusal over any sale of its interest in Lady Loretta (subject to the joint venture partners rights), and also a 3 month exclusivity period to negotiate an acquisition of the rights to the Lady Annie deeps from the Lady Loretta joint venture partners.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

About China Sci-Tech Holdings Limited:

China Sci-Tech Holdings Limited (“CST”) is incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Exchange”) (stock code: 985). The group's principal activity has been investing in financial instruments and property, and its head office is located in Hong Kong with operations conducted in the Peoples Republic of China, Hong Kong and Singapore.

In its Interim Report for the period ending 30 September 2009 filed with the Hong Kong Exchange, CST reported investments held for trading and cash of HK\$2.37 billion (approximately A\$340 million at HK\$7 to A\$) and working capital of HK\$2.36 billion (approximately A\$337 million).

In the past 12 months CST has diversified into the mining sector. In April 2009, CST acquired the Martabe gold and silver project, located in Indonesia, from OZ Minerals for approximately US\$211 million. On 2 March 2010, CST agreed to pay approximately C\$244 million to acquire Canadian mining company Chariot Resources Ltd, which owns 70% of the Marcona copper mine located in Peru.

Further information about CST can be found at www.csthk.com.