

CAPE LAMBERT SIGNS BINDING TERM SHEET FOR ACCESS AND OWNERSHIP OF MARAMPA INFRASTRUCTURE

Key Points:

- **Binding term sheet signed with African Minerals formalising ownership and access rights to Marampa railway and Pepel Port ("Marampa Infrastructure") in Sierra Leone, West Africa,**
- **Cape Lambert to acquire a 33% equity interest in Marampa Infrastructure by funding 33% of refurbishment costs,**
- **Refurbished railway will have capacity to transport approximately 10 Mtpa, with commensurate port stockpiling, berthing and ship loading facilities,**
- **Cape Lambert to have initial rights to 2 Mtpa throughput from 2011, and has been granted an option by African Minerals to match any third party offer to acquire its stake in Marampa Infrastructure, and**
- **African Minerals has agreed to fix Cape Lambert's 33% contribution to refurbishment costs at US\$45 million and has offered a 10% discount for pre-payment of the Company's contribution.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") has signed a term sheet with African Minerals Limited (AIM: AMI) ("African Minerals") in respect to ownership and access rights to the Marampa railway and Pepel Port ("Marampa Infrastructure"), located in Sierra Leone, West Africa.

Cape Lambert's wholly owned Marampa iron ore project is connected to the deep-water port, stockpiling and ship loading facility located at Pepel via the 84km Marampa railway.

Cape Lambert has now signed a term sheet with African Minerals, which has a 99-year lease over the Marampa Infrastructure. The agreed term sheet provides for Cape Lambert to hold a 33% equity interest in the Marampa Infrastructure, with African Minerals holding 57% and the Government of Sierra Leone holding 10% interests respectively. African Minerals, through a special purpose infrastructure vehicle, will oversee the refurbishment of, and operate on a day-to-day basis, the Marampa Infrastructure and will provide Cape Lambert with performance and other warranties typical of a contractor-principal relationship.

African Minerals has agreed to fix the cost to Cape Lambert and to provide a 10% discount, subject to the Company pre-paying its contribution. The agreed, fixed contribution from Cape Lambert is US\$45 million, which will be funded from existing cash reserves and asset realisations.

African Minerals has advised Cape Lambert that the refurbishment of the Marampa Infrastructure is expected to be completed in the March 2011 calendar quarter. Once refurbishment of the Marampa Infrastructure is complete, Cape Lambert will have rights to a minimum throughput of 2 Mtpa.

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
625,759,256

Board of Directors

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

Eloise von Puttkammer
Company Secretary

Key Projects and Interests

Marampa Iron Ore Project
Pinnacle Group Assets
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

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Longer term, African Minerals is proposing to construct a new railway line to link its Tonkolili iron ore project with a new port at Tagrin ("Tonkolili Infrastructure") at which time it will cease using the Marampa Infrastructure. Cape Lambert has been granted an option to match any third party offer to acquire African Minerals' stake in the Marampa Infrastructure, which can be exercised once the Tonkolili Infrastructure is operational.

Commenting on the transaction Cape Lambert Executive Chairman, Mr Tony Sage, said "a key aspect in the development of any bulk commodity project is access to suitable infrastructure."

"This agreement ensures the Marampa iron ore project has access to suitable infrastructure, which we expect will provide a significant value uplift when we come to sell the project," Mr Sage added.

The transaction is subject to the fulfilment of the following conditions:

- agreement of and the entering into of formal legal documentation within 90 days relating to the access and ownership of the Marampa Infrastructure,
- receipt of all necessary regulatory consents; and
- the consent of the Government of Sierra Leone.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman