

CAPE LAMBERT COMMENCES LEGAL ACTION TO RECOVER FINAL A\$80 MILLION PAYMENT FROM MCC

Australian resources and investment company, Cape Lambert Resources Limited ("Cape Lambert" or the "Company") (**ASX: CFE**) wishes to advise the market that it has commenced legal action against MCC Australia Sanjin Mining Pty Ltd, and its parent company Metallurgical Corporation of China Limited (collectively "MCC") to recover a final \$80 million payment from the sale of its flagship Cape Lambert Iron Ore Project. This follows MCC's failure to make the final payment to Cape Lambert in accordance with the terms of a Tenement and Related Asset Sale Novation Deed dated on or around 9 December 2009 ("Agreement"), and which payment is guaranteed under the terms of a Parent Company Guarantee dated on or around 9 December 2009 ("Guarantee").

The total consideration in respect of the Agreement was A\$400 million, payable in three tranches, as follows:

- A\$240 million (60%) at settlement (paid on 6 August 2008);
- A\$80 million (20%) sixty (60) days after settlement (paid on 15 September 2008); and
- A\$80 million (20%) on the earlier of the grant of mining approvals or within two years (outstanding).

A total of A\$320 million has been received by Cape Lambert as per the Agreement, however, MCC has not made the final payment of A\$80 million. Discussions between Cape Lambert and MCC to try and resolve the matter have not been successful.

"It is disappointing that MCC refuses to accept that the \$80 million final payment has fallen due and so chosen not to honour the terms of the Agreement, which has meant that we have had to take this action to ensure our shareholders are protected," said Cape Lambert Executive Chairman, Mr Tony Sage.

"Given the discussions between the parties have been unsuccessful we will now let the Supreme Court decide on the matter" he went on to say.

Cape Lambert has retained the services of Mr Martin Bennett of Lavan Legal in Perth, Western Australia, to act on its behalf.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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

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