

CAPITAL MANAGEMENT PROGRAM: ON MARKET SHARE BUY-BACK

The Board of Cape Lambert Resources Limited (**Cape Lambert** or **Company**) (**ASX:CFE**) is pleased to announce that, as part of a capital management program, it intends to implement an on market share buy-back (**On Market Buy-Back**).

The Board has determined to introduce the On Market Buy-Back for up to 10% of the Company's fully paid ordinary shares (**Shares**).

The On Market Buy-Back will comply with the provisions set out in the Corporations Act and the ASX Listing Rules and does not require shareholder approval.

Patersons Securities Limited has been appointed by Cape Lambert to act as broker to the On Market Buy-Back. The earliest that the Company will be permitted to buy-back any Shares on market will be 22 October 2010.

Attached to this announcement is an Appendix 3C detailing Cape Lambert's intention to implement the On Market Buy-Back.

Option allocation to Directors, Staff and Consultants

The Company plans to issue and allot unlisted options exercisable at \$0.45 on or before 30 September 2011 to reward and retain directors, key staff, and consultants.

In total 8,000,000 options will be issued, of which 4,900,000 will be allocated to directors of the Company (subject to shareholder approval) as follows:

Name	Number of options
Tony Sage	2,800,000
Tim Turner	900,000
Brian Maher	600,000
Ross Levin	600,000

The remaining options will be allocated to staff and consultants of Cape Lambert as determined by the Board.

Please contact the Company on +61 8 9380 9555 if you have any queries about the On Market Buy-Back.

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



Appendix 3C

Announcement of buy-back (*except minimum holding buy-back*)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
CAPE LAMBERT RESOURCES LIMITED	71 095 047 920

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On market buy-back
2	⁺ Class of shares/units which is the subject of the buy-back (<i>eg, ordinary/preference</i>)	Fully paid ordinary shares
3	Voting rights (<i>eg, one for one</i>)	One for one
4	Fully paid/partly paid (<i>and if partly paid, details of how much has been paid and how much is outstanding</i>)	Fully paid
5	Number of shares/units in the ⁺ class on issue	625,759,256
6	Whether shareholder/unitholder approval is required for buy-back	Not required as proposed buy-back is within the limit permitted by Section 257B of the Corporations Act.
7	Reason for buy-back	As part of capital management program

⁺ See chapter 19 for defined terms.

Appendix 3C
Announcement of buy-back

8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (*eg, details of any proposed takeover bid*)

None

On-market buy-back

9 Name of broker who will act on the company's behalf

Patersons Securities Limited

10 Deleted 30/9/2001.

--

11 If the company/trust intends to buy back a maximum number of shares - that number

Note: This requires a figure to be included, not a percentage.

Up to 54,059,653 shares (10% limit under the Corporations Act)
--

12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention

For up to 12 months

13 If the company/trust intends to buy back shares/units if conditions are met - those conditions

None

Employee share scheme buy-back

14 Number of shares proposed to be bought back

N/A

15 Price to be offered for shares

N/A

⁺ See chapter 19 for defined terms.

Selective buy-back

- 16 Name of person or description of class of person whose shares are proposed to be bought back
- 17 Number of shares proposed to be bought back
- 18 Price to be offered for shares

Equal access scheme

- 19 Percentage of shares proposed to be bought back
- 20 Total number of shares proposed to be bought back if all offers are accepted
- 21 Price to be offered for shares
- 22 ⁺Record date for participation in offer
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: Date:07 October 2010.....
(Company secretary)

Print name: Eloise von Puttkammer

⁺ See chapter 19 for defined terms.