

CAPE LAMBERT INCREASES SIERRA LEONE LANDHOLDING 300% TO 1,222km²

Key Points:

- Sierra Leone iron ore landholding increased 300% to 1,222km².
- Three (3) reconnaissance licences covering 917km² prospective for large hematite deposits have recently been granted to Cape Lambert.
- The granted reconnaissance licences occur along strike of Cape Lambert's 100% owned Marampa iron ore project ("Marampa Project").
- In addition five (5) more applications for reconnaissance licences covering the 120km long belt between Marampa and Kukuna have been lodged with the Ministry of Mineral Resources.
- The existing (305km²) and newly granted licences (917km²), and the applications (1,942km²) secure a dominant landholding (total 3,164km²) in an under-explored region with potential for the discovery of new hematite deposits located less than 70km from the Marampa railway and Pepel port infrastructure.
- Independent, international mining consultants, Golder Associates currently preparing a maiden JORC resource for the Marampa Project representing two (2) of seven (7) defined prospects, being approximately 25% of the known strike.

Summary

Australian domiciled resources and investment company, Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert" or the "Company") is pleased to announce that it has been granted three (3) new reconnaissance exploration licences covering strike extensions to its 100% owned Marampa iron ore project, ("Marampa Project") which are prospective for similar style hematite iron ore deposits. This increases Cape Lambert's land-holding in Sierra Leone from 305km² to 1,222km² (refer Figure 1). In addition five (5) more applications for reconnaissance licences have been lodged with the Ministry of Mineral Resources, and when granted these will increase this land position to 3,164km².

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 Mayoko Iron Ore Project Corvette Resources Limited

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Geological Context

The hematite mineralisation in the known deposits in the Marampa District centred on the township of Lunsar is hosted in folded units of specular hematite quartz schist belonging to the Rokotolon Formation, which forms the upper part of the Neoproterozoic Marampa Group. Marampa Group rocks have been mapped within a belt up to 25km wide running from the border with the Republic of Guinea in the north extending more than 120km to the south east ("Marampa-Kukuna Belt") (refer Figure 2).

The known specular hematite deposits in the Marampa District are located at the Company's 100% owned Marampa Project (exploration licence EXPL09/06; 305km²) and on mining lease ML02/09 (13.8km²) held by London Mining plc ("London Mining").

London Mining has recently announced a total Inferred Mineral Resource of weathered and primary in situ hematite mineralisation at the Masaboin Hill and Gafal Hill deposits and extensions totalling 503 million tonnes at 31% Fe at a cut off grade of 15% Fe¹.

Cape Lambert has identified seven (7) hematite prospects at the Marampa Project with an aggregate strike length of more than 15km (refer ASX announcement by Cape Lambert dated 27 July 2010). Resource definition drilling has been completed at Gafal West and Matukia and scout drilling is underway at Petifu. A maiden JORC mineral resource is currently being estimated by independent consultants Golder Associates for the Gafal West and Matukia prospects.

In addition, Cape Lambert has identified five (5) hematite targets at the Kukuna iron ore project (68km²; Cape Lambert Manager with 37.2%). Trenching and ground IP geophysical surveys have commenced.

Outcrop of the Marampa Group in the Marampa-Kukuna Belt is sparse. The hematite mineralisation occasionally outcrops (e.g. Masaboin Hill), but in the lower relief country more typical of the region is largely obscured by vegetation and laterite cover (e.g. Matukia, Gafal West and Kukuna) and requires detailed geological mapping and ground geophysical prospecting followed by drilling to delineate the hematite schist units under the cover.

New Licences

The newly granted licences and the applications cover more than 80% of the Marampa-Kukuna Belt extending up to 70km to the north and south of the township of Lunsar.

Reconnaissance licence RL01/2010 ("Marampa East") is held by Marampa Iron Ore (SL) Limited, a wholly-owned subsidiary of Cape Lambert. Historical exploration on this licence identified several occurrences of specular hematite mineralisation in pits and trenches over a zone with a strike length of approximately 2km. This zone is located 7km northeast of Lunsar.

Reconnaissance licences RL04/2010 ("Gbinti West") and RL03/2010 ("Mawanka") are held by Metal Exploration (Mauritius) Limited, a Mauritius domiciled, wholly-owned subsidiary of Cape Lambert. Historical geological mapping on Mawanka identified two (2) zones of specular hematite mineralisation over strike lengths of approximately 4 and 8km respectively. These zones are located 35km northwest of Lunsar.

¹ Refer "Second Quarter 2010 Report", London Mining plc, www.londonmining.co.uk



The combined granted exploration and reconnaissance licences, interests and applications total 3,164km² and make Cape Lambert the dominant land-holder for iron ore in the northwest of Sierra Leone.

Exploration Plan

The objective at Marampa East is to define and drill test targets to increase the Marampa Project resource inventory. Geological mapping, trenching and geophysical surveys are scheduled to commence in the December 2010 quarter.

The objective for the regional projects such as Gbinti West is to explore for large standalone iron ore deposits, proximal to the existing Marampa railway and Pepel Port. An airborne geophysical survey covering the Gbinti West and Mawanka licences will be undertaken in the December quarter 2010. In addition, initial geological mapping and sampling will be carried out at the known occurrences at Gbinti West.

Yours faithfully Cape Lambert Resources Limited

Tony Sage **Executive Chairman**

Competent Person Statement

The Exploration information in this ASX announcement is based on information compiled by K Bischoff who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Bischoff has sufficient experience which is relevant to the style of mineralisation and 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, Mineral Resources and Ore Reserves". Mr. Bischoff consents to the inclusion in this report of the matters based on his information in the form and the context in which it appears.



