

CAPE LAMBERT TO SELL DMC MINING TO STIRLING MINERALS FOR AUD\$83 MILLION PLUS PRODUCTION ROYALTY

Key Points:

- Cape Lambert to sell its wholly owned subsidiary DMC Mining Limited to Stirling Minerals Limited.
- Pursuant to the agreement Cape Lambert is to receive:
 - AUD\$47 million cash;
 - 120 million Stirling shares (post-consolidation) equivalent to approximately 25% of Stirling's diluted capital;
 - A production royalty of AUD\$1 per tonne of iron ore shipped (whether DSO, beneficiated DSO or magnetite concentrate).
- The sale is conditional on, amongst other things, Stirling completing a placement to raise not less than AUD\$96 million, re-complying with Chapters 1 and 2 of the ASX Listing Rules and it obtaining shareholder approval to the transaction and ASX approval to re-list.
- Cape Lambert nominated Directors to comprise the board of Stirling following completion.
- Patersons Securities Limited appointed as lead manager to the capital raising.

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) is pleased to announce it has entered into a Heads of Agreement with Stirling Minerals Limited (**Stirling**) (**ASX: SMZ**) to sell 100% of its wholly owned subsidiary DMC Mining Limited (**DMC Mining**), the principal asset of which is the Mayoko Iron Ore Project (**Mayoko Project**) in the Republic of Congo (**Transaction**).

To fund the Transaction, Stirling will undertake a capital raising pursuant to a prospectus prior to the end of 2010 (**Capital Raising**). Stirling will seek to raise a minimum of AUD\$96 million by the issue of 320,000,000 fully paid ordinary shares in the capital of Stirling (**SMZ Shares**) at 30 cents each (on a post-consolidation basis) pursuant to the Capital Raising.

Following the recent highly successful, investor roadshow to institutions and funds in New York and London in relation to the Mayoko Project, Cape Lambert and Stirling have engaged Patersons Securities Limited as lead manager to the Capital Raising.

In consideration for the sale of DMC Mining, Cape Lambert will be:

- (a) issued 120 million SMZ Shares (on a post-consolidation basis) (**Consideration Shares**), which shall be escrowed for a period of 12 months from the date of issue in accordance with ASX Listing Rules and represent a 25% interest in Stirling following completion of the Capital Raising and Transaction; and

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

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

- (b) paid AUD\$47 million cash,
(together, the **Consideration**).

In addition to the Consideration, Cape Lambert will be granted a royalty of AUD\$1 per tonne of iron ore shipped (whether DSO, beneficiated DSO or magnetite concentrate) from the Mayoko Project.

Completion of the Transaction is subject to:

- (a) Stirling completing financial and legal due diligence on DMC Mining;
- (b) Cape Lambert completing financial and legal due diligence on Stirling;
- (c) Stirling obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the Transaction;
- (d) Stirling completing the Capital Raising; and
- (e) Stirling receiving conditional approval to be re-quoted on ASX, and for the Consideration Shares to be admitted to ASX.

Upon completion of the Transaction, all the members of the current Board of Stirling will resign and the Board will change to introduce an experienced executive team who will oversee the exploration and development activities of the Mayoko Project. The Board appointments will include, a yet to be identified, Managing Director (executive search underway), Mr Ian Burston as Non Executive Chairman, Mr Joe Ariti as Non Executive Director, Mr Tony Sage as Non Executive Director and a further, yet to be identified, Non Executive Director.

Re-compliance with Chapters 1 and 2 of the ASX listing Rules

Stirling is currently an ASX listed gold and base metals exploration company whose main project is its 100% owned Quidong Project located near Bombala, New South Wales, which comprises EL5671, EL6888 and EL7192. Further information on Stirling can be found at stirlingminerals.com.au.

As a result of the Transaction, Stirling will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules due to a change in the nature and scale of its activities. This involves obtaining shareholder approval and also meeting the new listing requirements as if Stirling were undergoing a new initial public offer.

As part of this process, Stirling will be:

- (a) seeking shareholder approval to consolidate its issued shares on a two (2) for three (3) basis (**Consolidation**);
- (b) seeking shareholder approval to undertake the Capital Raising;
- (c) seeking shareholder approval to issue the Consideration Shares to Cape Lambert; and
- (d) issuing a full form prospectus in relation to the Capital Raising (**Prospectus**).

The Company's Executive Chairman, Mr Tony Sage said "the sale enables Cape Lambert to recover its cash investment in DMC Mining whilst retaining exposure to the Mayoko Project's upside through a 25% equity holding in Stirling".

He continued, "Cape Lambert will also retain a production royalty, which on the commencement of mining operations will provide the Company with access to a future cash flow".

Further information in respect of DMC Mining, the Mayoko Project, the Capital Raising, indicative timetable for the change in the nature and scale of the Stirling's activities and completion of the Capital Raising and Consolidation is set out in more detail in the ASX announcement also dated 5 November 2010 released by Stirling in relation to the Transaction.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman