

## ASX Announcement 12 November 2010

## MARAMPA CAN ACHIEVE LATE 2012 START-UP WITH MAIDEN 200MT JORC RESOURCE REPRESENTING ONLY 20% OF THE MINERALISED STRIKE

## **Key Points:**

- Maiden JORC compliant iron ore mineral resource at Marampa Project of 197 million tonnes with an in-situ grade of 28.5% Fe.
- The resource estimate represents drilling at only two (Gafal West and Matukia) of the eight known prospects, covering approximately 20% of the mineralised strike.
- Initial metallurgical testing, at a coarse grind size of 80% passing 440µm, produced a hematite concentrate grading 63-65% Fe, 3.7-4.3% SiO<sub>2</sub>, 0.9-1.2% Al<sub>2</sub>O<sub>3</sub>, nil S and 0.02% P, with mass and iron yields of 30-33% and 80-83% respectively.
- The hematite concentrate is a suitable feedstock for sinter fines and/or blast furnace pellet feed.
- Aggressive drilling program utilising five rigs currently underway to rapidly expand the mineral resource.
- First resource update scheduled to be released in March 2011 quarter.
- Current resource supports a mine life in the order of 20 years at 2Mtpa with production possible in late 2012.
- Refurbishment of Marampa railway and Pepel port progressing.

Australian resources and investment company, Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert" or the "Company") continues to advance its 100% owned Marampa Iron Ore Project ("Marampa Project" or "Marampa") in Sierra Leone, West Africa (refer Figure 1) towards a possible late 2012 production start-up, with the Company announcing a <u>maiden</u> JORC compliant Inferred Mineral Resource at the Marampa Project of 197 million tonnes at 28.5% Fe (above a 15% Fe lower cut-off).

The Marampa Project is a hematite iron ore project uniquely leveraged to a rapid and low risk pathway to production, via existing rail and port infrastructure that is currently being refurbished (refer ASX announcements 6 April 2010 and 15 October 2010).

Commenting on the maiden JORC resource estimate for Marampa, Mr Tony Sage, Executive Chairman of Cape Lambert, said:

"This is a landmark moment for the development of the Marampa Project, we have made rapid progress in the past twelve months and with five rigs now drilling at site, we expect to accelerate the timing of our first resource update, scheduled for the March 2011 quarter, at which time the bulk of the rail and port infrastructure refurbishment associated with the project will be completed."

"With this substantial maiden JORC resource complete, we will now be able to finalise a scoping study looking at a proposed initial development rate of 2-5Mtpa, from late 2012, with the maiden JORC resource providing for a mine life in the

info@capelam.com.au www.capelam.com.au 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 SageExecutive ChairmanTim TurnerNon-executive DirectorBrian MaherNon-executive DirectorRoss LevinNon-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



order of 20 years at 2Mtpa concentrate production, with significant resource growth to follow."

"In addition, the metallurgical test work has shown that the hematite resource can be upgraded to a sinter fines or blast furnace pellet feed product, at a coarse grind size using mature, low risk magnetic separation," Mr Sage added.

## Maiden JORC Inferred Mineral Resource Estimate

The maiden Inferred Mineral Resource estimate is 197 million tonnes at 28.5% Fe above a 15% Fe lower cutoff of oxide and fresh iron ore. This estimate covers the Matukia and Gafal West prospects only (refer Figure 2) over a drilled strike length of 1.4 and 1km, respectively. It represents approximately 20% of the known mineralised strike at the Marampa Project (refer Figure 2) and as such the Company is confident it can be increased substantially.

The mineral resource estimate was prepared and classified by independent, international mining consultancy Golder Associates Pty Ltd ("Golders") in Perth Australia using geological interpretations provided by Cape Lambert and is reported in accordance with the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves ("JORC"). A full copy of Golders' Mineral Resource Statement is attached to this announcement.

The mineral resource estimate is based upon a total of diamond drilling of 12,170metres (49 holes) completed at the Matukia and Gafal West prospects (refer Figure 2) up to 1 October 2010. Both prospects are located immediately along strike of previous open pit iron ore mines operated by DELCO until the mid-1970s. Gafal West remains open to the west, where it links with the Mafuri prospect and Matukia remains open to the north (refer Figure 2).

A summary of the Inferred Mineral Resource estimate for each prospect is set out in Table 1.

Deposit	Million Tonnes	Fe %	Al <sub>2</sub> O <sub>3</sub> %	SiO₂ %	Р%	S %	TiO₂ %	LOI %
Gafal West	113.7	26.5	6.2	45.5	0.14	0.00	0.24	2.7
Matukia	83.5	31.2	4.6	39.4	0.13	0.00	0.18	3.3
TOTAL	197.2	28.5	5.6	42.9	0.13	0.00	0.22	3.0

## Above 15% Fe Lower Cut-Off

Resource includes all mineralisation located between the surface and -150mRL, approximately 250 vertical metres below surface.

Table 1: Inferred Mineral Resource Estimate

## Resource Growth

A total of eight iron ore prospects have been identified at Marampa (refer Figure 2 and ASX announcement 27 July 2010). The six prospects not included in this maiden JORC resource estimate represent 80% of the prospective mineralised strike identified to date. With the exception of three diamond drill holes at Petifu, none of this prospective mineralisation has been tested by drilling. This therefore presents considerable potential to significantly increase the resource inventory of the Marampa Project with further drilling.

Five drill rigs are now operating at Marampa, following the mobilisation of three additional rigs to accelerate the resource definition drilling program. This accelerated drilling program comprises 34,000m in 250 drill holes and is targeting the Mafuri, Rotret, Petifu and Makambo prospects (refer Figure 2), where little or no previous drilling has taken place. The Company is confident that this aggressive drilling program will result in substantial additions to the resource inventory.

The first resource update is planned for the March 2011 quarter and will include the results from current drilling.



## Metallurgical Test Work

Bateman Engineering Pty Ltd ("Bateman") is currently undertaking a scoping study for the establishment of a standalone, open pit mining operation and concentrator to produce 2-5Mtpa of hematite concentrate, expandable to 10Mtpa. The scoping study is due for completion in mid-December 2010.

As part of this study, Bateman has undertaken metallurgical test work on two representative run-of-mine composite samples from the Matukia and Gafal West prospects, with the aim of determining mass recovery to concentrate, concentrate quality and defining the proposed wet, high intensity magnetic separation ("WHIMS") process flowsheet.

This metallurgical test work was based on single stage crushing, SAG milling to a primary grind of 80% passing 440  $\mu$ m, roughing, cleaning and re-cleaning WHIMS stages, with the middlings fractions reground to 100% passing 250  $\mu$ m, followed by WHIMS cleaning and re-cleaning stages.

Initial results (prior to circuit optimisation) show a hematite concentrate grading 63-65% Fe, 3.7-4.3% SiO<sub>2</sub>, 0.9-1.2% Al<sub>2</sub>O<sub>3</sub>, nil S and 0.02% P can be produced, with mass and iron yields of 30-33% and 80-83% respectively.

## Exploration Target Size

With the maiden JORC resource now complete, and with the Company having a better understanding of the mineralisation at Marampa, Cape Lambert has increased the Exploration Target Size to 600Mt-900Mt at 28-32% Fe<sup>1</sup>.

#### Infrastructure update

Marampa is connected to the deepwater port, stockpiling and ship loading facility located at Pepel via the 84km Marampa railway ("Marampa Infrastructure").

As announced to the ASX on 16 July 2010, Cape Lambert has signed a term sheet with UK based company African Minerals Limited (AIM: AMI), 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, is overseeing the refurbishment of, and will operate on a day-to-day basis, the Marampa Infrastructure.

In recent months work has commenced on refurbishing the Marampa Infrastructure. Key activities undertaken include:

- removal of existing railway line and sleepers, and re-compacting the rail formation;
- replacing missing rail sections and ballast;
- arrival of a second hand locomotive;
- commencement of civil works at Pepel for new stockpile and reclaim areas.

## Yours faithfully Cape Lambert Resources Limited

## Tony Sage Executive Chairman

<sup>&</sup>lt;sup>1</sup> The estimate of exploration target size is conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a mineral resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a mineral resource.



#### **Competent Person – Exploration Results**

The contents of this report relating to exploration results and mineral resources are based on information compiled by Mr Sean Halpin, a Member of the Australasian Institute of Geoscientists. Mr Halpin is a geological consultant to Cape Lambert and has sufficient experience relevant to the styles of mineralisation and the deposit under consideration and to the activity 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 Halpin consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

#### Competent Person – Metallurgical Test Results

The content of this report relating to metallurgical test results is based on information compiled by GV Ariti, a Member of the Australasian Institute of Mining and Metallurgy. Mr Ariti is a consultant to Cape Lambert and has sufficient experience relevant to the styles of mineralisation and the deposits under consideration and to the activity 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 Ariti consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.









11 November 2010

Document No. 107641330 002 L Rev2

Sean Halpin Marampa Iron Ore Limited Victoria Place 31 Victoria Street Hamilton HM10 Bermuda

# MINERAL RESOURCE STATEMENT FOR THE MARAMPA IRON ORE PROJECT – MATUKIA AND GAFAL WEST DEPOSITS

Dear Sean

Golder Associates (Golder) has completed resource models for the Matukia and Gafal West deposits of the Marampa Iron Ore Project (Marampa) in Sierra Leone. The resource estimates are based on all available geological and assay data as of 1 October 2010.

The resource estimates were prepared and classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004).

Classification of the resource estimates was completed by Golder geologists, based principally on data density, geological confidence criteria and representativeness of sampling.

The Mineral Resources were prepared under the supervision of Mr Stephen Godfrey, of Golder Associates Pty Ltd (Golder). Mr Stephen Godfrey is a member of the Australasian Institute of Mining and Metallurgy and 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 JORC Code.

## **Assumptions and Methodology**

The *in situ* Mineral Resource for each deposit is constrained by the geological boundaries of the SQS, QMS, PMS and GN\_MS units.

The major direction of mineralisation at Matukia is in a North-North-West/South-South-East orientation. A fault has been interpreted to separate the North and South blocks. Mineralisation in the South block dips steeply to the East. Mineralisation in the North block dips steeply to the West. At Matukia, >15% Fe mineralisation is contained within the SQS units.

The major direction of mineralisation at Gafal is in an East/West orientation. At Gafal West, >15% Fe mineralisation is contained within the SQS unit and within the GN\_MS unit adjacent to the GN\_MS/SQS hangingwall contact. The SQS unit begins as two separate units in the East which merge around 770200mE at -70mRL.

The Mineral Resource estimates are based on a number of factors and assumptions:

A review of the drill hole data base was completed and considered satisfactory. The data base consists of diamond drill holes and sample trenches. Both diamond drill holes and trenches were used for geological interpretation, however, only diamond drill holes were used for resource estimation. A summary of the drill holes used for resource estimation is provided in Table 1.

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Golder Associates Pty Ltd

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## Table 1: Summary of diamond drill holes used for resource estimation

Deposit	Matukia	Gafal West
Number of holes	18	31
Total metres drilled	3938.16	8979.29
Number of holes with samples	13	31
Total number of samples	1387	4033

- The survey control for collar positions of diamond holes was considered adequate for the purposes of resource estimation. The nominal drill spacing at Matukia and Gafal West is 200 m spaced sections with drill hole collars at 100 m on-section spacing. There is one 400 m section at Matukia with a trench to assist geological interpretation and there are some in-fill drill holes central to the Gafal West deposit.
- Original diamond drill hole samples are half-core. QAQC data provided to Golder consisted of standards, quarter-core duplicates and laboratory repeats. A summary of QAQC samples is provided in Table 2. Golder completed a review of the QAQC data and considers it satisfactory for the purposes of this study.

QAQC Sample Type	Matukia	Gafal West
Standards	180	519
Quarter-core duplicates	53	144
Laboratory repeats	70	215

## Table 2: Summary of QAQC samples

- Geological and weathering domains were modelled by Golder based on the geology logged and interpreted by Marampa.
- Geological domains were extrapolated half the drill spacing distance where unconfined by drilling.
- The geological and weathering domains were used to flag the sample data for statistical analysis and estimation, and to construct geological block models. A summary of the block model parameters is provided in Table 3.

Deposit	Parameter	East	North	RL
Matukia	Origin	770000	960000	0
	Min. Offset	3000	2500	-250
	Max. Offset	4500	4000	150
	Parent block size	50	50	10
	Sub-block size	5	5	2
Gafal West	Origin	700000	950000	0
	Min. Offset	69300	8150	-250
	Max. Offset	70700	9050	150
	Parent block size	50	50	10
	Sub-block size	5	5	2

## Table 3: Block model parameters



- Statistical and geostatistical analysis was carried out on drilling data composited to 2 m down hole. This included variography to model spatial continuity relationships in the mineralised domains. However, as there were insufficient samples in each deposit to provide reasonable variogram models, the interpolation method of Inverse Distance Squared (ID<sup>2</sup>) was used for the resource estimation of Fe, Fe2, SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, P, S, TiO<sub>2</sub>, LOI, MgO, MnO, CaO and K<sub>2</sub>O.
- In situ density assignment was based on diamond drill hole density data provided by Marampa. Density data was flagged by the geological and weathering domains and then length weighted averages were calculated. The average density values were assigned to the geological domains in the interpolated block models. A summary of the density assignment is provided in Table 4.

Deposit	Fault Block	Geology	Weathering	Density assignment
Matukia	South		Fresh	3.28
		SQS	Transition	2.37
			Oxide	2.01
			Fresh	2.76
		QMS	Transition	2.53
			Oxide	2.03
			Fresh	2.86
		PMS	Transition	2.61
			Oxide	2.00
	North		Fresh	3.28
		SQS	Transition	2.37*
			Oxide	2.01*
			Fresh	2.68
		QMS	Transition	2.01
			Oxide	1.39
			Fresh	2.64
		PMS	Transition	1.37
			Oxide	1.67
	n/a	Laterite	Laterite	2.11
Gafal West	n/a		Fresh	3.42
		SQS	Transition	2.37*
			Oxide	2.28
			Fresh	2.86
		QMS	Transition	2.60
			Oxide	1.90
	South North n/a n/a		Fresh	2.87
		PMS	Transition	3.27
			Oxide	1.88
		GN MS;	Fresh	3.11
		LG Fe	Transition	2.66
		mineralisation	Oxide	2.15
			Fresh	2.89
		GN_MS; Waste	Transition	2.69
		vvasie	Oxide	2.00
		Dolerite Dyke	Fresh	3.06

#### Table 4: Density assignment



		Transition	2.91
		Oxide	1.76
	Laterite	Laterite	2.00

\* no samples within these domains; equivalent density averages from Matukia South fault block were used.

## **Mineral Resource Statement**

The resource estimates were classified in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC Code, 2004).

The Mineral Resources are based on the Inverse Distance Squared block models *matukia\_2010\_ID.bmf* and *gw\_2010\_ID.bmf*. Both Mineral Resources have been classified as Inferred based principally on data density. The Inferred Mineral Resources have been restricted to include only material above -150mRL and within the Marampa tenement boundary.

Marampa is conducting metallurgical test work with a view to producing a concentrate from the *in situ* mineral resources. No metallurgical upgrade factors have been applied to the resource models.

Both models have been reported at 15% and 20% Fe cut off grades where the 15% cut off represents the *in situ* global Fe mineralisation.

## Matukia

Table 5 and Table 6 break down the Inferred Mineral Resource at Matukia by material type at the 15% and 20% Fe cut off grades.

## Gafal West

Table 7 and Table 8 break down the Inferred Mineral Resource at Gafal West by geology and material type at the 15% and 20% Fe cut off grades.

Weathering	Mt	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	Р	S	MnO	LOI
Fresh	79.3	31.30	39.24	4.49	0.18	0.136	0.002	0.63	3.31
Laterite	0.5	29.02	39.87	10.42	0.41	0.044	0.019	0.13	4.98
Oxide	3.7	29.57	42.08	6.86	0.28	0.076	0.003	2.16	2.50
Total	83.5	31.21	39.37	4.63	0.18	0.133	0.002	0.70	3.28

#### Table 5: Inferred Mineral Resource at Matukia using a 15% Fe cut off

Table 6: Inferred Mineral Resource at Matukia using a 20% Fe cut off
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Weathering	Mt	Fe	SiO2	AI2O3	TiO2	Р	S	MnO	LOI
Fresh	77.1	31.69	38.84	4.39	0.17	0.136	0.002	0.62	3.32
Laterite	0.3	34.50	33.45	9.34	0.38	0.047	0.018	0.17	4.67
Oxide	3.6	30.17	41.31	6.69	0.28	0.076	0.003	2.26	2.48
Total	81.0	31.63	38.93	4.51	0.18	0.133	0.002	0.69	3.29



## Table 7: Inferred Mineral Resource at Gafal West using a 15% Fe cut off

Weathering	Geology	Mt	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	Р	S	MnO	LOI
Fresh	GN_MS	34.5	21.05	52.38	7.36	0.29	0.209	0.003	0.07	1.73
	SQS	64.1	29.42	41.39	4.97	0.19	0.119	0.002	0.55	3.22
Fresh Total		98.6	26.49	45.23	5.80	0.23	0.151	0.003	0.38	2.70
Laterite	GN_MS	1.1	34.56	30.18	8.70	0.49	0.009	0.009	0.02	6.98
	SQS	0.8	33.54	27.79	14.27	0.63	0.056	0.037	0.03	8.01
Laterite Total		1.9	34.14	29.19	11.01	0.55	0.029	0.021	0.02	7.41
Oxide	GN_MS	8.1	22.59	52.41	8.48	0.37	0.091	0.006	0.06	2.50
	SQS	5.1	28.96	45.42	7.91	0.27	0.020	0.008	0.67	2.17
Oxide Total	Oxide Total		25.05	49.71	8.26	0.33	0.063	0.007	0.29	2.37
Total		113.7	26.46	45.48	6.18	0.24	0.139	0.003	0.37	2.74

## Table 8: Inferred Mineral Resource at Gafal West using a 20% Fe cut off

Weathering	Geology	Fe	Fe	SiO2	AI2O3	TiO2	Р	S	MnO	LOI
Fresh	GN_MS	20.0	23.40	50.07	6.79	0.27	0.206	0.003	0.08	1.73
	SQS1	61.6	29.88	40.94	4.85	0.19	0.120	0.002	0.54	3.23
Fresh Total		81.6	28.29	<b>43</b> .17	5.33	0.21	0.141	0.003	0.43	2.86
Laterite	GN_MS	1.1	35.05	29.43	8.62	0.49	0.009	0.009	0.02	7.07
	SQS1	0.8	33.54	27.79	14.27	0.63	0.056	0.037	0.03	8.01
Laterite Total		1.9	34.41	28.74	11.00	0.55	0.029	0.021	0.02	7.47
Oxide	GN_MS	5.9	24.27	50.80	8.15	0.36	0.070	0.006	0.06	2.56
	SQS1	5.1	28.96	45.42	7.91	0.27	0.020	0.008	0.67	2.17
Oxide Total		11.0	26.44	48.31	8.04	0.32	0.047	0.007	0.34	2.38
Total		94.5	28.20	43.48	5.76	0.23	0.128	0.003	0.41	2.90

Kind Regards,

## **GOLDER ASSOCIATES PTY LTD**

Andrea Snare Senior Resource Geologist

AS/SAG

Stephen Godfrey Associate, Senior Resource Geologist

