

Media Release
8 February 2011

A\$30M Lady Loretta Sale Takes Cape Lambert's CopperCo Earnings to More Than A\$205M

Key points:

- **Cape Lambert has entered into an agreement to sell its 25% interest in the Lady Loretta project in Queensland to Xstrata for A\$30M;**
- **In addition to the Lady Loretta interest, Cape Lambert acquired the following assets as part of the CopperCo transaction in June 2009:**
 - **Lady Annie Project (Queensland, Australia);**
 - **Sappes Gold Project (Greece); and**
 - **shares in a number of listed resources companies.**
- **Total acquisition cost for CopperCo Limited assets was approximately A\$135M, with Cape Lambert now committed to receive more than A\$205M in cash from asset sales in the past 18 months;**
- **The "profit" earned to date from the CopperCo assets is approximately A\$70M; and**
- **Cape Lambert still retains assets and securities worth approximately A\$80M from the CopperCo transaction.**

Australian domiciled resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("**Cape Lambert**" or the "**Company**") will take its total cash proceeds from the sale of assets acquired from former resources company CopperCo Limited to more than A\$205M, following confirmation on 4 February 2011 that it had entered into an in principle agreement to sell its 25% interest in the Lady Loretta project in Queensland ("**Lady Loretta**") to Noranda Pacific Pty Ltd, a wholly owned subsidiary of Xstrata plc ("**Xstrata**"), for a total consideration of A\$30M payable in cash on completion. The remaining 75% interest in Lady Loretta is held by Xstrata.

Completion of the sale of Lady Loretta is subject to and conditional on execution of formal documentation and all governmental and third party consents and authorisations being obtained. Formal documentation is expected to be executed in the coming weeks with completion of the sale scheduled for 30 days thereafter.

Lady Loretta is a lead-zinc-silver deposit comprised of a single granted mining lease covering an area of 3,264 hectares (32.64km²) and a term lease covering an area of 22,000 hectares (220km²). The Lady Loretta interest was acquired by Cape Lambert as part of its successful A\$135M bid for the assets of CopperCo Limited in June 2009. In addition to the Lady Loretta interest, Cape Lambert acquired a 100% interest in the Lady Annie Project in Queensland, the Sappes gold project in Greece, the Australis phosphate land package, a 15% interest in the Vostok copper project located in Kazakhstan and shares in a number of listed resource companies.

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
610,705,062

Unlisted Options
8,000,000 (\$0.45 exp 30 Sept 2011)

Board of Directors

| | |
|-------------|------------------------|
| Tony Sage | Executive Chairman |
| Tim Turner | Non-executive Director |
| Brian Maher | Non-executive Director |
| Ross Levin | Non-executive Director |

Claire Tolcon
Company Secretary

Key Projects and Interests

Marampa Iron Ore Project
Pinnacle Group Assets
Sappes Gold Project
African Iron Limited
International Goldfields Limited

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In May 2010, Cape Lambert completed the sale of the Lady Annie Project to Hong Kong listed company China Sci-Tech Holdings Limited (“**CST**”) for a total consideration of A\$130M. An additional A\$5M is receivable once certain production and reserve related milestones are achieved. The successful sale of the Lady Annie Project enabled Cape Lambert to pay a fully franked dividend of A\$0.07 per share to its shareholders in July 2010.

During the past 18 months, Cape Lambert has also disposed of a number of shareholdings it acquired as part of the CopperCo transaction, including stakes in Speewah Limited (formerly NiPlats Australia Limited) and Platmin Limited. These divestments have generated cash proceeds in excess of A\$40M.

“In total, cash generated from the sale of the various assets acquired from CopperCo has so far amounted to approximately AUD\$205M, which is a staggering 52% return to date on our initial investment,” said Cape Lambert Executive Chairman, Mr Tony Sage.

“We still retain a number of assets, worth more than A\$80M, which once liquated will have generated a total profit to Cape Lambert of approximately A\$150 million in less than two years.” Mr Sage added.

Cape Lambert has built a highly successful business model centred on acquiring distressed or undervalued assets or companies, then applying funds and technical resources to them so as to create value and in time allow for a realisation of that value, most likely through a trade sale or “spin out”.

Recently, the Company completed the A\$83M sale of its 100% owned subsidiary DMC Mining Limited (“**DMC**”) to African Iron Limited (**ASX: AKI**) (“**African Iron**”), from which Cape Lambert received A\$47M cash, 120M African Iron shares (equating to a 25% stake in African Iron), and a production royalty of A\$1 per tonne of iron ore shipped from DMC’s Mayoko Project in the Republic of Congo.

Management is now working on crystallising shareholder value from the Company’s 100% interest in the Marampa Iron Ore Project in Sierra Leone, which may involve a trade sale or an initial public offering on either the ASX or London AIM.

“We have a number of sizeable projects in our portfolio that we believe will generate significant returns to Cape Lambert’s shareholders in the coming years, most notably the Marampa Iron Ore Project in Sierra Leone, West Africa, where we expect to generate a cash inflow of a minimum A\$300M during 2011,” Mr Sage said.

The Company has not only generated significant profits in recent years, but in the past 24 months has also returned approximately A\$144M to shareholders in the form of special dividends and capital returns.

“We carry no debt, so any surplus funds generated from our activities will be returned to shareholders, which is something we have a proud track record of achieving in recent years,” Mr Sage concluded.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman