

SCOPING STUDY CONCLUDES MARAMPA CAN DELIVER STRONG RETURNS

Key Points:

- **Scoping study now complete for a 5 million tonne per annum ("Mtpa"), standalone, open pit mining development at Marampa.**
- **Initial capital investment estimated at US\$655 million.**
- **Scoping study base case indicates that on an un-g geared (100% equity), pre-tax basis, an open pit mining and beneficiation operation producing 5Mtpa of high-grade hematite concentrate could deliver:**
 - **NPV₈ of pre-tax, free cash flow = US\$1.37 billion;**
 - **Project pre-tax NPV₈ = US\$715 million.**
- **Metallurgical test work completed for the scoping study produced a high-grade concentrate typically 64-65.7% Fe with low contaminants 2.8-3.7% silica, 0.9-1.1% alumina and negligible levels of sulphur and phosphorus, with mass and iron recovery in the range of 42.8%-43.3% and 83.9-84.9%, respectively.**
- **Scoping study based only on the maiden JORC Inferred Mineral Resource of 197 million tonnes.**
- **Five (5) drill rigs currently working at Marampa with first resource update scheduled for the June 2011 quarter. Project hard rock exploration target size remains at 700Mt to 1Bt at 25% to 40% Fe.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") is pleased to announce the results of a scoping study ("Scoping Study") completed on its 100% owned Marampa Iron Ore Project located in Sierra Leone, West Africa ("Marampa Project" or "Marampa") (refer Figure 1).

The Scoping Study was prepared by independent engineering group, Bateman Engineering Pty Ltd ("Bateman") with contributions from supporting specialist consultants.

The Scoping Study investigated the establishment of a standalone, open pit mining operation, 5Mtpa wet, high intensity magnetite separation ("WHIMS") concentrator (expandable to 10Mtpa) and all supporting infrastructure to produce a high-grade (65% Fe) hematite concentrate. The Scoping Study was based on the maiden Inferred Mineral Resource of 197 million tonnes at 28.5% Fe (refer ASX Announcement 12 November 2010 for details). A conceptual project layout is shown in Figure 2 and the proposed WHIMS flowsheet is shown in Figure 3.

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
571,849,603

Unlisted Options
7,850,000 (\$0.45 exp 30 Sep 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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The base case scenario adopted for the Scoping Study was for a high-grade hematite concentrate delivered into China at a Free on Board ("FoB") price of US\$100 per dry metric tonne ("dmt") allowing for a US\$40 per dmt sea freight cost (ie CFR China of US\$140 per dmt). Additional scenarios were considered at an FoB price of US\$80 and US\$120 per dmt. Spot fines (62% Fe) iron ore cargoes are currently selling for US\$176 per dmt (CFR North China).¹

The base case key financial parameters adopted to determine the Project's pre-tax, NPV were:

- an FoB iron ore price of US\$100 per dmt;
- a discount rate of 8%;
- an un-g geared (ie 100% equity) basis;
- no allowance for income tax (ie pre-tax cash flows);
- an allowance for the government ad valorem royalty;
- an initial capital investment of US\$655 million;
- FoB cash operating costs of US\$58.50 to US\$63.00 per dmt of concentrate;
- a rail combined with barge transshipping transport solution;
- maiden mineral resource of 197Mt.

The results of the Scoping Study are summarised in Table 1.

Table 1: Results of Scoping Study

| FoB Sale Price (US\$/dmt) | Pre-Tax FCF NPV₈ (US\$M) | Initial Investment (US\$M) | NPV₈ (US\$M) | Mine life Years |
|--------------------------------------|--|---|------------------------------------|----------------------------|
| 80 | 660 | 655 | 0 | 10.5 |
| 100 | 1,372 | 655 | 715 | 12.1 |
| 120 | 2,125 | 655 | 1,470 | 12.7 |

Table 1 shows that at an US\$100 per dmt FoB iron ore price, a standalone, open pit mining operation and WHIMS concentrator producing 5Mtpa of hematite concentrate has an estimated net present value of US\$715 million (pre-tax), which increases to US\$1.47 billion (pre-tax) at an FoB iron ore price of US\$120 per dmt. The break-even FoB iron ore price is US\$80 per dmt. Mine life varies from 10.5 to 13 years over the three scenarios considered.

Based on the outcome of the Scoping Study, the Company has commenced further detailed technical, environmental and social studies with the objective of optimising scale, capital and operating costs, and better defining the implementation timeline. This will include reducing cash operating costs to US\$55 per dmt of concentrate and increasing the scale of the project to 10Mtpa.

The Company's Executive Chairman, Mr Tony Sage said "Marampa is still growing with the Scoping Study based only on the initial JORC resource of 200 million tonnes, which represents only 20% of the mineralised strike. Additional resources have the potential to further enhance Marampa's returns, through a change in production scale."

¹ Platts Steel Market Daily, 8 March 2011.

He further added “Cape Lambert has commenced reviewing options to enable Marampa to be positioned for development to benefit shareholders, the government of Sierra Leone and other local stakeholders, which will involve a partial sell down by Cape Lambert by either an initial public offering or direct investment by a larger steel producer.”

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

Competent Person – Mineral Resources:

The contents of this announcement relating to 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 Resources Ltd 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 announcement of the matters compiled by him in the form and context in which they appear.

Exploration Target Size:

The estimates of exploration target sizes should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a mineral resource.





