

MULTIPLE EXPLORATION TARGETS IDENTIFIED AT SANDENIA IRON ORE PROJECT

Key Points:

- Seven exploration targets prospective for weathered and fresh banded iron formation (“BIF”) identified at the Sandenia Iron Ore Project in Guinea, West Africa.
- Regional mapping and sampling has confirmed in-situ iron grades of up to 48.5% Fe at surface.
- The aggregate strike length of the seven new targets is >20km.
- The BIF targets identified at Sandenia are similar to the Kalia I and II deposits located approximately 15km to the north where owner Bellzone has identified a 3.7 billion tonne iron ore resource and is undertaking a feasibility study.
- Prospect mapping to commence in the June 2011 quarter followed by drilling of priority targets.

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (“Cape Lambert” or the “Company”) is pleased to announce the results from regional exploration completed at the Sandenia Iron Ore Project in the Republic of Guinea, West Africa (“Sandenia” or “Sandenia Project”).

Sandenia is located approximately 290km east of the capital Conakry and consists of two exploration permits covering 608km² (refer Figure 1). The Project is owned by Pinnacle Group Assets Limited (“Pinnacle”). Cape Lambert is the largest shareholder of Pinnacle (46.1%) and is the Manager of the Sandenia Project.

Sandenia is located approximately 15km south of the Kalia Iron Project (“Kalia”) owned by AIM listed Bellzone Mining plc (“Bellzone”) (refer Figure 1). Bellzone completed a scoping study in late 2009 at Kalia and is currently completing a feasibility study to develop an iron mine with Stage 1 to produce 20Mtpa of direct shipping ore (“DSO”) and 10Mtpa of magnetite concentrate commencing in 2014. The development plan includes the construction of a new heavy haulage railway from Kalia and a proposed new port at Matakang located on the Atlantic Ocean coast, south of Conakry (refer Figure 1).

Geophysical Survey

A high-resolution airborne magnetic survey has been flown over the Sandenia Project by contractor New Resolution Geophysics. The data was processed and interpreted by consultant geophysicists Resource Potentials. This survey identified seven zones prospective for iron mineralisation (refer Figure 2).

Two of the anomalous areas in the east and west had been identified and mapped as BIF by previous explorers. The large cluster of magnetic anomalies in

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 centre of Sandenia and to the northeast (referred to as Sandenia, Sandenia East, Mounata and Yatia) had not been previously identified.

Regional Geology

Regional geological mapping and rock chip geochemical sampling of Sandenia was completed by, independent geological consultants, SRK Consulting (Australasian) Pty Ltd ("SRK") in February 2011.

SRK mapped two distinct geological units. The oldest and most extensive area comprises Archaean granite and gneiss of the Dabola Complex overlain by Proterozoic greenstones and magnetite quartzites of the Camboui Group. The Camboui Group rocks are metamorphosed to upper amphibolite – granulite facies and are strongly deformed.

The Camboui Group rocks host the Kalia I and II iron ore deposits (collectively Kalia) owned by Bellzone located approximately 15km north of Sandenia. Bellzone has recently announced a total Measured, Indicated and Inferred Mineral Resource for the Kalia I deposit of 3.74 billion tonnes at 23% Fe, including 3.05 billion tonnes at 26% Fe of magnetite BIF. This resource is within an exploration target size of 13 billion tonnes of magnetite and 2.9 billion tonnes of oxide mineralisation¹.

Geological mapping and sampling by SRK has confirmed the occurrence of BIF mineralisation at all seven identified targets including the large previously unexplored central targets at Sandenia, Sandenia East, Mounata and Yatia (refer Figure 3). The aggregate strike length of the main high magnetic anomalies is >20km.

During regional mapping SRK noted that the particle size of the quartz and magnetite components in the BIF often exceeded 2mm due to the high-grade of metamorphism.

Deep tropical weathering has resulted in development of an oxidised iron cap of an as yet uncertain thickness over the mapped BIF targets.

Geochemistry

SRK collected and analysed 27 rock chip samples of BIF (refer Figure 3 for locations and results). Most samples were weathered whereby some of the original magnetite had altered to martite and other secondary iron oxide minerals. Total iron results ranged from 9.65 to 48.5% Fe with an average of 35.9%. All samples showed low phosphorus and sulphur contents (average 0.05% P and 0.006% S).

Further Work

Prospect-scale mapping and sampling of the priority exploration targets at Sandenia, Sandenia East and Tambounkoudi is planned to commence in the June 2011 quarter to enable design of a first-pass drilling program currently scheduled to commence in the second half of 2011.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

¹ Refer RNS release to AIM by Bellzone Mining plc 'Increase and upgrade of Kalia Mine magnetite resource' dated 6 September 2010 at www.bellzone.com.au.

Competent Person:

The contents of this announcement relating to exploration results and mineral resources is based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Cape Lambert Resources Limited and Pinnacle Group Assets Limited 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 Bischoff consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.





