

## **PRIORITY DRILL TARGETS CONFIRMED AT KUKUNA – DRILLING TO COMMENCE WITHIN THREE WEEKS**

### **Key Points:**

- **Results from ground geophysical surveys and trench and rock chip sampling confirm extensive distribution of specular hematite schist at Kukuna, and highlight priority drill targets.**
- **Significant trench results include:**
  - **32m at 44.9% Fe from trench KUTR2 in the north, and**
  - **44m at 42.5% Fe from trench KUTR3 in the south.**
- **24 rock chip samples returned with average of 41.8% Fe.**
- **Ground geophysics indicate several potential units of hematite schist trending north-south under shallow cover over the entire 12km length of the licence.**
- **Diamond drill rig currently being mobilised to site, with drilling anticipated late June/early July.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (“Cape Lambert” or the “Company”) is pleased to announce the results of ground based exploration completed at the Kukuna Iron Ore Project, located in Sierra Leone, West Africa (“Kukuna” or “Kukuna Project”).

Kukuna is located 120km northeast of Freetown in the northwest of Sierra Leone and approximately 70km north of the existing heavy haulage Lunsar-Pepel railway (refer Figure 1). The exploration licence covers 68km<sup>2</sup> and is 100% owned by Sierra Leone company Pinnacle Group Assets (SL) Limited, which is 100% owned by Pinnacle Group Assets Limited (“Pinnacle”).

On 16 June 2011, Cape Lambert increased its interest in Pinnacle to 90.2%.

At Lunsar, Cape Lambert has defined a maiden Inferred Mineral Resource of 197 million tonnes at 28.5% Fe<sup>1</sup> within an exploration target size of 700 million to 1 billion tonnes<sup>2</sup> at 28-32% Fe at its Marampa Project, and London Mining plc has defined a total Indicated and Inferred Mineral Resource of 906 million tonnes at 32% Fe<sup>3</sup> (refer Figure 1) (“Lunsar Projects”). An exploration target size of 1 to 2

<sup>1</sup> Refer ASX releases dated 12 November 2010 and 10 June 2011 by Cape Lambert (ASX: CFE)

<sup>2</sup> The estimates of exploration target sizes mentioned in this release 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.

<sup>3</sup> Refer AIM Rule 26 Regulatory Announcement dated 17 January 2011 by London Mining plc (AIM: LOND:LN). The London Mining Mineral Resource comprises an Indicated Mineral Resource of 379 million tonnes at 31.5% Fe and an Inferred Mineral Resource of 527 million tonnes at 31.8% Fe.

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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  
626,299,603

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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billion tonnes at 30 to 35% Fe<sup>4</sup> for hematite schist has been estimated for Kukuna<sup>5</sup>.

The Kukuna Project represents an under-explored area with potential to host similar sized deposits of specular hematite to the Lunsar Projects<sup>1</sup>.

The Company's Executive Chairman, Mr Tony Sage said "with the Company now owning more than 90% of Pinnacle, the commencement of drilling at Kukuna is an important step in crystallising shareholder value from the Pinnacle iron ore assets."

### **Geological Setting**

The Kukuna licence area straddles the eastern boundary of the Neoproterozoic Rokel-Kasila Belt. Historic geological mapping by the Geological Survey of Sierra Leone and others recognised rocks, including specular hematite schists, correlated with the Marampa Group on the licence area. The licence is extensively covered by lateritic duricrust, alluvium and vegetation, which has hindered exploration.

The Marampa Group hosts the specular hematite deposits located around the town of Lunsar 70km to the south. In the past two years Cape Lambert and London Mining plc have been exploring and evaluating the hardrock hematite deposits in the Lunsar district (refer Figure 1).

### **Geophysical Survey**

An extensive Induced Polarisation ground geophysical survey ("IP") was completed in March 2011 by geophysical contractors SAGAX Afrique. A total of 26 east-west traverses spaced 800m apart covering the licence were surveyed.

Previous petrophysical tests and exploration surveys in Sierra Leone by Cape Lambert have demonstrated that bodies of specular hematite schist under shallow cover show coincident conductive and high chargeability anomalism.

The survey identified several linear conductor/chargeable anomalies at shallow depths under cover, which roughly correlate with mapping of the target hematite schist unit of the Marampa Group rocks (refer Figure 2).

### **Geochemistry**

Geological mapping and clearing of the IP traverses located four historic trenches and several old prospecting pits and outcrops. Final assay results from sampling of these exposures have now been received. Sample locations and results are shown in Tables 1 and 2 and summarised in Figure 2.

The best trench results were 32m at 44.9% Fe from trench KUTR2 in the north of the licence and 44m at 42.5% Fe from trench KUTR3 in the south. The 24 rock chip samples averaged 41.8% Fe (ranging from 31.2% to 50.5% Fe). The trench and rock chip samples confirm the presence of specular hematite iron mineralisation with widths of approximately 30 - 40m in the north and south of the Kukuna Project.

These specular hematite exposures are weathered and enriched and typically steeply dipping. Some of the trench and pit samples may represent cemented and transported material. Further excavation and drilling will be required to better define the overall true widths and strike lengths of the specular hematite rich units.

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<sup>4</sup> The estimates of exploration target sizes mentioned in this release 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 compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

<sup>5</sup> Refer ASX release dated 19 May 2011 by Cape Lambert

## Future Work

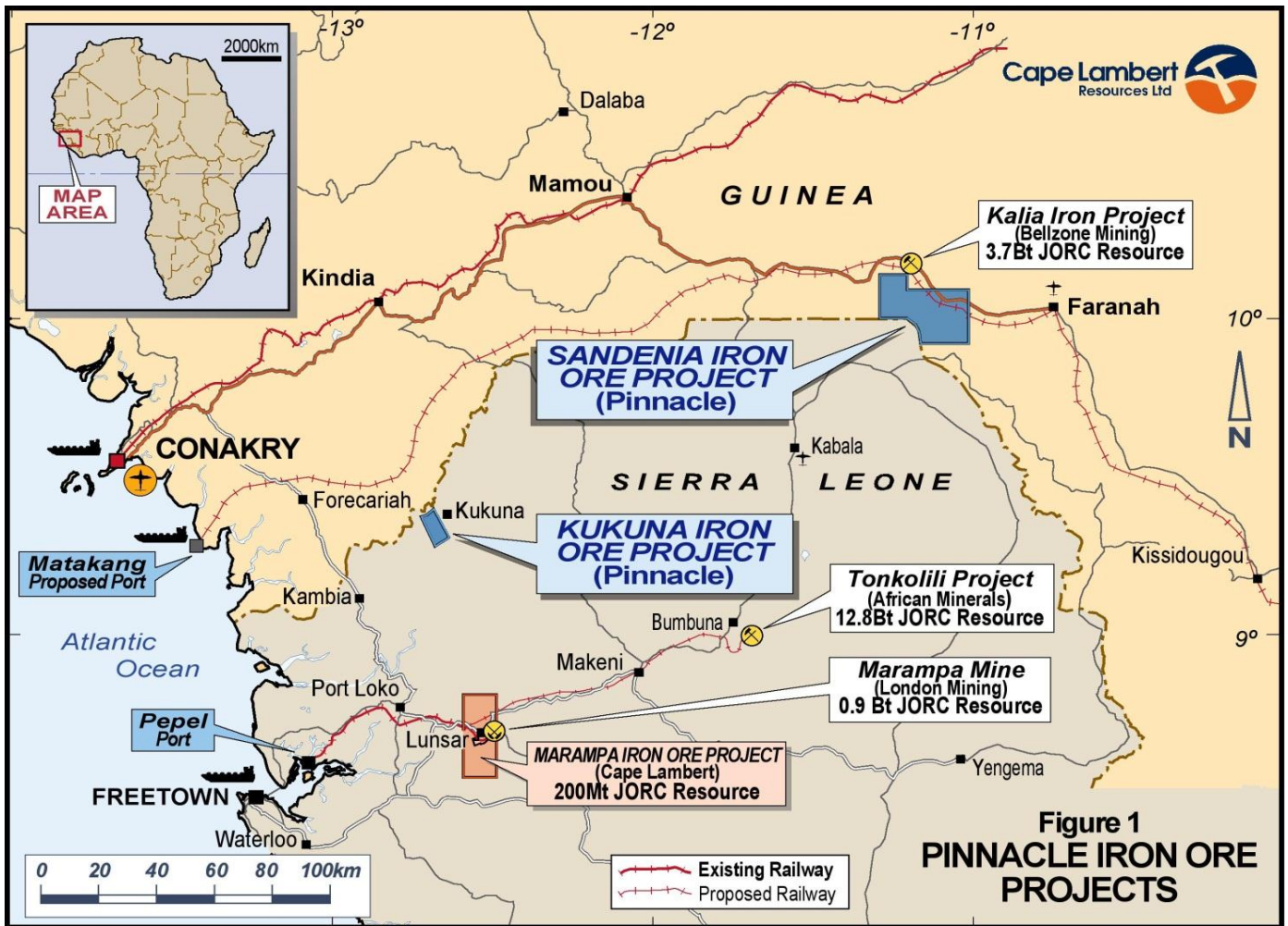
A drill rig is presently being mobilised to site with drilling planned to commence late June or early July.

Yours faithfully  
Cape Lambert Resources Limited

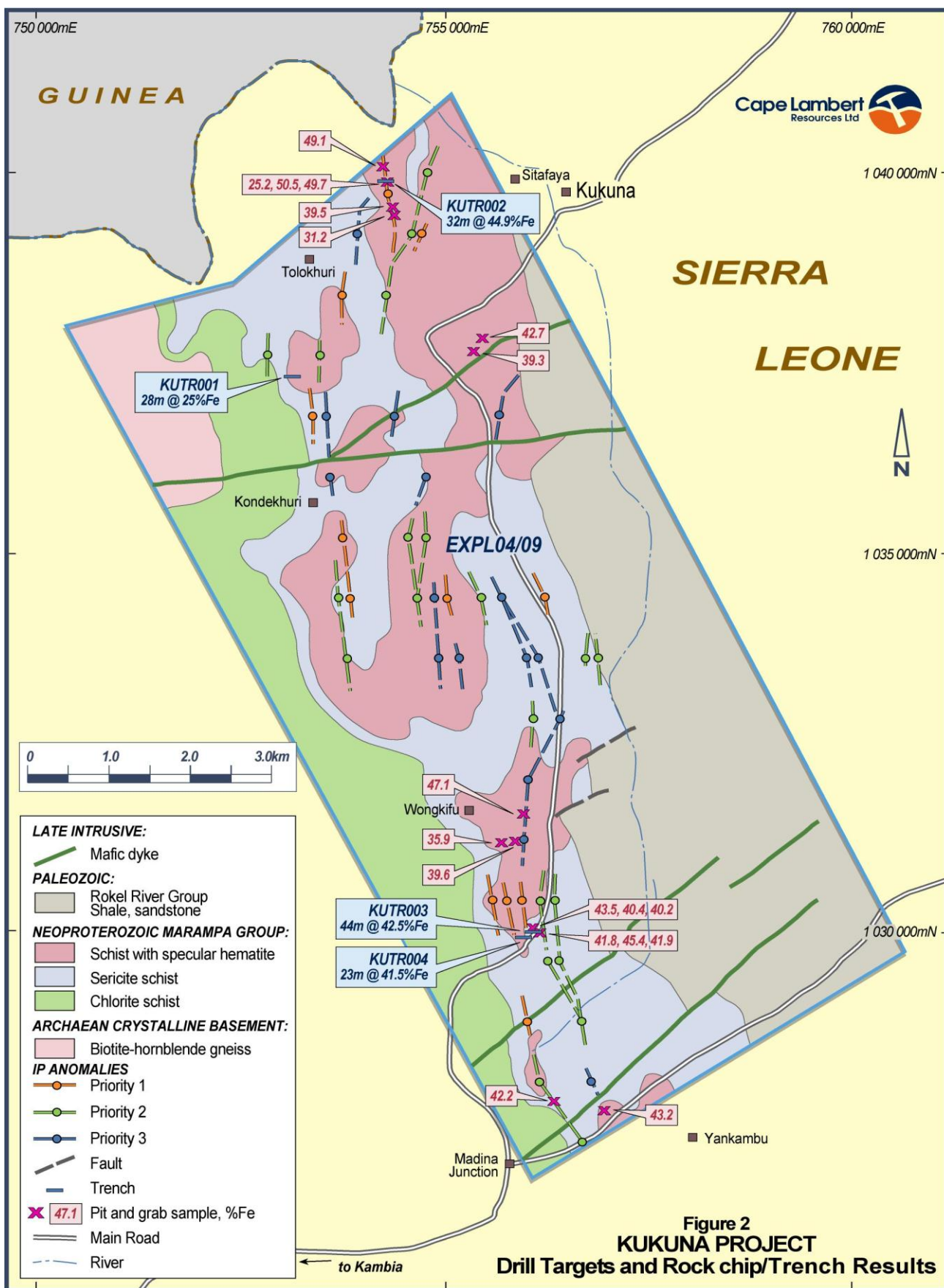
Tony Sage  
**Executive Chairman**

**Competent Person Statement:**

The contents of this announcement relating to exploration results and mineral resources are based on information compiled by Jason Froud, a member of the Australasian Institute of Mining and Metallurgy. Mr Froud is a consultant to Cape Lambert Resources Limited and has sufficient experience relevant to the styles of mineralisation and the deposit under consideration 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 Froud consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.



**Figure 1  
PINNACLE IRON ORE  
PROJECTS**



**Table 1: Trench channel sample results**

Trench	Trench Length (m)	From (m)	To (m)	Interval (m)	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	S (%)
KUTR1	32	4	32	28	25.0	41.3	13.7	0.04	0.02
KUTR2	32	0	32	32	44.9	13.4	12.7	0.14	0.05
KUTR3	44	0	44	44	42.5	18.2	11.7	0.08	0.04
KUTR4	23	0	23	23	41.5	20.3	11.2	0.07	0.03

**Table 2: Rock chip sample results**

Sample	Northing	Easting	Fe (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	P (%)	S (%)
	WGS84	Zone 28					
KUAD001/001	1040048	754194	49.1	12.2	10.6	0.06	0.04
KUPT001/001	1031156	755699	35.9	23.7	14.7	0.05	0.03
KUPT002/001	1031189	755841	39.6	19.3	14.5	0.05	0.03
KUPT003/001	1031553	755964	47.8	12.0	11.0	0.07	0.02
KUPT004/001	1037834	755461	42.7	23.2	8.3	0.04	0.03
KUPT005/001	1037837	755471	39.3	22.7	12.2	0.04	0.03
KUPT006/001	1039544	754362	39.5	16.6	15.0	0.15	0.05
KUPT007/001	1039465	754338	31.2	21.0	20.6	0.11	0.07
KUPT008/001	1027641	756931	43.2	19.8	10.8	0.05	0.02
KUPT009/001	1026705	756962	39.8	23.3	12.3	0.02	0.03
KUPT010/001	1021629	759581	43.9	21.9	9.5	0.02	0.02
KUPT011/001	1021691	759649	43.8	16.9	11.3	0.07	0.03
KUPT012/001	1027748	756313	42.2	21.4	11.4	0.04	0.03
KUTR001/001	1037310	753132	34.7	31.3	11.9	0.03	0.03
KUTR001/002	1037310	753142	34.8	31.6	11.0	0.03	0.01
KUTR002/001	1039890	754251	43.2	11.5	14.3	0.23	0.04
KUTR002/002	1039890	754293	50.5	11.9	9.6	0.05	0.02
KUTR002/003	1039890	754267	49.7	10.3	10.7	0.08	0.05
KUTR003/001	1029980	756159	41.8	18.0	12.0	0.10	0.05
KUTR003/002	1029980	756141	45.4	18.2	9.2	0.08	0.03
KUTR003/003	1029980	756129	41.9	19.5	11.1	0.08	0.03
KUTR004/001	1030000	756090	43.5	19.8	10.0	0.06	0.03
KUTR004/002	1030000	756080	40.4	21.5	11.6	0.06	0.04
KUTR004/003	1030000	756070	40.2	23.1	10.5	0.07	0.03
<b>Averages:</b>			<b>41.8</b>	<b>19.6</b>	<b>11.8</b>	<b>0.07</b>	<b>0.03</b>

Notes: Trench and rock chip sample locations are surveyed by DGPS. Trench sample intervals are 2m. Minimum cut-off for trench samples is 15% total Fe. Chemical analysis by X-ray Fluorescence Spectrometry (XRF) at the Ultra Trace Limited laboratory, Canning Vale, Perth Australia. Refer Figure 2 for trench locations.