

POSITIVE RESULTS FROM MARAMPA METALLURGICAL PROGRAM

Key Points:

- **Follow on Marampa metallurgical test work program in progress, aimed at amongst other things, reducing processing costs.**
- **Metallurgical test program is being supervised by independent, engineering group, Bateman Engineering Pty Ltd.**
- **Modelling by JK Tech Pty Ltd indicates a reduction of up to 75% of grinding power by adopting conventional crushing and screening, and ball milling.**
- **Iron recovery to concentrate increased to 93-94% (compares to 84-85% in Scoping Study), whilst maintaining high mass recoveries (42-46%) and concentrate iron grades (63-65% Fe).**
- **The improved mass and iron recoveries and decreased grinding power will translate into lower concentrate production costs.**
- **Release of Marampa resource update scheduled for the first week of July whilst the independent geological consultant finalises the resource estimate.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") is pleased to update the market on improved metallurgical test results from its 100% owned Marampa Iron Ore Project located in Sierra Leone, West Africa ("Marampa Project" or "Marampa") (refer Figure 1).

On 18 March 2011, the Company announced the results of the Marampa Scoping Study ("Scoping Study"). The Scoping Study was prepared by independent engineering group, Bateman Engineering Pty Ltd ("Bateman").

Since the completion of the Scoping Study, Bateman has continued to manage a follow on metallurgical test work program, which amongst other things is aimed at reducing power requirements and optimising concentrate iron grade and recovery.

Test results to-date indicate that grinding power requirements are likely to be 75% less than assumed in the Scoping Study. This will result in a reduction in processing operating costs. Comminution modelling carried out by JK Tech Pty Ltd on the primary ore types suggests that optimally, the crushing and grinding circuit should consist of a typical three stage crushing and screening plant, which will feed smaller ball mills instead of larger and higher power consuming SAG mills, as assumed in the Scoping Study.

In addition, samples of the higher grade primary ore, which are representative of each of the Matukia and Gafal West deposits have been subject to wet, high intensity magnetic separation (WHIMS) "Locked Cycle Testing" in accordance with the process flowsheet developed in the Scoping Study ("LCT Testing").

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

Cape Lambert Contact

Tony Sage
Executive Chairman

Eloise von Puttkammer
Investor Relations

Phone: +61 8 9380 9555
Email: info@capelam.com.au

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

Tavistock Communications
Emily Fenton / Jos Simson
Phone: +44 (0)207 920 3150
Mobile: +44 (0)7899 870 450

Cape Lambert Resources Limited ABN 71 095 047 920

Corporate - 18 Oxford Close, Leederville WA 6007 Projects - Level 1, 2 Ord Street, West Perth WA 6005

United Kingdom - 14 Golden Square, London W1F 9JG

www.capelam.com.au

LCT Testing of Matukia and Gafal West ore has confirmed that iron recoveries exceeding 90% are achievable whilst maintaining a concentrate iron grade of 63-65% Fe.

Table 1 summarises the results of the LCT Testing.

Table 1 - LCT Results

Deposit	Feed % Fe	Concentrate Grade					Mass Recovery %	Iron Recovery %
		% Fe	% SiO ₂	% Al ₂ O ₃	% S	% P		
Matukia	31.9	64.7	3.2	1.0	0.000	0.012	46	94
Gafal West	28.3	62.9	4.7	1.4	0.001	0.011	42	93

Marampa Resource Update

On 10 June 2011, the Company advised that it expected to be in a position to release the Marampa resource estimate by the end of June 2011. Finalisation of the resource estimate by the independent geological consultant has taken longer than anticipated, and the updated Marampa resource estimate is now expected to be released in the first week of July.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

The contents of this announcement relating to metallurgical test work is based on information compiled by Mr Tony Boucher, a Member of the Australasian Institute of Mining and Metallurgy. Mr Boucher is a consultant to Cape Lambert Resources 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 Boucher consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.

