

UPDATED SCOPING STUDY CONFIRMS FINANCIAL ROBUSTNESS OF MARAMPA PROJECT

Company to Commence AIM Listing of Marampa

- **Updated scoping study for a standalone, open pit mining development at Marampa to produce 10 million tonne per annum (“Mtpa”) of high-grade iron ore concentrate now complete.**
- **Metallurgical testwork confirms iron recovery $\geq 90\%$ achievable to produce a high-grade concentrate typically $\geq 65\%$ Fe with low levels of contaminants.**
- **Stage 1 production planned at 2Mtpa, expanding to 10Mtpa within two years in Stage 2, resulting in a 22 year mine life.**
- **Stage 1 capital investment estimated at US\$458 million and Stage 2 estimated at US\$1,051 million.**
- **Stage 1 operating costs estimated at US\$45 per tonne of concentrate Free on Board (“FOB”), with an average life of mine operating cost of US\$52 per tonne of concentrate FOB.**
- **Updated scoping study has returned robust financial metrics including an un-g geared (100% equity) after tax NPV_{10%} of US\$1 billion, an internal rate of return of 34% and after tax cash flows of US\$2.9 billion.**
- **Given Marampa’s strong financial metrics, Cape Lambert has commenced the process of an initial public offering on London’s AIM market, with the appointment of several key advisors. The admission to AIM is expected to be completed by the end of 2011.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (“Cape Lambert” or the “Company”) is pleased to announce the results of its updated Scoping Study for its 100% owned Marampa iron ore project located in Sierra Leone, West Africa, refer Figure 1 (“Marampa Project” or “Marampa”), (“Updated Scoping Study”).

The Updated Scoping Study, which evaluates an increase in Marampa’s proposed production rate from 5Mtpa to 10Mtpa of hematite concentrate, was prepared by independent, engineering group Bateman Engineering Pty Ltd (“Bateman”) with contributions from supporting specialist consultants.

The Updated Scoping Study is based on establishing a standalone open pit mining operation, with a wet, high intensity magnetic separation concentrator (“WHIMS”) and associated infrastructure, initially at a production rate of 2Mtpa of high-grade hematite concentrate (“Stage 1”), expanding to a 10Mtpa within two years (“Stage 2”).

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
652,171,792

Unlisted Options
2,650,000 (\$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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Metallurgical testwork undertaken for the Updated Scoping Study on representative composite samples from the Matukia, Gafal and Rotret deposits (refer Figure 1) has shown that high iron recoveries ($\geq 90\%$) and mass yields are achievable to produce a high quality hematite concentrate typically grading 63-67% Fe with low levels of silica ($\leq 5\%$), alumina ($\leq 2.5\%$) and phosphorus (0.02%).

The Updated Scoping Study is based on a Stage 1 production rate of 2Mtpa, in line with rail and port access provided through an agreement with African Minerals Limited ("African Minerals"). African Minerals is currently refurbishing the rail line from Marampa to the ship loading facility at Pepel, which is expected to be operational later this year. The Updated Scoping Study proposes that production at Marampa will then be expanded to 10Mtpa by 2016, via a second port to be constructed at Tagrin.

The Updated Scoping Study was based on exploiting the 680 million tonne JORC compliant mineral resource (refer ASX Announcement 7 July 2011 and Table 1) and showed that 82% of the resource can be mined to produce high-grade hematite concentrate over a 22 year mine life. Mining in Stage 1 is proposed to focus on the shallow, soft, higher grade, oxide material (32%-36% Fe), which provides for lower FOB operating costs in the early years of operation.

Iron ore pricing used in the Updated Scoping Study was based on a forecast prepared by independent consultant CRU International Limited ("CRU"). CRU has forecast an FOB price (real 2011) for Marampa hematite concentrate of US254 cents per dry metric tonne unit ("c/dmtu") in 2014, trending down to 107.9c/dmtu in 2021, which was then used as the long term price for Marampa hematite concentrate.

Financial modelling was undertaken by independent consultant, Southern Mining Consultants ("SMC"), with the fiscal regime applied to Marampa being similar to that applied to other Sierra Leone iron ore projects and includes a corporate tax rate of 25%, royalties totalling 3.2% and accelerated depreciation and amortisation of capital expenditure.

The key outcomes of the Updated Scoping Study are summarised in Table 2.

With the Updated Scoping Study now complete, the Company intends to pursue an initial public offering ("IPO") for a listing on the AIM Market of the London Stock Exchange. To that end, the Company has commenced preparation of an AIM Admission document and appointed a number of advisors (set out in Table 3) to assist with the listing process. Admission to AIM is expected to be completed by the end of 2011.

Further, submissions are currently being taken from a number of London and Canadian based brokers to manage and complete a capital raising for the IPO. The capital raising will enable Cape Lambert to sell down to an approximate 25% interest in Marampa and will also provide Marampa with new money for the completion of a definitive feasibility study during 2012, the ordering of long lead time plant and equipment, commencement of pre-construction activities and general working capital.

The Company's Executive Chairman Mr Tony Sage said "I am extremely pleased at the outcome of the updated scoping study, which has shown what we have known from the start, that Marampa is a robust project that can deliver benefits for our shareholders, external stakeholders and our hosts the government of Sierra Leone."

He further added “now that the updated scoping study is complete, Cape Lambert has commenced the process for an AIM listing of Marampa with the appointment of a number of key advisors and a search is underway for a London based CEO.”

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

The contents of this announcement relating to exploration results and mineral resources is 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 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 Froud consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.

The contents of this announcement relating to metallurgy is based on information compiled by Mike Wort, a Member of the Australasian Institute of Mining and Metallurgy. Mr Wort 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 Wort consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.

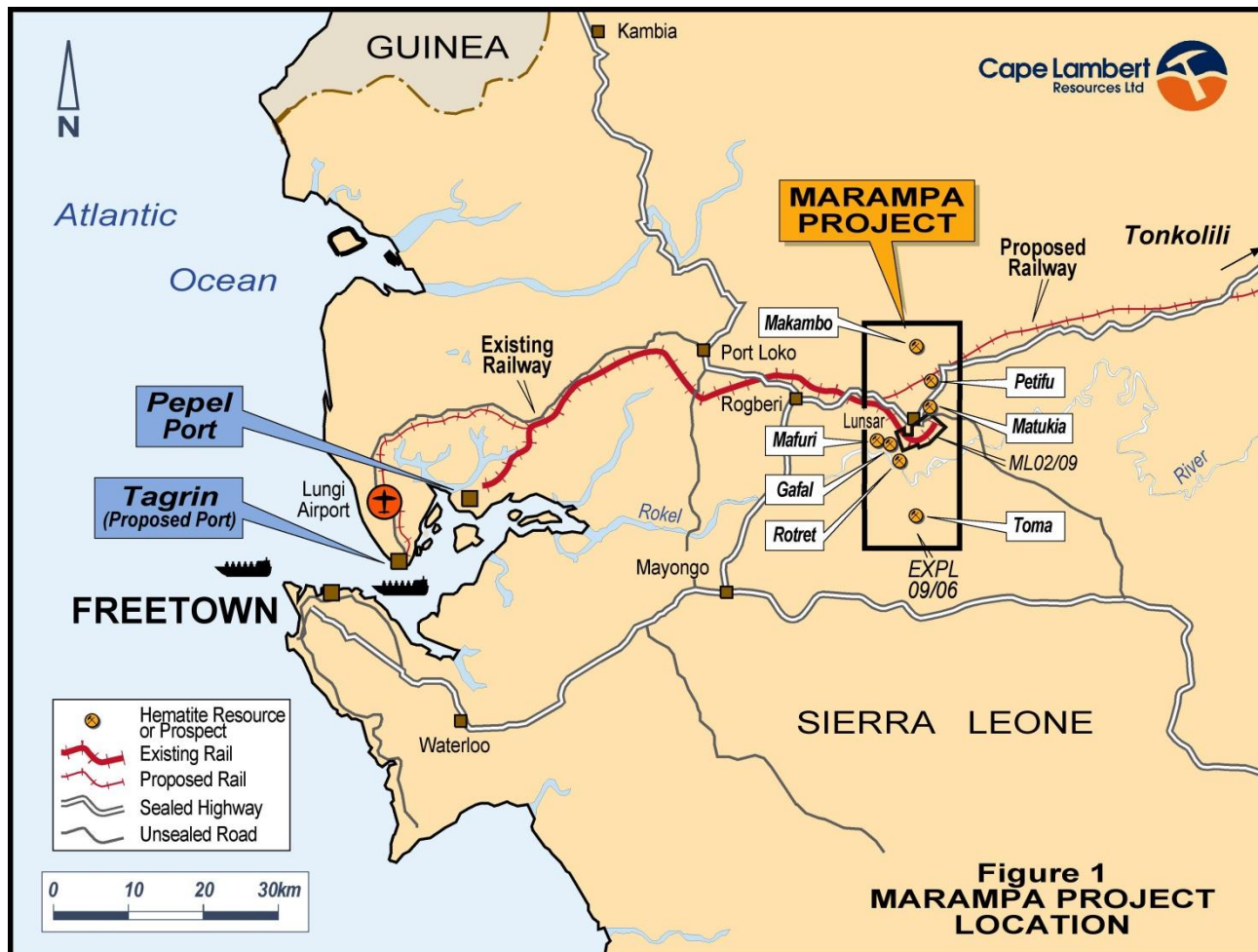


Table 1 - Mineral Resources at Marampa above a 15% cut-off grade

| Deposit | JORC Category | Tonnes | Grade (%) | | | | | |
|------------------------|---------------|------------|-------------|------------------|--------------------------------|-------------|-------------|------------|
| | | (millions) | Fe | SiO ₂ | Al ₂ O ₃ | P | S | LOI |
| Matukia | Indicated | 76 | 30.2 | 40.5 | 4.9 | 0.14 | 0.00 | 3.1 |
| | Inferred | 98 | 30.6 | 39.9 | 5.1 | 0.13 | 0.01 | 3.2 |
| | Total | 174 | 30.4 | 40.2 | 5.0 | 0.14 | 0.01 | 3.2 |
| Gafal (West & South) | Indicated | 55 | 29.6 | 41.5 | 5.1 | 0.13 | 0.00 | 3.0 |
| | Inferred | 195 | 26.2 | 47.0 | 6.7 | 0.19 | 0.01 | 2.2 |
| | Total | 250 | 27.0 | 45.8 | 6.3 | 0.18 | 0.00 | 2.4 |
| Mafuri | Indicated | 130 | 27.5 | 45.0 | 5.8 | 0.15 | 0.00 | 2.3 |
| | Inferred | 59 | 27.4 | 45.2 | 7.8 | 0.10 | 0.01 | 2.9 |
| | Total | 189 | 27.5 | 45.1 | 6.4 | 0.14 | 0.00 | 2.5 |
| Rotret | Inferred | 67 | 29.3 | 44.0 | 6.4 | 0.14 | 0.01 | 2.4 |
| Total Indicated | | 261 | 28.7 | 43.0 | 5.4 | 0.14 | 0.00 | 2.7 |
| Total Inferred | | 419 | 27.9 | 44.6 | 6.4 | 0.16 | 0.01 | 2.6 |
| Total | | 680 | 28.2 | 44.0 | 6.0 | 0.15 | 0.00 | 2.6 |

Table 2: Updated Scoping Study Production and Financial Metrics

| Updated Scoping Study Production and Financial Metrics | | |
|---|------------------|----------------|
| Mine Life | years | 21.6 |
| Mining | | |
| Waste Mined | Mt | 750.1 |
| Ore Mined | Mt | 555.3 |
| Waste to Ore Ratio | | 1.35 |
| Average Feed Head Grade | % Fe | 27.2 |
| Processing | | |
| Concentrate Produced | Mt | 210.7 |
| Overall Concentrate Yield | % | 37.9 |
| Concentrate Grade | % | 65 |
| Average Real FOB Iron Ore Sale Price | c/dmtu | 125.0 |
| Capital Cost - Stage 1 | US\$'M | 457.6 |
| Capital Cost – Stage 2 | US\$'M | 1,050.6 |
| Total Capital Cost | US\$'M | 1,508.2 |
| Stage 1 Operating Cost | US\$/t ore | 10.09 |
| | US\$/t Conc. FOB | 45.47 |
| Life of Mine Operating Cost | \$/t ore | 19.70 |
| | US\$/t Conc. FOB | 51.91 |
| Financial | | |
| Total Revenue | US\$'M | 17,063 |
| Total Cash Outflow | US\$'M | 14,200 |
| Net Cash Flow | US\$'M | 2,863 |
| Operating Cash Flow | US\$'M | 5,579 |
| After Tax NPV_{10%} | US\$'M | 1,001 |
| After Tax IRR | % | 34 |

Table 3: AIM Listing Advisors and Responsibility

| Advisor | Responsibility |
|--|---------------------------|
| Ambrian Partners Limited | Nominated Advisor (NOMAD) |
| Norton Rose | Legal Advisor |
| Grant Thornton Corporate Finance (Australia) | Corporate Advisor |
| Tavistock Communications | Public Relations |
| Grant Thornton UK LLP | Reporting Accountants |
| SRK Consulting (UK) | Competent Person |
| Opus Executive Partners | CEO Recruitment |