

MARAMPA IRON ORE SIGNS BINDING HEADS OF AGREEMENT FOR INFRASTRUCTURE ACCESS

- Provides access for Marampa iron ore concentrate to the operating Pepel rail and port facilities to enable the transport and export of 2Mtpa.
- Provides additional access to the proposed deep water port at Tagrin to enable the export of up to 16.5Mtpa of Marampa iron ore concentrate.
- Includes a pre-emptive right to match the sale terms if the Pepel rail and/or port facilities are offered for sale.
- Grants an option for the purchase of up to 2Mtpa of Marampa iron ore concentrate at the "mine gate" effectively increasing its Stage 1 transport infrastructure capacity to 4Mtpa.

Australian resources and investment company, Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert" or the "Company") is pleased to advise it has signed a binding Heads of Agreement ("HoA"), confirming access to key transport infrastructure related to the development of its 100% owned Marampa Iron Ore Project in Sierra Leone ("Marampa Project" or "Marampa").

The HoA between Cape Lambert and its wholly owned subsidiaries Marampa Iron Ore (SL) Limited and Marampa Iron Ore Limited, (collectively "CFE Group"), and AIM listed iron ore producer African Minerals Limited and its majority owned subsidiary African Railway and Port Services (SL) Limited ("ARPS") (collectively "African Minerals Group"), supersedes an initial infrastructure agreement between the parties signed on 1 October 2008 and a Term Sheet agreement reached on 15 July 2010.

The Marampa Project is proposed to be developed in two stages, defined by its access to transport infrastructure as follows:

- Stage 1 – 2.5Mtpa of hematite concentrate production with concentrate rail transport to the operating Pepel Port for export; and
- Stage 2 – a minimum 10Mtpa of hematite concentrate production with the incremental production pumped via pipeline to the proposed deep water port at Tagrin for export.

Stage 1 Development

Under the HoA, ARPS (which leases and operates the Pepel Railway that passes through, or close to, the Marampa Project), will provide the CFE Group with access to the Pepel Railway for the transportation by rail of up to 2Mtpa of iron ore concentrate from the Marampa Project ("Marampa Concentrate") to the operating Pepel Port.

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
689,108,792

Unlisted Options
7,800,000 (\$0.45 exp 30 Nov 2012)

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
International Goldfields Limited

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ARPS will also:

- provide the CFE Group with train sets to transport Marampa Concentrate to Pepel Port;
- make available to the CFE Group suitable infrastructure and materials handling facilities at Pepel Port with capacity to unload and stockpile up to 200,000wmt of Marampa Concentrate;
- arrange for stockpile reclaiming and loading of Marampa Concentrate onto transshipping vessels at Pepel Port; and
- arrange for transshipping of Marampa Concentrate to, and loading of, CFE Group arranged vessels for transport to market.

Prior to the commencement of Marampa-Pepel rail transport, the CFE Group will, at its own cost, design and construct a [34]km spur line from the Marampa Project to the Pepel Railway for the sole and exclusive use of the CFE Group.

The fees ARPS will charge the CFE Group for rail transportation, port handling, transshipping and ship loading of Marampa Concentrate will be at cost plus 20% on an open book basis.

Stage 2 Development

The HoA also provides for up to 16.5Mtpa of Marampa Concentrate to be exported from the proposed Tagrin Port development, ARPS - as the owner/operator of the proposed Tagrin Port - will provide (or undertakes to procure to provide) Marampa with an exclusive area at the Tagrin Port (as agreed by Marampa) sufficient for:

- construction of a dewatering plant and associated infrastructure;
- a dedicated 1 million tonne concentrate stockpile;
- dedicated stockpiling, reclaiming and ship loading facilities;
- dedicated material handling equipment and infrastructure together with a dedicated ship loading berth for Marampa vessels;
- stevedoring, customs clearance and all other services required for the load-out and export of Marampa Concentrate cargos; and
- supporting infrastructures including but not limited to office accommodation, ablution blocks, control centre, communication and lighting towers, power and water reticulation.

Similarly, the fees ARPS will charge the CFE Group will be at cost plus 20% on an open book basis.

Pre-Emptive Right to Purchase Pepel Railway and Pepel Port

The HoA also provides that if ARPS wishes to sell, assign or transfer all or part of its interests in the Pepel Railway and/or Pepel Port, ("Pepel Infrastructure") then ARPS must notify the CFE Group of the sale terms, and the CFE Group has 30 business days to match the sale terms to acquire the Pepel Infrastructure.

Option to Purchase Marampa Concentrate at “Mine Gate”

The CFE Group has also granted the African Minerals Group an option to purchase at “mine gate” up to 2Mtpa of Marampa Concentrate for a period of three years commencing at the commencement of Stage 1 production. Mine gate sale price will be based on Platts 62% Fe CFR North China, adjusted upward for iron units and netted back for freight costs.

The option, if exercised by the African Minerals Group, provides the CFE Group with effective Stage 1 transport infrastructure capacity of 4Mtpa, which will be factored into the Stage 1 concentrator design to enable over production.

The Marampa Project is located in the Port Loko District, 90km northeast of Freetown. It is connected to the existing deep water port, ship loader and stockpile area at Pepel by approximately 74km of rail infrastructure.

The Marampa Project has a current 680 million tonne JORC compliant mineral resource (38% Indicated). A 10Mtpa Scoping Study was completed in September 2011 which confirmed the Marampa Project had robust financial metrics with an ungeared (100% equity) after tax NPV 10% of US\$1 billion, an internal rate of return of 34% and after tax cash flows of US\$2.86 billion (refer ASX Announcement dated 20 September 2011).

Cape Lambert has commenced preparation for the process of pursuing an Initial Public Offering (“IPO”) and listing of Marampa on the AIM board of the London Stock Exchange. Consistent with the Company’s business model, whilst the Company has been progressing the IPO process, it has responded, and continues to respond, to interest received from third parties in respect to a sell down of its interest in the Marampa Project via an asset sale. The Company anticipates making an announcement regarding the IPO in the next 7 days.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

The content of this announcement relating to exploration results and mineral resources is based on information compiled by Olaf Frederickson, a Member of the Australasian Institute of Mining and Metallurgy. Mr Frederickson 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 Frederickson consents to the inclusion in this announcement of the matters compiled by him in the form and context in which they appear.