

CAPE LAMBERT TO SELL LEICHHARDT PROJECT FOR A\$25 MILLION CASH

Key Points:

- Cape Lambert to sell the Leichhardt Copper Project for A\$25 million cash.
- Completion of sale expected to occur by mid-end July 2012.
- Funds raised will be applied to development of its portfolio of assets, predominately iron ore in West Africa.

Australian resources and investment company, Cape Lambert Resources Limited (ASX: CFE) (Cape Lambert or the Company) is pleased to announce it has entered into a binding terms sheet to sell its wholly owned subsidiary Cape Lambert Leichhardt Pty Ltd, the holder of the Leichhardt Copper Project located 100km north east of Mt Isa, in consideration for A\$25 million cash (Transaction).

Cape Lambert Executive Chairman, Mr Tony Sage, said "the cash sale of the Leichhardt Copper Project for A\$25million is another successful execution of our strategy of acquiring and investing in undervalued and/or distressed mineral assets and companies, adding value to those assets through a hands on approach to management, exploration and evaluation to enable us to convert them into cash at a multiple."

"It will add to the Company's liquid asset position which, at 31 March 2012 was in excess of \$230 million, comprising cash, receivables¹ and other liquid assets."

"The Company will apply the funds raised through the sale of this asset to the development of its portfolio of assets, predominately iron ore in West Africa."

Completion of the Transaction is subject to and conditional on due diligence to the satisfaction of the purchaser, execution of formal documentation and all governmental and third party consents and authorisations being obtained in respect of the Transaction. Formal documentation is expected to be executed in the coming weeks with completion of the Transaction scheduled for mid-late July 2012.

The Leichhardt Copper Project comprises a copper cathode process plant capable of producing 9,000 tpa of copper cathode and surrounding landholding. The Company acquired the Leichhardt Copper Project in August 2010 from Matrix Metals Limited (Receivers and Managers, and Administrator Appointed) for A\$7.75million. The Leichhardt Copper Project, which has an existing cathode off

¹ Includes A\$80 million, the recovery of which is subject to legal action the Company has taken against China Metallurgical Group Corporation (MCC).

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

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

take agreement with Glencore International AG, has been on care and maintenance since its acquisition by the Company.

Pursuant to the terms of the binding terms sheet, the consideration payable by the purchaser for the acquisition of the Leichhardt Copper Project is:

- (a) A\$10million payable to the Company on settlement of the Transaction; and
- (b) A\$15million payable to the Company on 31 January 2014 (**Second Tranche**).

The purchaser is proposing to refurbish the Leichhardt Copper Project to produce copper cathode using its knowhow and contractors (**Refurbishment**). The purchaser shall prepare and provide to the Company a Refurbishment plan, which shall be agreed with the Company prior to the commencement of the Refurbishment for the purpose of measuring any cost overruns. If the Refurbishment cost is more than A\$12million, the Company will be responsible for any cost overruns to a maximum of 20% (ie \$2.4million). Any escalation over A\$12million (up to a maximum of A\$2.4million) shall be deducted from the Second Tranche if the cost is incurred prior to 31 January 2014.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman