

PROGRESS IN RESPECT OF TAX ASSESSMENTS AND UPDATE ON MARAMPA IPO

Cape Lambert Resources Limited (ASX: **CFE**) (**Cape Lambert** or the **Company**) advises that, further to its announcement dated 18 May 2012, the Company, together with its tax and legal advisors, met with an Assistant Commissioner from the Australian Taxation Office (**ATO**) on 29 May 2012 (**ATO Meeting**).

The purpose of the ATO Meeting was to determine a path to resolution in respect of the Notice of Amended Assessment and associated Penalty Notice issued to the Company by the ATO (**Amended Assessment**). The Company's announcement dated 18 May 2012 details the amount of the Amended Assessment and the nature of the issues giving rise to it.

At the ATO Meeting it was agreed that the parties would continue to discuss the issues underlying the Amended Assessment with a view to achieving a resolution. No recovery action by the ATO in relation to the Amended Assessment is anticipated pending the outcome of these discussions.

Although it remains optimistic of a resolution through ongoing discussions, Cape Lambert has advised the ATO that it strongly contests all the amounts assessed and, if the issues cannot be resolved in further discussions, Cape Lambert will vigorously defend its position, which will include lodging an objection in relation to the Amended Assessment.

Commenting on the issues, Cape Lambert Executive Chairman, Mr Tony Sage, said "Cape Lambert has previously stated its intention to resolve the issues arising from the Amended Assessment and to engage cooperatively and commercially with the ATO to that end. The Company considers that it has at all times adopted a reasonable position with regards to these issues and remains optimistic that the issues can be resolved."

As it may be some time before the outcome of discussions with the ATO and possible lodgment of objections is known, Cape Lambert has requested that trading in its securities be resumed with effect from 1 June 2012. The Company will continue to keep shareholders informed of relevant developments.

Update on Marampa IPO

The Company has previously announced that it had commenced the process for pursuing an Initial Public Offering and listing of the Marampa iron ore project on the AIM market of the London Stock Exchange (**Marampa IPO**).

Having regard to the current uncertainty, and volatile nature of world capital markets, the Company has deferred commencing the Marampa IPO until at

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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least September 2012 following the London Olympics and summer holidays in the northern hemisphere.

However, consistent with its business model, during this deferral period, the Company will continue to respond to interest received from third parties in respect to a possible asset level sale of Marampa.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman