31 October 2012

QUARTERLY REPORT – 30 September 2012

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 September 2012.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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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HIGHLIGHTS

Corporate

- At 30 September 2012, the Company had approximately A$75.6million in cash at bank.
- Discussions with the Australian Taxation Office ("ATO") in respect to the underlying issues of the Notice of Amended Tax Assessment and Penalty Notice continued. No recovery action instigated by the ATO in respect to the amounts claimed in the notices.
- Dispute between the Company and MCC Australia Sanjin Mining Pty Ltd and its parent company, Metallurgical Corporation of China Limited in respect to the final A$80 million payment has been referred to Singapore for arbitration. Decision by the Supreme Court to not require the A$80million to be deposited into an escrow account pending the determination of the dispute in Singapore has been appealed.
- Due diligence for the sale of the Leichhardt Copper Project was delayed due to the late site visit of the buyer. The sale agreement is being negotiated and expected to be finalised in Q4 2012.

Projects

Marampa Iron Ore Project

- Hole MPDD135 in the recent metallurgical drill program was drilled to 430m depth and contained continuous mineralisation from 100m – 430m averaging 30% Fe over the interval. The hole penetrated to 80m below the base of the reported resource and finished in mineralisation, highlighting the depth potential of the Marampa deposit and the possibility to increase the overall resource.
- The Marampa Project's environmental impact assessment study was lodged with the authorities on 18 October 2012, to commence the environmental permitting process. The mining licence application will be lodged in Q4 2012.

Rokel Iron Ore Project

- Completed trenching at Kumrabai has confirmed SQS mineralisation over a strike length of >7km.

Australis Exploration – Phosphate

- Soil sampling in the Northern Territory phosphate project identified a coherent 2km by 1km P_2O_5 soil anomaly coincident with the postulated margin of the Georgina Basin and sediments of the prospective Wonorah Formation.

CORPORATE

Strategy and Business Model

Cape Lambert Resources Limited ("Cape Lambert" or the "Company") (**ASX: CFE**) is an Australian domiciled, resources and investment company, with interests in a number of resource projects and companies.

Through strategic acquisitions and subscriptions to convertible notes the Company has exposure to iron ore, copper, gold, uranium and phosphate assets in Australia, Greece, Africa and South America (refer Figure 1).

The Company's strategy is to acquire and invest in undervalued and/or distressed mineral assets and companies ("Assets"), and to add value to those Assets through a hands on approach to management, exploration and evaluation to enable the Assets to be converted into cash at a multiple, and to retain exposure to the Assets through a production royalty and/or equity interest. As Assets are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

Legal Action and Disputes

ATO Notice of Amended Tax Assessment and Associated Penalty Notice

In May 2012, the Company received a Notice of Amended Assessment from the Australian Taxation Office ("ATO"), together with an associated penalty notice ("Amended Assessment"). The Amended Assessment results from an audit by the ATO and relates to a number of issues which the Company disputes. The additional income taxes payable that have been assessed by the ATO primarily relate to the following key matters:

- The ATO has assessed that income tax should have been paid in 2009 on the fair value of the contingent receivable due from MCC and have determined a fair value of $56,300,000 (tax effect of $16,890,000) for this purpose.

- The ATO has assessed that deductions claimed for exploration arising from the acquisition of the Lady Annie and Lady Loretta projects in the 2009 year of $137,526,510 (Tax effect of $41,257,953) were not immediately deductible against 2009 taxable income. These deductions would then be realized in subsequent years when these projects were sold; and

- Following the adjustments above, the ATO have also assessed other adjustments that give rise to an increase in carried forward tax losses amounting to $1,684,128 (tax effect of $505,238).

Discussions of the issues underlying the Amended Assessment with the ATO Assistant Commissioner continued during the quarter with a view to achieving a resolution. The ATO confirmed that any recovery action in respect of the disputed Amended Assessment would be deferred until 31 October 2012.

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

MCC Legal Action

On 8 September 2010, Cape Lambert announced that it had commenced legal action against MCC Australia Sanjin Mining Pty Ltd ("MCC Sanjin"), and its parent company Metallurgical Corporation of China Limited (collectively "MCC") to recover the final A$80 million payment from the sale of the Cape Lambert magnetite iron ore project in mid-2008 pursuant to an agreement between the parties ("MCC Agreement"). In accordance with the terms of the MCC Agreement, Cape Lambert received payments totalling A$320 million in 2008, with the final payment due on the grant of mining approvals, or if MCC has not used its reasonable endeavours to procure the mining approvals, within two years.

Legal proceedings were instigated in the Supreme Court of Western Australia after discussions between MCC and Cape Lambert to resolve the non-payment proved unsuccessful.

In August 2012, the Court made orders, inter alia, for the dispute to be determined by an arbitrator in Singapore and for the Company to propose (such proposal to be consented to by the MCC parties) that the dispute between the Company and MCC China (in respect to the payment of A$80million into an escrow account pending determination of the primary dispute) be heard and determined by the arbitrator prior to the hearing of the disputes between the Company and MCC Sanjin.

The Company has referred the dispute to arbitration in Singapore and has appealed the orders made by the Supreme Court.

Leichhardt Copper Project

During the June quarter 2012, the Company 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$25million cash. Completion of the sale 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 (refer ASX announcement 11 May 2012).

Due diligence was expected to be completed by mid to late August 2012 with the completion of the transaction expected in mid-September 2012, however the due diligence period has taken longer than expected due to the purchaser delaying their visit to the site.

The Company is currently negotiating the terms of the sale, which is expected to be finalized and announced in the coming quarter.

PROJECTS

Marampa (100% interest)

Marampa is a hematite iron ore project at development and permitting stage, and is located 90km northeast of Freetown, Sierra Leone, West Africa ("Marampa" or "Marampa Project") (refer Figure 2). Marampa comprises a 305.18km^2 granted exploration licence (EL46/2011) held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

Marampa has a total JORC Mineral Resource of 680 million tonnes ("Mt") at 28.2% Fe (above a cut-off grade of 15% Fe) covering four deposits (Gafal, Matukia, Mafuri and Rotret) (refer ASX Announcement 7 July 2011).

Exploration

Recommendations from the SRK (Australasia) Pty Ltd ("SRK") geological and structural review completed during Q1 2012 were assessed and have resulted in the design of follow up exploration programs. The report identified an alternate location for the southern limb of the Mafuri synform further south than initially modeled, evidence of an untested magnetic anomaly on the north western side of Mafuri, conjecture in regard to the location of the fold closure and location of the associated hangingwall and or footwall in the Gafal West area, and extension of the Rotret antiform limb further south.

A drill hole proposal to test the Mafuri and Gafal West alternate interpretations has been prepared. Detailed mapping and line clearing ahead of the proposed drilling is underway in both areas and samples of specular hematite (SQS) float have been identified. Further detailed mapping and completion of the proposed drilling is required to ascertain the existence of in-situ SQS mineralisation. If SQS is confirmed, additional definition drilling will be planned and completed in due course.

A total of 13 lines have been cleared for 1.7 linear km over a strike length of 2.4km in the area south of Mafuri.

Drilling

No exploration drilling was conducted during the quarter. Two drill programs were prepared for the purposes of sterilisation of the proposed waste dump locations and to investigate alternate structural interpretations and the location of conjectured fold closures in the Mafuri – Gafal area. Drilling will be completed during Q4 2012.

Assays were received from holes drilled as part of a metallurgical program during the June 2012 quarter. The holes were designed with the dual purpose of obtaining additional core samples for metallurgical test work, and to provide additional information for structural interpretation.

In the Gafal South area, hole MPDD135 was drilled to 430m depth and contained continuous mineralisation from 100m to 430m averaging 30.0% Fe over that interval. This is the deepest hole drilled in the area to a vertical depth of -280mRL, which is 80m below the base of the quoted resource. The hole finished in mineralisation and highlights the untested depth potential of mineralisation for Marampa and the possibility to increase the overall resource (Figure 3). Drill hole locations and assay results are shown in Figure 4 and Table 1A respectively. Significant intercepts from the metallurgical drilling program received during the quarter are:

- MPDD135: 329.8m at 30.0% Fe from 100m;
- MPDD136: 100m at 28.4% Fe from 18m;
- MPDD138: 82m at 34.7% Fe from 156m;
- MPDD140: 70m at 37.4% Fe from surface;

- MPDD142: 78m at 32.3% Fe from surface;
- MPDD143: 200.2m at 35.9% Fe from surface;
- MPDD144: 100m at 38.7% Fe from surface; and
- MPDD167: 34.6m at 47.5% Fe from surface.

Samples from a water monitoring program drilled during August 2011 were assayed during the quarter. A complete list of results is included in Table 1B and significant assays include:

- MPMW009: 130m @ 38.3% Fe from surface; and
- MPMW013A: 132m @ 39.2% Fe from surface.

Metallurgy

Metallurgical test work continued during the quarter, which is inclusive of evaluation of metallurgical variability of oxide and fresh ore types at each of the resource deposits. The program also includes assessment of comminution response, amenability to wet scrubbing for the near-surface oxide ore, response to locked cycle Wet High Intensity Magnetic Separation ("WHIMS") tests, as well as material handling property evaluations, filtration testing and transportable moisture limit determinations.

The results of completed locked cycle testing on a fresh ore composite sample from Rotret and an oxide sample from Gafal are presented in Table 2.

Table 2: Results from Locked Cycle Testing

Composite Sample	Feed Grade % Fe	Concentrate Grade					Mass Recovery %	Iron Recovery %
		Fe %	SiO_2 %	Al_2O_3 %	P %	S %		
Rotret Fresh	28.0	65.0	3.01	1.04	0.008	0.007	37.3	86.6
Gafal Oxide	25.4	66.2	1.93	1.51	0.023	0.009	30.9	80.2

Technical Studies

A 15Mtpa Scoping Study, which evaluates an increase in concentrate production from the previously evaluated 10Mtpa Scoping Study, was completed by independent, engineering group Bateman Engineering Pty Ltd ("Bateman") (refer ASX Announcement 5 October 2012).

The 15Mtpa Scoping Study was based on a staged development, with Stage 1 mining and processing the softer oxide ores at a planned rate of 2.5Mtpa of concentrate production. The Stage 2 expansion increases concentrate production to 15Mtpa within 18 months of commissioning Stage 1, resulting in a 15 year mine life based on the current mineral resource inventory.

The Stage 1 capital investment was estimated at US$435M whilst the Stage 2 expansion was estimated at US$1,927M. The Stage 1 operating costs were estimated at US$45 per tonne of concentrate, free on board ("FOB"), with an average life of mine operating cost of US$46 per tonne FOB.

The 15Mtpa Scoping Study base case (at $US100/t FOB sale price) returned robust financial metrics including an ungeared (100% equity) after tax $NPV_{10\%}$ of US$1.56 billion, an internal rate of return of 26.2% and after tax cash flows of US$5.99 billion (refer ASX Announcement 5 October

2012). Pursuant to the terms of the Infrastructure Agreement between wholly owned subsidiaries Marampa Iron Ore (SL) Limited and Marampa Iron Ore Limited and AIM listed African Minerals Limited and majority owned subsidiary African Railway and Port Services (SL) Limited ("AML") (refer ASX Announcement dated 16 April 2012), AML have an option to purchase 1.84Mtpa of concentrate from the Marampa mine gate for the first 3 years of operation. If this option is exercised then the financial metrics improve to an after tax $NPV_{10\%}$ of US$1.65 billion, an internal rate of return of 28.5% and after tax cash flows of US$5.95 billion.

A Fast Track development option was also evaluated by Bateman, which would enable production to commence 1 year earlier than that proposed in the 15Mtpa Scoping Study and would improve the Base Case after tax $NPV_{10\%}$ to US$1.69 billion and the Mine Gate Sales after tax $NPV_{10\%}$ to US$1.82 billion.

Environmental and Social Impact Assessment

Additional environmental baseline surveys were completed during the quarter, which included:

- River hydrology studies; and
- A post wet season rural livelihoods survey.

The project's Environmental and Social Impact Assessment (ESIA) study was completed during the quarter and lodged with the relevant Sierra Leone authorities on 18 October 2012. Public consultation meetings for the ESIA permitting process will commence during October 2012, with a target of the project achieving its environmental licence in Q4 2012.

Mining Licence

Preparation of the Mining Licence application commenced during the quarter, which will be lodged with the authorities during Q4 2012.

Pinnacle (100% interest)

The key Pinnacle assets are the Kukuna Iron Ore Project located in Sierra Leone ("Kukuna Project" or "Kukuna") and the Sandenia Iron Ore Project located in the Republic of Guinea ("Sandenia Project" or "Sandenia") (refer Figure 2).

Kukuna Project – Sierra Leone

The Kukuna Project is located 120km northeast of Freetown in the northwest of Sierra Leone and consists of one exploration licence covering 68km^2 (refer Figure 2). The license is located 70km due north of the Marampa Project and the Pepel Infrastructure and comprises rocks that correlate with the Marampa Group stratigraphy known to host specular hematite mineralisation.

Exploration

Focus was placed on consolidating all of the existing information for review and assessment to aid in the development of a future exploration strategy for the district.

A consolidated report of work completed on the Kukuna Project has been prepared, covering the regional mapping undertaken by SRK, Induced Polarisation geophysical survey data, scout drilling and trenching results and available mapping. This report and the recommendations are currently under review.

Drilling and Trenching

No trenching or drilling activities occurred during the quarter. A revised sampling program was designed and completed for the purpose of testing the mineralisation potential of a transported

sedimentary unit intersected in the trenches throughout the district. This was identified as a potential ore source by high grade trench assay results and the observation of SQS fragments within logged transported material.

Approximately 325 kg of material was taken from vertical channel samples in 6 trenches and dispatched to the Amdel Laboratory in Perth WA for initial sighter metallurgical test work. The material sampled lies between the base of the laterite and the top of the weathered bedrock.

Metallurgy

Visual inspection of the 6 trench samples of transported sedimentary material showed that it contains very little specular hematite and therefore sighter WHIMS tests achieved little improvement in iron grades. It is likely that gravity or dense media separation may be needed to up-grade this material to saleable product grades. This will be investigated at a later date.

Sandenia Project – Guinea

The Sandenia Project is located 290km east northeast of Conakry in the central south of the Republic of Guinea and comprises two exploration permits covering 608km^2 (refer Figure 2). The Sandenia permits contain Banded Iron Formation (BIF) prospective for iron mineralisation, similar to those hosting the 6.16Bt Kalia deposit owned by Bellzone Mining plc located on the contiguous permit to the north.

Exploration

As part of a trenching program, ongoing geological mapping is incorporated to identify and refine exploration targets with more precision. From this mapping, an additional trench was proposed based on an identified BIF outcrop and a planned trench (SPTR07) was relocated for the same reason.

Trenching

A total of 942 metres of trenching and pitting was completed during the quarter. This brings the total length of material excavated since trenching commenced in October 2011 to 1,286 metres. BIF was intersected in the majority of trenches, and a complete list of results is included in Table 3. Significant intercepts received during the quarter are:

- SATR004B: 20m at 34.3%;
  26m at 31.7%;
- SATR005B: 66m at 32% Fe;
- SATR006A: 80m at 32.8% Fe;
  32m at 31.9% Fe; and
- SATR006B: 12m at 23.2% Fe.

Metal Exploration Limited (100% interest)

Metal Exploration (Mauritius) Limited, a wholly owned subsidiary of Cape Lambert, holds 15 granted exploration licenses in Sierra Leone covering approximately 2,386km^2. This land package covers the region 70km to the north and south of Marampa and is referred to as the Rokel Iron Ore Project ("Rokel" or "Rokel Project"). Rocks from the Marampa Group ("Rokotolon Formation") exist throughout the licenses, much the same as the Marampa Project and are known to host specularite schist bearing units.

Rokel Iron Ore Project (100% interest)

The Rokel Project is prospective for discovery of hematite schist deposits geologically similar to those at Marampa and is located proximal to the existing Pepel Infrastructure (refer Figure 2). Regional mapping and geophysics has identified a number of prospective areas which are progressively being followed up with targeted exploration.

Exploration

Kumrabai Prospect

The Kumrabai Prospect (EL20/2011) is located due east of Marampa within the Rokotolon Formation. Trenching has been conducted over an identified magnetic anomaly and has intersected SQS over a >7km strike length.

A draft internal exploration report for work undertaken to date has been prepared and is currently under review. The report covers the regional mapping undertaken by SRK, Induced Polarisation geophysical surveys, trenching and mapping activities.

Karina Prospect

The Karina Prospect (EL17/2011) is approximately 2 km north east of Lunsar, where SQS float was identified from regional mapping undertaken in February 2012 by SRK. Karina is a sub parallel prospect to the north east of the Kumrabai Prospect on the eastern edge of the Rokotolon Formation within a historically mapped specularite schist unit.

Over 62km of lines have been cut and mapped over a strike length of approximately 14km.

Bumbe Prospect

The Bumbe Prospect (EL17/2011) is approximately 1.5km north of Lunsar, and was identified during the regional mapping undertaken by SRK in February 2012. SQS mineralisation was observed in an old pit excavated by DELCO and from limited outcrops. The majority of the mapped area is within low lying alluvial plains, with limited or no outcrop. Surface indications are restricted to float and clasts of SQS in laterite and structural measurements taken in the prospect suggest an overall strike of 130º.

A plan showing the three prospects is shown in Figure 5.

Trenching, Sampling and Assaying

Kumrabai Prospect

No further trenching was completed or planned during the quarter. Significant assays received during the quarter from trenching to date include (Figure 6 for trench location plan):

- METR019: 47.1m at 27.9% Fe;
- METR020: 124m at 24.0% Fe;
- METR021: 48.5m at 29.2% Fe;
- METR023: 54m at 27.5% Fe;
- METR024A: 62.6m at 32.6% Fe;
- METR025: 54m at 29.6% Fe;
- METR026B: 110.2m at 24.7% Fe; and
- METR029B: 21.7m at 35.2% Fe.

Karina Prospect

During the quarter 8 pits were excavated in the most promising areas where either SQS float or SQS fragments in laterite were observed. The dominant lithology intersected was laterite and no SQS was intersected.

Bumbe Prospect

During the quarter, 14 pits were excavated in the Bumbe vicinity. Five of the pits intersected SQS as the dominant lithology and an additional two contained laterite with traces of SQS. A total of 8 samples from 4 pits were taken and submitted for assay with three of the four pits returning results of >30% Fe.

A complete list of all trench and pit assays for the Rokel Iron Ore Project is included as Table 4.

Australis Exploration Limited (100% interest) ("Australis")

Australis holds a portfolio of mineral rights, tenements and subsidiaries which presently comprise:

- Nine granted Exploration Licences totalling 3,100km^2 in the east of the Northern Territory, considered prospective for rock phosphate;
- Fifteen granted Exploration Permit Minerals ("EPM") in North Queensland over 5,700km^2, prospective for rock phosphate mineralisation; and
- 100% of Mojo Mining Pty Ltd, which holds 15 granted EPM's ("Mojo Project" or "Mojo") totalling approximately 1,770km^2, centred on the township of Boulia, Queensland and prospective for large Mt Isa style base metal mineralisation beneath cover sediment.

Exploration

Work conducted in the September quarter comprised soil sampling programs on the Exploration Licences (EL's) in the Northern Territory, a review of the Australis tenement package and the commencement of drilling on one of the Mojo tenements.

Phosphate

Targets generated initially using geophysics, previous exploration and regional geology were refined to select areas of interest for reconnaissance exploration. Preliminary field work used a hand held XRF to determine sites requiring soil sampling.

Initial regional geochemical soil sampling focussed on these areas and samples were taken using a basic cross grid with 100m intervals between sample points. All samples were submitted to ALS Laboratories in Mt Isa for analysis using ME-ICP61 and ME-XRF24, designed to target low level phosphate.

Soil sampling undertaken during the quarter had a total of 31 target areas visited and sampled. One sample site (EL 26310) returned significant anomalous assays over background. This location was subsequently followed up and sampled on a square 2km x 2km grid with samples at 400m intervals. The soil sampling has identified a coherent, 2 km long by 1 km wide, + 1000ppm P_2O_5 soil anomaly (Figure 7) located on the postulated margins of the Georgina Basin associated with rocks of the prospective Wonorah Formation. This anomaly is open to the south east and further follow up work is planned in the next quarter.

Base Metals

A ground gravity survey conducted late in 2011 identified theoretical locations where proterozoic basement rocks were <500m below surface. Two stratigraphic drill holes were designed to test

these locations where there were coincident magnetic anomalies with interpreted major structural features.

Drilling of the two priority geophysical anomalies on one of the Mojo tenements (EPM 15694) has commenced. The holes have been designed to test the geophysical and geological models for this area to determine if the basement rocks underlying the Mojo tenements have the potential to host Mt Isa style mineralisation. Drilling should be completed in late October with results expected late next quatrer.

A review of all the Australis tenements in Queensland has been undertaken, with a view to rationalise the tenement package. To date 9 of the 15 Australis tenements in Queensland have been identified for relinquishment, which will occur in the December 2012 quarter.

Leichhardt Copper Project (100% interest) ("Leichhardt")

Leichhardt, which is currently on care and maintenance, is located approximately 100km northeast of Mt Isa in the highly prospective Eastern Succession of the Mt Isa Inlier and is presently under a due diligence process for its sale.

Exploration

No work was conducted or completed on the Leichhardt Project during the quarter.

Environmental

A temporary environmental program associated with the construction of a new storm water pond was approved by the Department of Environment and Heritage Protection ("EHP") during the quarter, however the approval included a condition to lodge an additional financial assurance of $3.6M. The Company subsequently lodged a request for an internal review of this condition late in the quarter, as it was not considered to be a valid. EHP issued a decision on the internal review during October 2012 upholding the imposition of the condition. The Company intends to lodge an appeal against this decision during the December 2012 quarter.

Competent Person:
The contents of this Report relating to Exploration Results are based on information compiled by Dennis Kruger, a Member of the Australasian Institute of Mining and Metallurgy. Mr Kruger is a consultant to Cape Lambert and has sufficient experience relevant to the style 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 Kruger consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

Competent Person:
The contents of this Report relating to Mineral Resources and Ore Reserves are 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 and has sufficient experience relevant to the style 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 report of the matters compiled by him in the form and context in which they appear.

Competent Person:
The information in this Report that relates to Metallurgical Test Results is based on information reviewed and compiled by Mr Mike Wardell-Johnson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Wardell-Johnson is a consultant to Cape Lambert and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Wardell-Johnson consents to the inclusion in this report of the information in the form and context in which it appears.

Figure 1: Group Structure September 2012

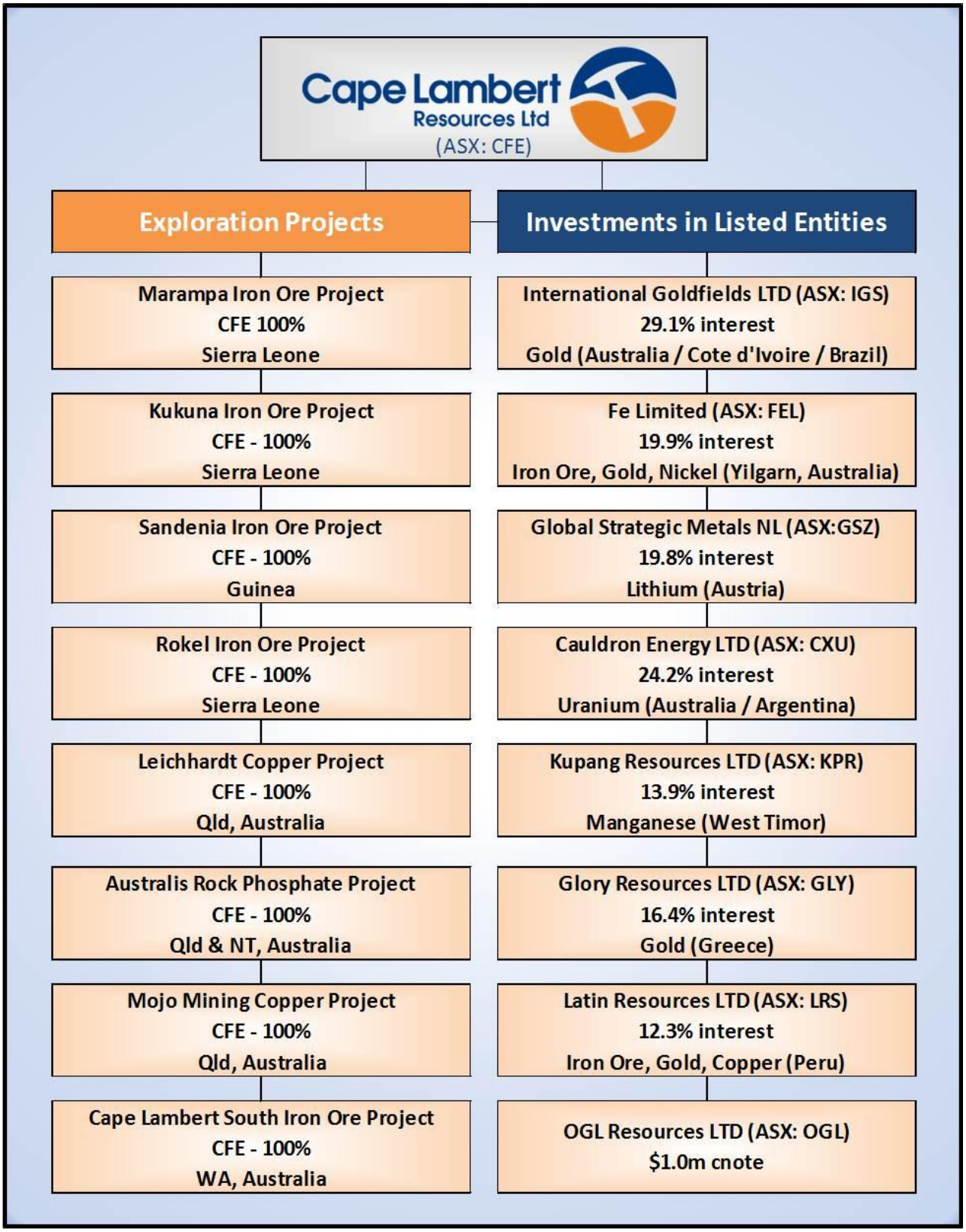

Figure 2: Cape Lambert West African Iron Ore Interests

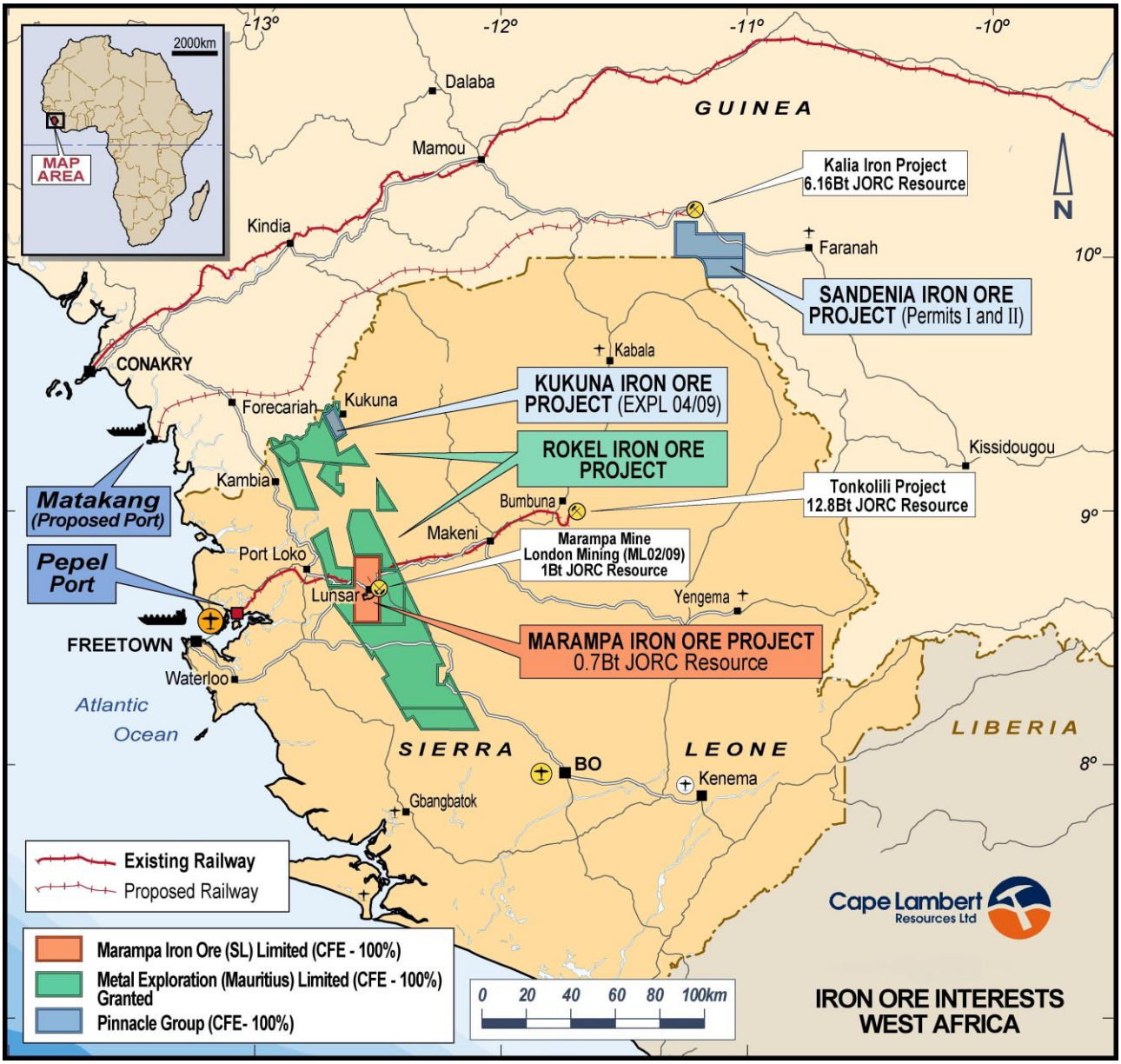

Figure 3: Gafal South Metallurgical Hole Cross Section

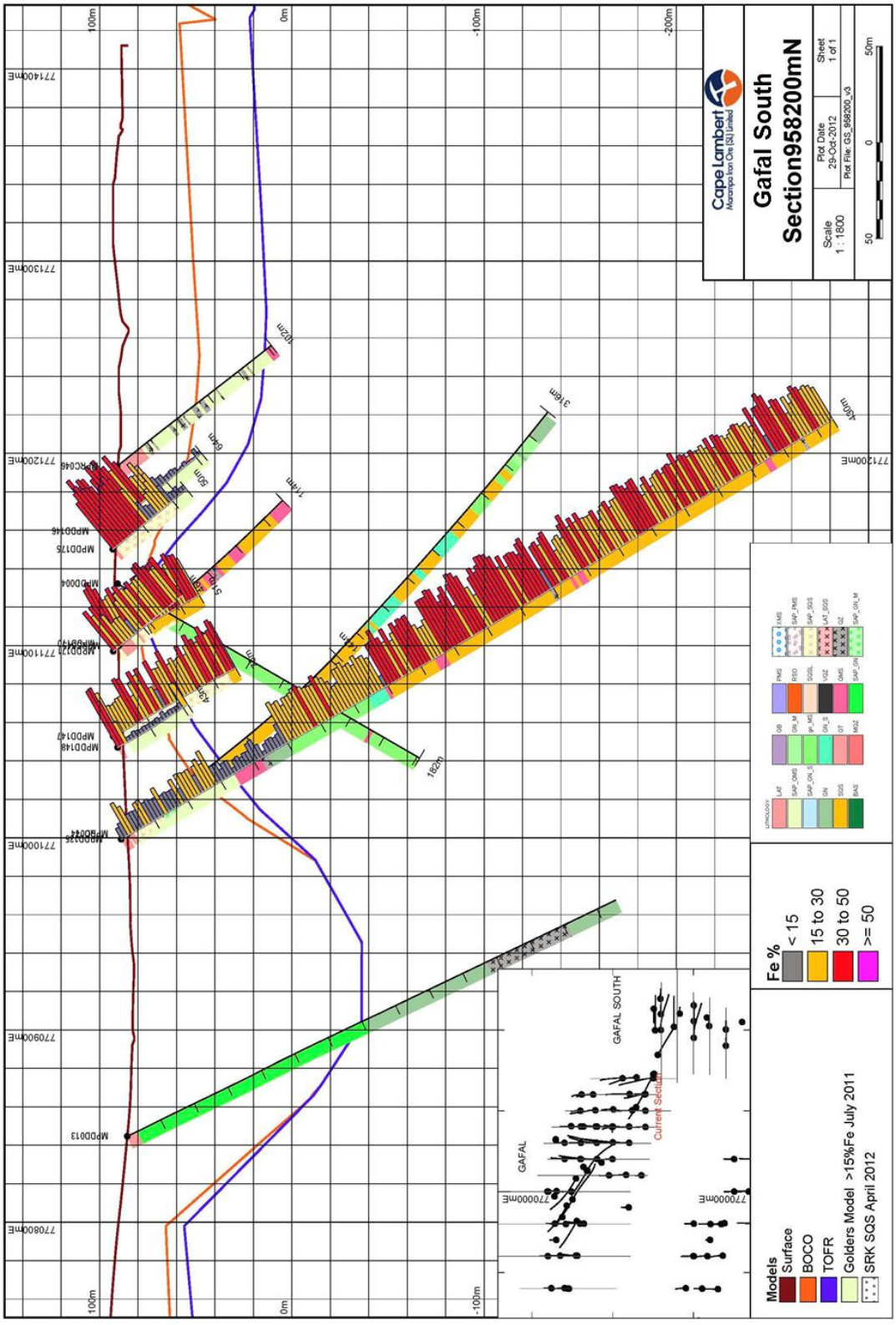

Figure 4: Marampa Metallurgical Drill Hole Location Plan

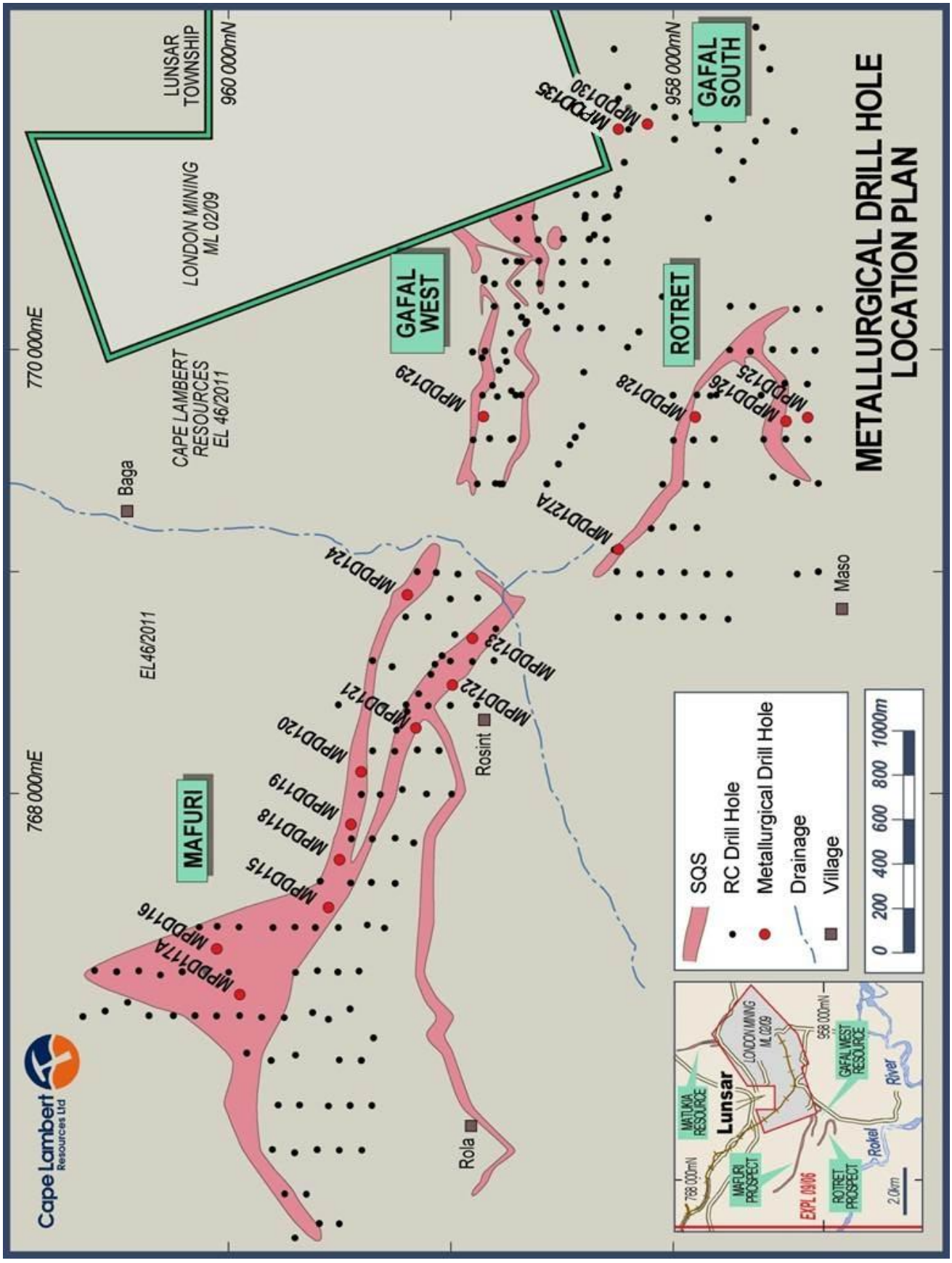

Figure 5: Rokel Prospects – Kumrabai, Karina and Bumbe.

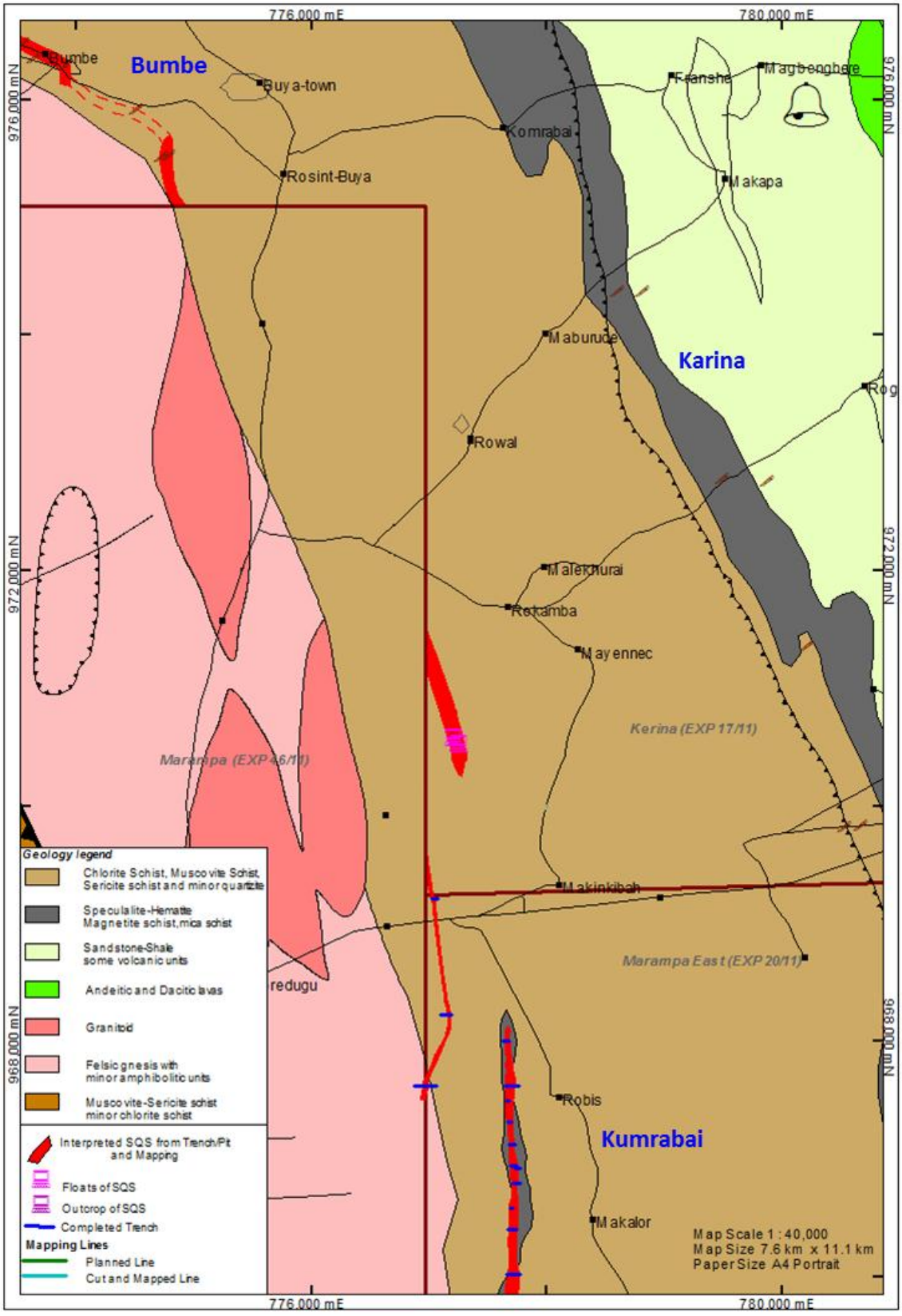

Figure 6: Kumrabai Prospect Trench Location Plan

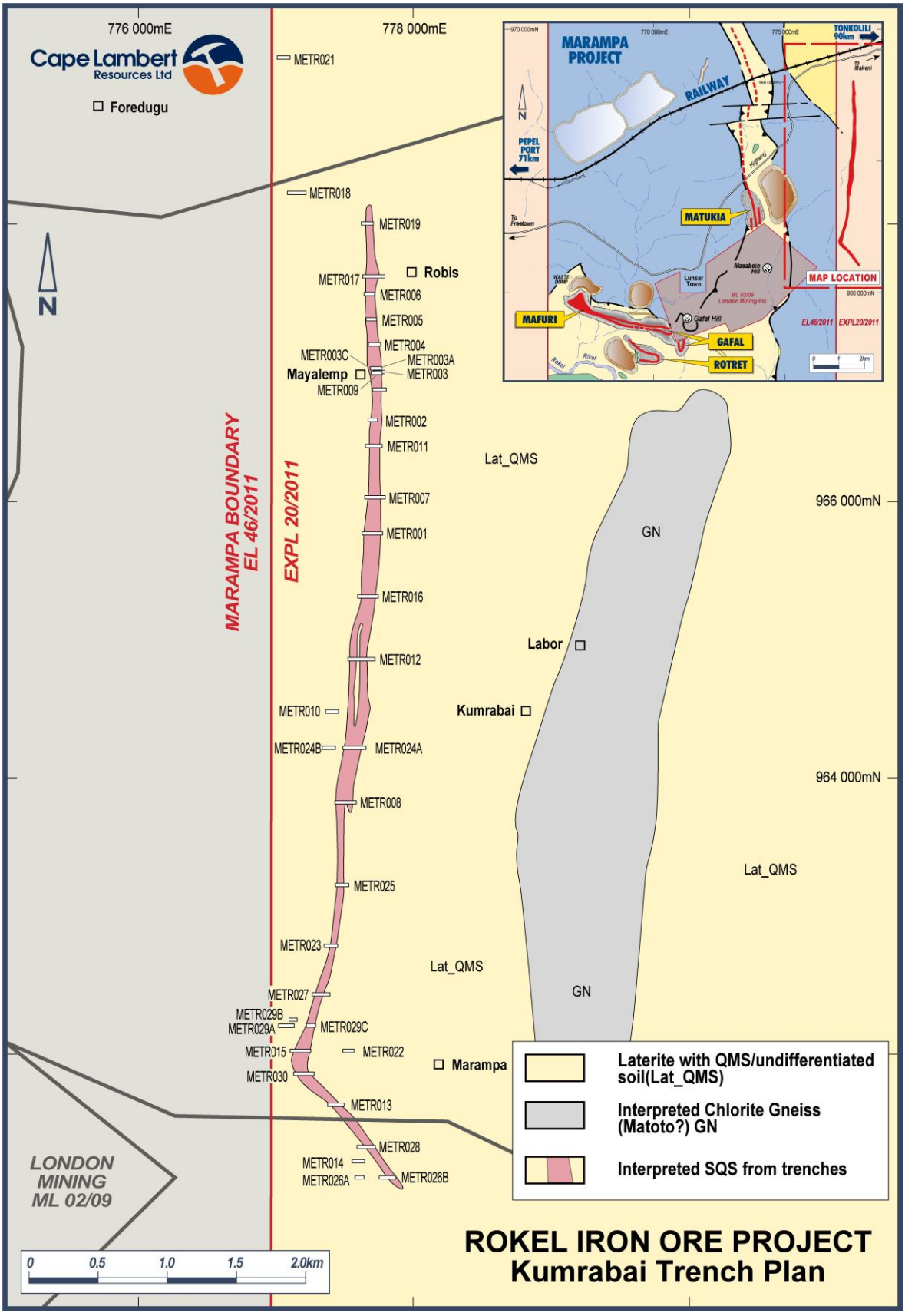

Figure 7: Australis NT Phosphate Soil Anomaly

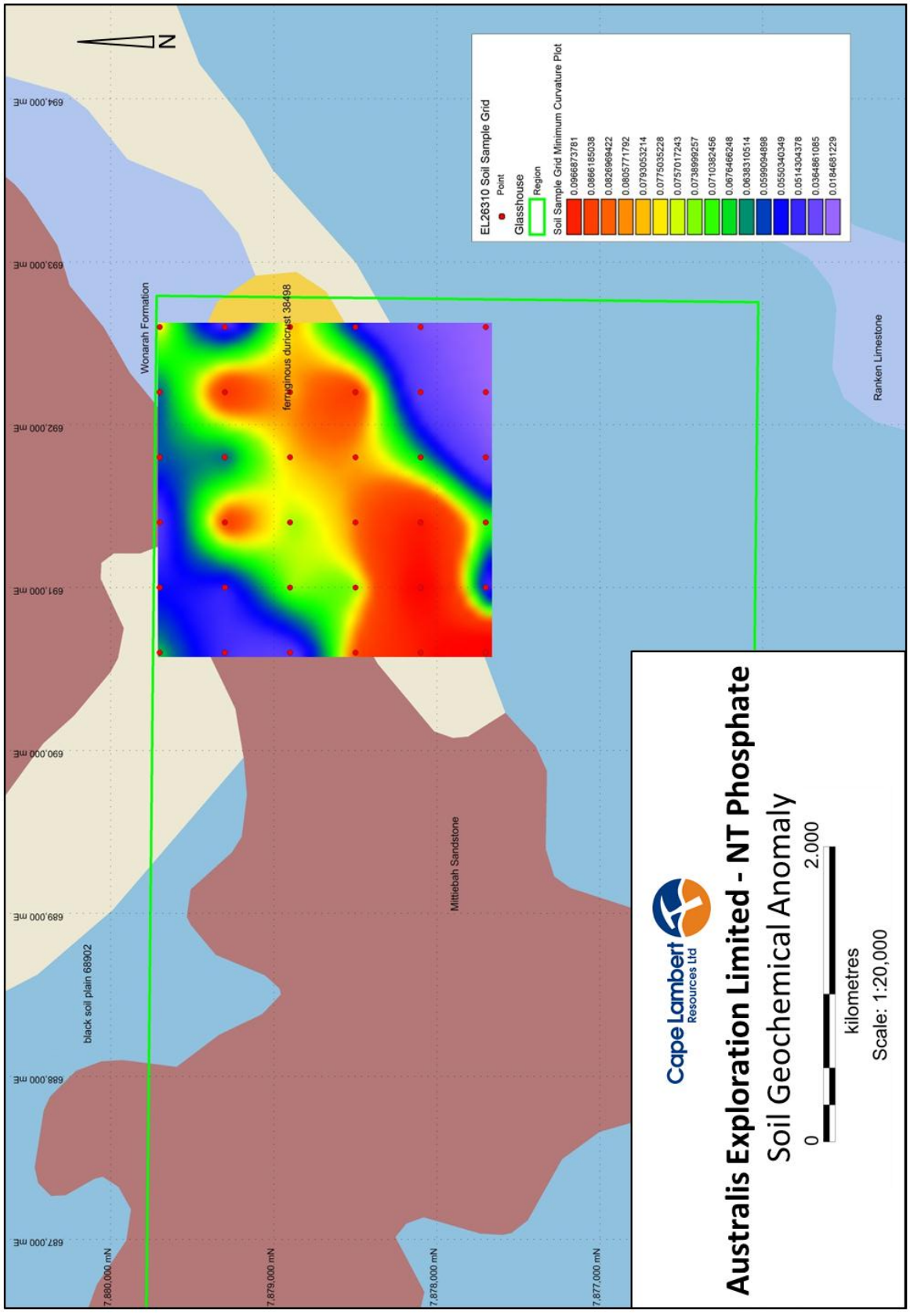

Table 1A: Marampa Metallurgical Drill Hole Intersections

Hole Details							Intersection			Head Assay						
Hole ID	Easting	Northing	RL	Dip	Azi	E.O.H.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	Oretype
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%	
MPDD129	769701.47	958850.28	96.57	-60	0	82.90	0	6.7	6.7	40.38	11.05	23.2	0.04	0.05	6.27	Laterite
							6.7	38.2	31.5	33.73	7.06	40.46	0.03	0.01	2.21	Oxide
							38.2	78	39.8	31.01	4.47	39.08	0.1	0.00	3.57	Fresh
MPDD130	771020.79	958120.61	88.78	-60	90	379.00	84	174	90	28.05	5.86	45.44	0.24	0.00	2.14	Fresh
							190	200	10	21.08	7.4	52.5	0.35	0.00	1.51	Fresh
							238	379	141	28.64	5.42	45.35	0.23	0.00	2.02	Fresh
MPDD131	771100.68	958085.38	89.31	-60	90	83.60	0	2	2	26.38	9.73	43.07	0.081	0.05	7.51	Laterite
							2	6	4	29.52	7.98	43.31	0.08	0.03	4.32	Ferricrete
							6	40	34	27.89	6.68	47.31	0.15	0.00	2.08	Oxide
							40	62	22	25.52	6.34	49.36	0.03	0.00	1.47	Fresh
							70	83.6	13.6	30.67	4.86	45.17	0.29	0.00	0.99	Fresh
MPDD132	771025.77	957902.15	86.38	-60	90	117.50	0	2	2	22.44	11.25	47.7	0.047	0.04	6.68	Laterite
							2	6.1	4.1	25.06	9.79	46.48	0.05	0.02	4.68	Ferricrete
							6.1	48	41.9	23.62	7.55	53.18	0.07	0.00	2.16	Oxide
							48	90	42	20.83	7.68	53.58	0.29	0.00	1.45	Fresh
							96	117.5	21.5	25.59	5.96	47.36	0.27	0.00	2.28	Fresh
MPDD133	771078.14	957916.70	81.99	-60	90	35.50	***No significant assays***									
MPDD134	771049.50	957700.17	81.71	-60	90	25.00	***No significant assays***									
MPDD135	770999.21	958237.98	88.76	-60	90	429.80	36	58	22	17.59	11.13	57.31	0.04	0.00	3.02	Oxide
							100	430	330	29.98	5.01	42.22	0.20	0.00	2.60	Fresh
MPDD136	773942.67	962498.16	102.90	-60	270	278.10	0	12	12	26.23	9.24	46.70	0.03	0.01	3.75	Oxide
							18	38	20	22.29	8.48	52.88	0.12	0.00	2.11	Oxide
							38	118	80	29.88	5.13	42.54	0.13	0.00	2.67	Fresh
							144	198	54	35.06	3.65	35.44	0.12	0.00	3.68	Fresh
							206	226	20	27.44	5.46	44.80	0.18	0.00	2.90	Fresh
							232	278	46	27.09	5.49	41.71	0.08	0.00	3.61	Fresh
MPDD137	773900.72	963107.24	101.00	-60	270	41.45	No significant assays									
MPDD138	774003.94	962698.41	102.08	-60	270	377.15	0	2	2	39.56	5.81	31.39	0.04	0.03	4.88	Laterite
							2	24	22	43.03	4.94	29.03	0.02	0.00	2.16	Oxide
							24	28	4	21.76	9.64	46.88	0.03	0.00	3.28	Qz vein
							28	34	6	25.50	6.52	43.81	0.09	0.00	1.42	Fresh
							80	104	24	15.54	7.58	47.95	0.08	0.00	4.47	Fresh
							114	150	36	27.28	5.36	40.90	0.14	0.00	3.76	Fresh

Hole Details							Intersection			Head Assay						
Hole ID	Easting	Northing	RL	Dip	Azi	E.O.H.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	Oretype
	UTM WGS84 Zone 28N			*Degrees*		*m*	*m*	*m*	*m*	*%*	*%*	*%*	*%*	*%*	*%*	
							156	238	82	34.66	3.68	36.08	0.15	0.00	3.43	Fresh
MPDD138	*774003.94*	*962698.41*	*102.08*	*-60*	*270*	*377.15*	260	270	10	32.79	4.50	38.62	0.11	0.00	3.01	Fresh
							278	316	38	30.33	5.35	40.51	0.16	0.00	3.25	Fresh
							350	360	10	35.28	3.71	35.65	0.12	0.00	3.36	Fresh
MPDD139	*773900.43*	*962912.80*	*96.94*	*-60*	*270*	*56.50*	0	2	2	38.34	6.59	32.81	0.12	0.02	4.50	Laterite
							2	4	2	35.90	7.77	34.57	0.06	0.03	5.00	Ferricrete
							4	10	6	21.86	10.30	51.37	0.05	0.01	4.25	Oxide
							16	28	12	32.65	5.59	43.42	0.14	0.00	1.52	Oxide
							28	50	22	33.87	4.79	39.80	0.15	0.00	1.78	Fresh
MPDD140	*778900.57*	*963107.47*	*105.51*	*-60*	*270*	*76.70*	0	32	32	36.82	6.12	36.89	0.07	0.01	2.29	Oxide
							32	70	38	37.94	3.65	34.52	0.14	0.00	2.12	Fresh
MPDD141	*773851.38*	*963301.47*	*106.16*	*-60*	*270*	*161.30*	0	34	34	46.11	3.73	27.48	0.04	0.01	1.60	Oxide
							34	44	10	38.66	2.78	32.37	0.12	0.00	3.43	Fresh
							68	92	24	19.67	6.67	42.26	0.07	0.00	4.82	Fresh
MPDD142	*774008.87*	*962918.00*	*94.86*	*-60*	*270*	*353.04*	0	2	2	32.12	10.47	34.91	0.05	0.04	6.16	Laterite
							2	30	28	28.90	7.00	46.19	0.12	0.00	2.18	Oxide
							30	78	48	34.30	3.97	35.50	0.13	0.00	3.26	Fresh
							108	136	28	29.85	4.89	38.96	0.14	0.00	2.77	Fresh
							142	190	48	31.82	4.70	39.74	0.17	0.00	2.81	Fresh
							202	224	22	17.24	7.41	45.91	0.09	0.00	3.84	Fresh
							238	248	10	24.99	6.37	45.10	0.09	0.00	4.08	Fresh
							282	353	71	32.19	4.26	36.48	0.10	0.00	3.86	Fresh
MPDD143	*773993.02*	*963100.85*	*104.48*	*-60*	*270*	*200.20*	0	4	4	42.86	8.35	21.70	0.08	0.04	7.24	Laterite
							4	6	2	40.27	8.63	25.47	0.04	0.07	6.60	Ferricrete
							6	58	52	39.45	4.44	35.60	0.10	0.00	1.35	Oxide
							58	200	142	34.36	3.81	35.19	0.15	0.00	3.26	Fresh
MPDD144	*773794.71*	*963492.00*	*104.30*	*-60*	*270*	*201.60*	0	2	2	46.36	6.62	18.95	0.08	0.04	6.82	Laterite
							2	26	24	40.82	5.49	32.13	0.04	0.01	2.13	Oxide
							26	100	74	37.74	3.28	33.93	0.11	0.00	2.83	Fresh
							144	164	20	38.65	3.18	31.35	0.15	0.00	3.42	Fresh
							174	190	16	30.60	5.31	39.54	0.11	0.00	3.55	Fresh
MPDD145	*773628.00*	*963701.77*	*98.63*	*-60*	*270*	*202.90*	0	2	2	40.29	6.92	26.33	0.10	0.07	8.59	Ferricrete
							2	28	26	32.77	6.02	42.16	0.10	0.00	1.88	Oxide
							42	52	10	37.70	3.22	32.18	0.12	0.00	3.54	Fresh
MPDD146	*771159.49*	*958242.65*	*95.81*	*-60*	*90*	*63.50*	0	2	2	41.85	8.02	23.59	0.05	0.04	7.83	Laterite
							2	34	32	30.55	7.78	43.51	0.05	0.01	2.50	Fresh
MPDD147	*771052.76*	*958246.56*	*92.98*	*-60*	*90*	*73.00*	0	2	2	34.89	7.67	34.26	0.05	0.04	6.89	Laterite

Hole Details							Intersection			Head Assay						Oretype
Hole ID	Easting	Northing	RL	Dip	Azi	E.O.H.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%	
MPDD147	771052.76	958246.56	92.98	-60	90	73.00	2	73	71	26.91	7.46	49.00	0.07	0.00	2.15	Fresh
MPDD148	771046.92	958202.99	90.75	-60	90	42.90	***No significant assays***									
MPDD149	771099.94	958012.49	85.14	-60	90	27.80	***No significant assays***									
MPDD150	770999.96	957998.56	84.64	-60	90	44.40	***No significant assays***									
MPDD151	771048.97	957899.07	86.49	-60	90	139.20	52	120	68	28.62	5.42	43.83	0.26	0.00	2.40	Fresh
MPDD152	769492.36	957961.70	88.08	-60	0	68.00	0	2	2	31.35	9.30	38.38	0.04	0.04	5.79	Laterite
							2.4	30	18	28.90	7.07	46.93	0.03	0.01	2.37	Oxide
MPDD153	769299.14	958049.42	93.70	-60	0	99.00	0	2	2	36.93	8.75	29.67	0.06	0.05	7.44	Laterite
							2	44	42	28.82	7.65	45.94	0.03	0.01	2.60	Oxide
MPDD154	769604.40	957912.44	85.39	-60	0	71.50	26	68	42	24.99	6.85	51.57	0.12	0.00	1.96	Oxide
MPDD155	769842.29	967875.20	89.50	-60	0	58.40	***No significant assays***									
MPDD156	769099.60	958173.03	92.79	-60	0	84.10	44	66	22	23.66	6.94	50.73	0.32	0.00	1.25	Oxide
MPDD157	767300.90	959950.30	109.77	-60	0	82.50	0	4	4	41.49	10.95	20.53	0.05	0.06	7.75	Laterite
							4	8	4	35.79	9.34	32.26	0.03	0.05	5.09	Ferricrete
							8	30	22	39.27	4.69	35.88	0.06	0.00	1.51	Oxide
							30	52	22	28.44	5.53	43.63	0.11	0.00	2.95	Fresh
MPDD158	766900.43	959847.08	86.34	-60	0	79.20	16	40	24	22.15	8.87	52.02	0.13	0.00	2.26	Oxide
							40	72	32	24.74	6.54	46.18	0.10	0.00	3.04	Fresh
MPDD159	767962.15	959415.90	81.73	-60	0	71.60	0	2	2	35.87	7.59	33.43	0.11	0.03	6.51	Laterite
							2	24	22	30.92	6.69	44.83	0.05	0.00	2.16	Oxide
							24	38	14	25.54	5.83	40.75	0.09	0.00	3.83	Fresh
MPDD160	773901.62	963052.85	104.74	-60	270	36.10	0	2	2	43.04	7.69	21.87	0.09	0.06	7.37	Laterite
							2	34	32	36.84	5.89	36.49	0.09	0.01	2.21	Oxide
							34	36	2	40.31	2.37	29.98	0.12	0.00	3.56	Fresh
MPDD161	773900.15	963241.87	108.66	-60	270	42.70	0	28	28	33.61	7.01	39.92	0.05	0.01	2.42	Oxide
							28	43	15	37.27	4.25	37.91	0.17	0.00	0.94	Fresh
MPDD162	773849.60	963351.29	106.36	-60	270	39.90	0	6	6	30.11	11.23	37.07	0.06	0.04	6.39	Laterite
							6	38	32	38.06	5.47	36.59	0.05	0.00	1.65	Oxide
							38	40	2	44.69	2.33	24.22	0.15	0.00	3.57	Fresh
MPDD163	773803.62	963446.34	105.68	-60	270	32.70	0	2	2	37.28	9.09	29.71	0.07	0.04	6.34	Laterite
							2	26	24	42.16	5.28	30.71	0.04	0.01	1.87	Oxide
							26	33	7	34.25	4.79	36.54	0.09	0.00	3.25	Fresh
MPDD164	773946.79	963062.99	105.31	-60	270	35.90	***No significant assays***									
MPDD165	773975.61	962667.38	102.95	-60	270	41.00	32.0	41	9	34.87	4.51	38.73	0.10	0.00	2.19	Fresh
MPDD166	773878.67	962846.25	96.79	-60	270	29.30	***No significant assays***									
MPDD167	773764.82	963555.38	103.10	-60	270	34.60	0.0	20	20	48.32	3.28	24.83	0.04	0.01	1.74	Oxide
							20.0	35	15	46.36	2.33	27.30	0.13	0.00	0.98	Fresh

Hole Details							Intersection			Head Assay						
Hole ID	Easting	Northing	RL	Dip	Azi	E.O.H.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	Oretype
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%	
MPDD168	774004.47	962750.37	100.84	-60	270	32.10	0	2	2	41.90	6.39	27.06	0.06	0.03	5.28	Laterite
							2	24	22	42.95	4.11	31.12	0.03	0.01	1.60	Oxide
							24	32	8	39.72	3.02	33.75	0.09	0.00	1.71	Fresh
MPDD169	773898.90	962495.69	101.75	-60	270	31.80	***No significant assays***									
MPDD170	771100.95	958249.83	92.78	-60	90	51.20	0.0	51	51	31.30	6.27	44.63	0.10	0.00	1.87	Oxide
MPDD171	771097.05	958151.78	92.87	-60	90	46.40	0.0	46	46	26.69	8.10	48.70	0.06	0.01	2.76	Oxide
MPDD172	771096.79	958046.79	87.41	-60	90	61.70	0.0	4	4	26.87	9.59	43.99	0.10	0.03	6.46	Laterite
							4.0	40	36	26.87	6.63	49.57	0.21	0.00	2.03	Oxide
							48.0	56	8	30.76	5.59	45.17	0.28	0.00	1.18	Oxide
							56.0	62	6	30.14	5.34	45.24	0.29	0.00	1.21	Fresh
MPDD173	771099.42	957953.79	83.58	-60	90	58.70	***No significant assays***									
MPDD174	771001.74	957705.96	85.83	-60	90	89.70	32	52	20	20.67	9.05	52.82	0.25	0.00	2.39	Oxide
							70	84	14	27.58	5.71	45.46	0.23	0.00	1.61	Fresh
MPDD175	771150.02	958185.72	93.15	-60	90	49.50	0	2	2	38.11	7.71	30.41	0.05	0.03	6.21	Laterite
							2	24	22	39.06	6.45	33.60	0.04	0.01	2.17	Oxide
							30	38	8	19.75	10.33	54.77	0.09	0.00	2.98	Oxide

Lower cut-off 15% Fe, minimum intersection 8m, maximum 5m of internal waste.

Hole collars surveyed by DGPS

Sample intervals are 2m composites.

Chemical analysis by X-ray Fluorescence Spectrometry (XRF) by Ultra Trace Limited at Canning Vale laboratory, Perth Australia.

Table 1B: Marampa Metallurgical Drill Hole Intersections

Hole Details							Intersection			Head Assay					
Hole ID	Easting	Northing	RL	Dip	Azi	E.O.H.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%
MPMW002	*773601*	*963684*	*97*	*-90*	*0*	*130*	74	86	12	31.9	4.0	38.8	0.09	0.00	3.80
							112	130	18	29.3	5.1	44.2	0.16	0.00	1.90
MPMW003	*773601*	*963690*	*97*	*-90*	*0*	*45*	no significant assays								
MPMW004	*773900*	*963500*	*100*	*-90*	*0*	*130*	no significant assays								
MPMW005	*773900*	*963506*	*100*	*-90*	*0*	*40*	no significant assays								
MPMW006	*773903*	*963192*	*106*	*-90*	*0*	*130*	0	130	130	30.8	5.2	43.9	0.15	0.00	1.36
MPMW007	*773900*	*963208*	*108*	*-90*	*0*	*40*	0	40	40	38.1	4.9	35.6	0.14	0.00	1.32
MPMW008	*773799*	*962800*	*101*	*-90*	*0*	*130*	0	28	28	32.6	6.2	41.3	0.04	0.01	2.43
							100	122	22	22.5	6.2	48.6	0.06	0.00	3.17
MPMW009	*774000*	*962699*	*103*	*-90*	*0*	*130*	0	130	130	38.3	3.8	33.3	0.07	0.00	2.81
MPMW010	*769399*	*958770*	*81*	*-90*	*0*	*130*	no significant assays								
MPMW011	*769398*	*958775*	*81*	*-90*	*0*	*40*	no significant assays								
MPMW012	*770001*	*958904*	*101*	*-90*	*0*	*40*	no significant assays								
MPMW013	*770001*	*958899*	*102*	*-90*	*0*	*65*	no significant assays								
MPMW013A	*769969*	*958861*	*104*	*-90*	*0*	*132*	0	132	132	39.2	3.8	33.9	0.03	0.01	1.70
MPMW014	*770153*	*958682*	*100*	*-90*	*0*	*40*	0	20	20	23.3	23.5	28.1	0.09	0.06	11.98
MPMW014A	*770179*	*958569*	*103*	*-90*	*0*	*130*	0	76	76	26.9	8.4	45.9	0.13	0.01	2.67
							106	114	8	23.0	7.2	51.4	0.18	0.00	0.80
MPMW015	*770325*	*958851*	*92*	*-90*	*0*	*40*	no significant assays								
MPMW016	*770318*	*958852*	*92*	*-90*	*0*	*130*	no significant assays								
MPMW017	*770521*	*958355*	*104*	*-90*	*0*	*130*	0	64	64	17.8	10.1	55.6	0.17	0.01	2.54
							70	80	10	16.1	9.2	56.9	0.29	0.00	1.26
							96	130	34	17.9	8.5	55.8	0.20	0.00	1.38

Lower cut-off 15% Fe, minimum intersection 8m, maximum 5m of internal waste.

Hole collars surveyed by DGPS

Sample intervals are 2m composites.

Chemical analysis by X-ray Fluorescence Spectrometry (XRF) by Ultra Trace Limited at Canning Vale laboratory, Perth Australia.

Table 3: Sandenia Trench Results

Trech Details							Intersection			Head Assay						Ore type
Trench ID	Easting	Northing	RL	Dip	Azi	E.O.T.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	
	UTM WGS84 Zone 28N			*Degrees*		*m*	*m*	*m*	*m*	*%*	*%*	*%*	*%*	*%*	*%*	
SATR004A	*263146*	*1112266*	*505*	*-90*	*360*	*92*	0	92	92	38.2	13.4	22.1	0.05	0.01	8.82	Oxide
SATR004B	*263155*	*1112133*	*597*	*-90*	*360*	*58*	0	20	20	34.3	18.5	20.64	0.04	0.01	10.74	Oxide
							32	58	26	31.7	19.9	22.43	0.04	0.01	11.21	Oxide
SATR005A	*262504*	*1112456*	*598*	*-90*	*360*	*66*	4	66	62	33.2	19.8	19.8	0.07	0.01	11.77	Oxide
SATR005B	*262416*	*1112342*	*563*	*-90*	*360*	*66*	0	66	66	32.01	8.87	39.67	0.05	0	4.82	Oxide
SATR006A	*262910*	*1112885*	*586*	*-90*	*360*	*118*	0	80	80	32.8	20.9	18.81	0.04	0.02	11.99	Oxide
							86	118	32	31.9	19.6	22.67	0.04	0.01	11.09	Oxide
SATR006B	*262811*	*1113007*	*556*	*-90*	*360*	*24*	6	18	12	23.2	14.2	44.97	0.04	0.00	6.77	Oxide

Lower cut-off 15% Fe, minimum intersection 8m, maximum 5m of internal waste.

Hole collars surveyed by DGPS

Sample intervals are 2m composites.

Chemical analysis by X-ray Fluorescence Spectrometry (XRF) by Ultra Trace Limited at Canning Vale laboratory, Perth Australia.

Table 4: Rokel Trench Results

Trench Details							Intersection			Head Assay						Ore type
Trench ID	Easting	Northing	RL	Dip	Azi	E.O.T.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI	
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%	
METR026A	777598	961099	90.5	0	90	24.2	4	24.2	20.2	25.27	9.38	46.26	0.01	0.05	6.52	Oxide
METR026B	777768	961099	99.9	0	90	110.2	0	110.2	110.2	24.7	14.26	40.84	0.03	0.03	6.06	Oxide
METR027	777284	962435	102.9	0	90	79.2	0	32	32	30.24	12.49	35.04	0.03	0.02	5.08	Oxide
							54	79.2	25.2	17.17	11.77	39.14	0.03	0.04	6.16	Oxide
METR028	777608	961323	73	0	90	110.3	0	83	83	23.98	13.63	38.95	0.03	0.03	6.28	Oxide
METR029A	777055	962200	78	0	90	64.8	8	16	8	26.34	8.66	46.56	0.05	0.06	6.09	Oxide
							28	64.8	36.8	22.92	14.32	42.96	0.04	0.04	7.16	Oxide
METR029B	777117	962243	76	0	90	23.7	2	23.7	21.7	35.22	13.35	26.43	0.07	0.05	8.29	Oxide
METR029C	777227	962202	68	0	90	68	0	68	68	24.44	14.08	41.8	0.03	0.03	6.09	Oxide
METR030	777151	961855	75	0	90	108.6	0	10	10	17.26	7.71	61.22	0.04	0.04	5.36	Oxide
							26	108.6	82.6	24.26	13.87	42.24	0.02	0.02	5.94	Oxide

Lower cut-off 15% Fe, minimum intersection 8m, maximum 5m of internal waste.
Hole collars surveyed by DGPS
Sample intervals are 2m composites.
Chemical analysis by X-ray Fluorescence Spectrometry (XRF) by Ultra Trace Limited at Canning Vale laboratory, Perth Australia.

Table 5: Rokel Pit Results

Pit Details							Intersection			Head Assay					
Pit ID	Easting	Northing	RL	Dip	Azi	E.O.P.	From	To	Length	Fe	Al_2O_3	SiO_2	P	S	LOI
	UTM WGS84 Zone 28N			Degrees		m	m	m	m	%	%	%	%	%	%
KAPT001	773912	976284	100	-90	0	2.4	0	0.9	0.9	31.18	10.21	36.81	0.05	0.02	6.56
							0.9	2.4	1.5	35.54	9.46	32.75	0.05	0.01	4.69
KAPT002	773918	976276	106	-90	0	2.1	0	0.8	0.8	29.62	9.46	40.19	0.06	0.03	6.62
							0.8	2.1	1.3	33.04	10.58	33.93	0.07	0.02	5.58
KAPT003	773651	976338	94	-90	0	3	0	0.9	0.9	16.13	7.24	62.88	0.05	0.02	5.97
							0.9	3	2.1	17.4	13.65	52.65	0.04	0.03	7.1
KAPT004	773541	976462	96	-90	0	3	0	0.9	0.9	33.17	8.11	37.97	0.03	0.02	5.05
							0.9	3	2.1	32.04	8.29	40.49	0.02	0	3.38

Lower cut-off 15% Fe, minimum intersection 8m, maximum 5m of internal waste.
Hole collars surveyed by DGPS
Sample intervals are 2m composites.
Chemical analysis by X-ray Fluorescence Spectrometry (XRF) by Ultra Trace Limited at Canning Vale laboratory, Perth Australia.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Cape Lambert Resources Limited

ABN	Quarter ended ("current quarter")
71 095 047 920	30 Sept 2012

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 mnths) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(7,006)	(7,006)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,654)	(1,654)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	717	717
1.5	Interest and other costs of finance paid	(42)	(42)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	**(7,985)**	**(7,985)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(660)	(660)
	(c) other fixed assets	(491)	(491)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) controlled entities	660	660
1.10	Loans to other entities	(536)	(536)
1.11	Loans repaid by other entities	-	-
1.12	Other: Cash backing security for performance / other bonds & bank guarantees released	115	115
	Other: Cash backing security for performance / other bonds & bank guarantees provided	(2,104)	(2,104)
	Other: Payment of transaction related and business development costs	(787)	(787)
	Other: Payment for convertible notes	(1,000)	(1,000)
	Net investing cash flows	**(4,803)**	**(4,803)**
1.13	Total operating and investing cash flows (carried forward)	**(12,788)**	**(12,788)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(12,788)**	**(12,788)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	**(12,788)**	**(12,788)**
1.20	Cash at beginning of quarter/year to date	88,412	88,412
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	75,626	75,626

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	227
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

$227,000 payment of executive and non-executive director fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	7,000
4.2	Development	-
4.3	Production	-
4.4	Administration	2,000
	Total	**9,000**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	3,256	8,119
5.2	Deposits at call	72,370	80,293
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	75,626	88,412

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Australis Exploration Ltd EL 26928 Cape Lambert Resources Ltd E47/1760-I	Surrendered Surrendered	100% 100%	Nil Nil
6.2	Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	689,108,792	689,108,792		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	7,800,000	7,800,000	*Exercise price* $0.45	*Expiry date* 30 Nov 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Claire Tolcon..... Date: 31 October 2012
Company secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.