

CAPE LAMBERT TO SELL 25% INTEREST IN LADY LORETTA FOR A\$30 MILLION CASH

Key Points:

- **Cape Lambert to sell its 25% joint venture interest in Lady Loretta to Xstrata for A\$30 million cash.**
- **Xstrata holds the remaining 75% interest in Lady Loretta.**
- **Completion of sale expected to occur within 2 months.**

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) is pleased to announce its subsidiary, Cape Lambert Lady Loretta Pty Ltd, has entered into an in principle agreement with Noranda Pacific Pty Limited, a wholly owned subsidiary of Xstrata plc (**Xstrata**), to sell its 25% joint venture interest in the Lady Loretta Project in northwest Queensland (**Lady Loretta**) in consideration for A\$30 million cash payable at completion (**Transaction**). The remaining 75% interest in Lady Loretta is held under joint venture by Xstrata.

Completion of the Transaction is subject to and conditional on execution of formal documentation and all governmental and third party consents and authorisations being obtained. Formal documentation is expected to be executed in the coming weeks with completion of the Transaction scheduled for 30 days thereafter.

Lady Loretta is a lead-zinc-silver deposit comprised of a single granted mining lease covering an area of 3,264 hectares (32.64km²) and a term lease covering an area of 22,000 hectares (220km²). The Company acquired its 25% interest in Lady Loretta as part of the CopperCo asset acquisition in June 2009.

Cape Lambert Executive Chairman, Mr Tony Sage said "the sale of the Company's minor interest in the Lady Loretta Project was part of an ongoing process of crystallising shareholder value from the CopperCo acquisition."

He further added "Xstrata was the natural buyer of the Company's 25% interest as it held the remaining 75% and effectively controlled the development time table for the asset."

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
610,705,062

Unlisted Options
8,000,000 (\$0.45 exp 30 Sept 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

Cape Lambert Contact

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