

SIGNIFICANT HEMATITE AND MAGNETITE IRON MINERALISATION INTERSECTED AT MAYOKO

Key Points:

- Phase 1 program of 18 diamond drill holes for 3,687m completed.
- Head assay results received for 8 of the first 9 holes with significant intersections including:
 - 42m at 55.1% Fe of in-situ supergene hematite from surface in MKDD003, including 22m at 57.4% Fe from surface;
 - 20m at 56.1% Fe of transported supergene hematite from 4m in MKDD001, including 14m at 59% Fe from 8m;
 - 38m at 38.1% Fe of enriched banded iron formation ("BIF") from 20m in MKDD006, including 22m at 42.2% Fe from 20m;
 - 151m at 36.1% Fe of fresh BIF from 251m in MKDD002, and
 - 131m at 32.4% Fe of fresh BIF from 92m in MKDD007.
- Assay results confirm supergene hematite cap and enriched BIF extending up to 40m and 75m below surface respectively.
- Drilling shows additional supergene hematite present outside of previously reported Inferred Mineral Resource including 20m at 56.1% Fe from 4m in drill hole MKDD001.
- The enriched and fresh BIF lenses vary from 50 to 200m thick and extend over a strike length of >6km.
- Further ore characterisation work is in progress including head assay, mineralogy, screen size and Davis Tube Recovery analyses.

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") is pleased to announce assay results from eight (8) of the first nine (9) diamond drill holes from the recently completed drilling program at its 80% owned Mayoko Iron Ore Project ("Mayoko"), located in the Republic of Congo (refer Figure 1).

Cape Lambert is an Australian domiciled, mineral investment company. Its current investment portfolio is geographically diverse and consists of mineral assets and interests in several 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
625,759,256

Board of Directors

| | |
|-------------|------------------------|
| Tony Sage | Executive Chairman |
| Tim Turner | Non-executive Director |
| Brian Maher | Non-executive Director |
| Ross Levin | Non-executive Director |

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|-----------------------|-------------------|
| Eloise von Puttkammer | Company Secretary |
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Key Projects and Interests

Marampa Iron Ore Project
Mayoko Iron Ore Project
Pinnacle Group Assets
Sappes Gold Project
Corvette Resources Limited

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Key Findings

- The supergene hematite results from the 2010 drilling generally confirm the iron grades from the 1975 shallow surface drilling by earlier explorers, which forms the basis for the current 2008 Inferred Mineral Resource of 33.1 million tonnes at 55.5% Fe. Drill holes MKDD001 and MKDD002, however demonstrate that additional transported, supergene material exists outside of the 1975 drilling and 2008 resource thereby enabling the resource size to be increased.
- The hematite iron mineralisation is associated with low phosphorous and sulphur.
- The primary magnetite banded iron formation ("BIF") Fe grades are typically higher at 32 - 36% than other magnetite projects.
- The primary magnetite BIF lenses vary from 50 to 200m thick and extend to more than 300m below surface over the full 7km strike length of the two prospects.

Drilling

The phase 1 diamond drilling program commenced at Mayoko in December 2009 and was completed in mid-August 2010. The objective of this program was to test the Mt Lekoumou and Mt Mipoundi prospects (refer Figure 2), which form a 7km long magnetic anomaly. Diamond drilling was carried out on wide-spaced traverses from surface to 300m depth to confirm the geology, structure and characteristics of the oxide and fresh iron mineralisation.

A total of 3,687m in 18 drill holes (MKDD001 – 018) was completed. The holes were drilled on 8 cross sections spaced at 800m and on 2 cross sections spaced at 400m (refer Figure 2).

Geology

The Mayoko exploration licence is approximately 1000km² in area and covers Archean rocks of the Congo Craton. The main rock types underlying the licence consist of granitic gneiss, amphibolite with units of BIF, and intrusive granitoids.

The known BIF units are lens-shaped and appear concordant with the enclosing amphibolite and amphibolite schist formations. Local contacts between the BIF lenses and amphibolite vary from gradational to sharp. The fresh BIF units are characterised by distinct millimetre-scale banding of silica-rich and magnetite-rich layers.

Geological mapping and drilling demonstrates the BIF lenses dip steeply to the south-east and strike to the north-east.

At Mt Lekoumou there is a well-developed supergene hematite cap up to 40m thick; this cap thins to the north east. Semi-consolidated and cemented colluvial iron mineralisation overlies the *in-situ* iron cap and extends down the flanks of the ridges (refer Figures 3 and 4).

Underlying the supergene hematite is variably oxidised and enriched BIF extending from 25 to 75m below surface.

Calibrated magnetic susceptibility measurements and geological logging confirm that hematite/goethite are the dominant iron minerals in the supergene hematite and enriched BIF zones, with magnetite the dominant iron mineral in fresh rock.

Assay Results

Final assay results have now been received for the drill holes MKDD001-004 and MKDD 006-009 (total meterage 1,871m) from the phase 1 program. Drill hole and assay details are summarised in Table 1. The drill results confirm 3 iron ore groups based on weathering state, mineralogy and grade as follows:

- Supergene hematite – in-situ (55-60% Fe) and transported (40-60% Fe);
- BIF – weathered and enriched (30-45% Fe); and
- BIF – fresh (30-36% Fe).

All these groups have low phosphorus and sulphur contents.

Further Work

Characterisation work including head assay, mineralogy, screen sizing, QEMSCAN and Davis Tube Recovery analyses are in progress. This work is expected to be completed in October 2010, and will form the basis for implementing follow-up drilling, further metallurgical test work and flowsheet development.

Cape Lambert Executive Chairman, Mr Tony Sage said “these initial drill results indicate that the hematite cap DSO potential was of better iron grade and larger than initially thought, which improves the prospects of early cashflow from an initial DSO development”.

Mr Sage further added “the grade of the underlying magnetite was typically higher than other magnetite projects at 34-36% Fe. For example the 10 billion tonne JORC resource Tonkolili project in Sierra Leone, West Africa has a magnetite grade of approximately 30% Fe, and 25% of that project is in the process of being sold to major Chinese steel group, Shandong Iron & Steel for US\$1.5 billion, valuing the project at US\$6.0 billion.”

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

Competent Person Statement

The contents of this report relating to exploration and mineral resources are based on information compiled by Mr Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Cape Lambert 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 Bischoff consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

Table 1: Mayoko Diamond Drill Assay Results

| Hole Number | Collar Location | | | Hole Details | | | Significant Intersection | | | | | | | | Lithology |
|-------------|---------------------|-----------|-------|--------------|------|-------------|--------------------------|------|--------|------------|------------------|--------------------------------|------|------|----------------------------------|
| | Easting | Northing | RL | Dip | Azi. | Hole Length | From | To | Length | Fe (Total) | SiO ₂ | Al ₂ O ₃ | P | LOI | |
| | UTM WGS84 Zone 33SH | | | | | m | m | m | m | % | % | % | % | % | |
| MKDD001 | 257,059 | 9,744,034 | 737.4 | -55 | 330 | 414.4 | 0 | 4 | 4 | 41.0 | 18.1 | 12.4 | 0.07 | 9.6 | Supergene hematite – transported |
| | | | | | | | 4 | 24 | 20 | 56.1 | 8.6 | 5.2 | 0.07 | 5.3 | Supergene hematite – transported |
| | | | | | | | 67 | 84 | 17 | 27.6 | 45.0 | 5.9 | 0.05 | 1.6 | BIF – enriched |
| | | | | | | | 84 | 180 | 96 | 35.4 | 43.4 | 1.0 | 0.06 | -0.6 | BIF – fresh |
| | | | | | | | 251 | 402 | 151 | 36.1 | 43.5 | 1.2 | 0.06 | -0.9 | BIF – fresh |
| MKDD002 | 256,996 | 9,744,132 | 780.3 | -55 | 330 | 288.6 | 0 | 6 | 6 | 54.5 | 4.5 | 8.8 | 0.08 | 8.1 | Supergene hematite – transported |
| | | | | | | | 141 | 278 | 137 | 34.9 | 44.6 | 1.5 | 0.06 | -0.8 | BIF - fresh |
| MKDD003 | 256,933 | 9,744,271 | 805.9 | -55 | 330 | 51.5 | 0 | 42 | 42 | 55.1 | 9.8 | 3.4 | 0.08 | 6.9 | Supergene hematite – in-situ |
| | | | | | | | 42 | 51.5 | 9.5 | 43.0 | 36.3 | 0.5 | 0.05 | 1.1 | BIF – enriched |
| MKDD004 | 259,775 | 9,745,742 | 720.9 | -55 | 330 | 299.9 | 190 | 264 | 74 | 31.0 | 46.4 | 2.7 | 0.06 | -0.1 | BIF – fresh |
| MKDD005 | 259,715 | 9,745,845 | 737.4 | -55 | 330 | 267.5 | Head assays in progress | | | | | | | | |
| MKDD006 | 258,269 | 9,745,149 | 719.7 | -55 | 330 | 120.6 | 0 | 4 | 4 | 42.8 | 14.9 | 11.6 | 0.08 | 11.3 | Supergene hematite – in-situ |
| | | | | | | | 4 | 20 | 16 | 53.9 | 12.4 | 4.1 | 0.08 | 5.7 | Supergene hematite – in-situ |
| | | | | | | | 20 | 58 | 38 | 38.1 | 39.6 | 3.3 | 0.06 | 1.9 | BIF – enriched |
| | | | | | | | 58 | 78 | 20 | 33.6 | 46.5 | 1.7 | 0.06 | -0.4 | BIF – fresh |
| | | | | | | | 0 | 17 | 17 | 45.9 | 16.5 | 8.6 | 0.08 | 8.3 | Supergene hematite – transported |
| MKDD007 | 258,329 | 9,745,046 | 688.9 | -55 | 330 | 241.6 | 48 | 56 | 8 | 37.6 | 37.7 | 3.9 | 0.09 | 3.6 | BIF – enriched |
| | | | | | | | 56 | 75 | 19 | 33.3 | 42.2 | 2.9 | 0.07 | 0.9 | BIF – fresh |
| | | | | | | | 92 | 223 | 131 | 32.4 | 44.4 | 2.4 | 0.06 | 0.0 | BIF – fresh |
| | | | | | | | 176 | 276 | 100 | 32.7 | 46.0 | 1.8 | 0.06 | -0.7 | BIF – fresh |
| MKDD008 | 261,070 | 9,746,697 | 731.2 | -55 | 330 | 298.77 | 34 | 46 | 12 | 31.0 | 45.9 | 5.7 | 0.05 | 2.7 | BIF – enriched |
| | | | | | | | 46 | 138 | 92 | 33.3 | 45.9 | 1.7 | 0.06 | -0.6 | BIF - Fresh |

Notes: Collars surveyed by Total Station instrument. Lower cutoffs: Supergene hematite 50% Total Fe, Enriched BIF 30% T Fe, BIF – fresh 20% T Fe. Minimum intersection of 4m and maximum internal dilution of 8m downhole. All samples half diamond core HQ in weathered rock, NQ in fresh rock. 2m composite samples in weathered rock and 4m samples in fresh rock. Assays by UltraTrace Laboratories, Perth, Western Australia. Downhole lengths do not represent true widths.







