

DRILLING COMMENCED AT KUKUNA

- A follow-up trenching and maiden scout diamond drilling program is now underway at Kukuna.
- Two diamond rigs are currently on site, with a third RC rig due to arrive in August.

Australian resources and investment company, Cape Lambert Resources Limited (**ASX: CFE**) ("Cape Lambert" or the "Company") is pleased to announce that it has commenced follow-up trenching and maiden scout exploration drilling at the Kukuna Iron Ore Project, located in Sierra Leone, West Africa ("Kukuna or "Kukuna Project") (refer Figure 1).

Kukuna is located 120km northeast of Freetown, in the northwest of Sierra Leone and approximately 70km north of the Company's Marampa Iron Ore Project ("Marampa"). The exploration licence covers 68km² and is 100% owned by Sierra Leone company, Pinnacle Group Assets (SL) Limited, which is 100% owned by Pinnacle Group Assets Limited ("Pinnacle"). On 16 June 2011, Cape Lambert increased its interest in Pinnacle to 90.2%.

The Kukuna licence includes Marampa Group rocks, which host the hematite schist iron deposits in the Marampa district to the south. Hematite projects in the Marampa district include the 0.7Bt Marampa project and London Mining plc's 1Bt Marampa Mine¹.

Due to the extensive laterite cover at Kukuna, the Company has carried out geological mapping, ground geophysical surveys and trenching to define hematite schist drill targets. On 21 June 2011, the Company announced highly encouraging results from ground Induced Polarisation ("IP") geophysical surveys and trench and rock chip sampling, which highlighted priority hematite schist drill targets under laterite cover. Significant results from this work included:

- 32m at 44.9% Fe from trench KUTR2 in the north of the project area;
- 44m at 42.5% Fe from trench KUTR3 in the south of the project area; and
- 24 rock chip samples with an average grade of 41.8% Fe from historic prospecting pits.

The IP surveys indicate that the hematite schist units continue under cover on three main northerly trends.

On the basis of these results the Company has commenced a program of scout drilling to test for hematite schist under cover stepping out from the known trench exposures, and excavation of further trenches covering the IP trends. An initial program of 5,000m of scout diamond and reverse circulation ("RC") drilling and 1,500m of trenching has been designed to test the width, continuity, structure and

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
626,399,603

Unlisted Options
7,750,000 (\$0.45 exp 30 Sep 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

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¹ refer ASX announcement by Cape Lambert dated 6 July 2011 and regulatory news announcement by London Mining plc (**AIM: LOND LN**) dated 26 May 2011 "Operations update and financial review for 3 months ended 31 March 2011" for details.

grade of the hematite schist targets. Positive results from this program will enable the design of a resource definition drilling program.

Two diamond drilling rigs are now at Kukuna and an RC drilling rig is currently being mobilised to site. Scout diamond drilling and trenching commenced on 14 July 2011. Initial results for the trenching and scout drilling program will become progressively available starting late in the September 2011 quarter.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

The contents of this announcement relating to Exploration Results, Mineral Resources and Ore Reserves are based on information compiled by Kim Bischoff, a Member of the Australasian Institute of Mining and Metallurgy. Mr Bischoff is a consultant to Cape Lambert Resources Limited and Pinnacle Group Assets Limited and 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 announcement of the matters compiled by him in the form and context in which they appear.

