

Cost Reduction Measures and Dividend Update

Key Points:

- Board has conducted a thorough review of capital management strategy in light of falling iron ore price and deteriorating market conditions;
- Cape Lambert has instituted a range of cost reduction measures and identified savings of ~A\$3.5M per annum;
- Cape Lambert headcount in non-critical areas reduced globally by 117 employees;
- Further savings achieved by reduction in exploration expenditure, consultancy savings and placing non-core assets on 'care and maintenance'; and
- Following review, board has determined to postpone Second Dividend Payment.

Australian resource and investment company, Cape Lambert Resources Limited (**ASX:CFE**) (**Cape Lambert** or the **Company**) is pleased to advise that it has recently completed a thorough review of its capital management strategy and projected expenditure in light of recent deteriorating market conditions and the substantial fall in the iron ore price.

As a result, Cape Lambert has instituted a range of cost reduction measures across its business, including reducing its full time workforce at both head office and across its operations by 117 people. Cape Lambert has also reduced exploration activities across its portfolio of assets and placed some non-core assets on 'care and maintenance'.

The total savings generated by these measures are expected to generate annual savings of approximately A\$3.5M.

In addition to these measures, the Board has also determined it prudent to postpone the second dividend payment to shareholders scheduled for payment on 27 February 2015.

The Cape Lambert board believes that postponing the upcoming dividend payment is a sound financial decision at an uncertain time in the iron ore sector. Cape Lambert will advise on a rescheduled timeline for this dividend payment in due course.

Cape Lambert Resources Limited (ASX: CFE) is a fully funded mineral development company with exposure to iron ore, copper, gold, uranium, manganese, lithium and lead-silver-zinc assets in Australia, Europe, Africa and South America.

Australian Securities Exchange Code: CFE

Ordinary shares
626,686,586

Unlisted Options
500,000 (\$0.15 exp 30 Sept 2015)
3,300,000 (\$0.088 exp 18 Dec 2016)

Board of Directors

Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Jason Brewer
Non-executive Director

Ross Levin
Non-executive Director

Melissa Chapman
Company Secretary

Key Projects and Interests

Marampa Iron Ore Project
Pinnacle Group Assets

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Commenting on the cost reduction measures and the postponement of the dividend payment, Cape Lambert's Executive Chairman, Mr Tony Sage said:

"We have seen a sharp drop in the iron ore price in recent months, coupled with a downturn in market conditions for the mining sector as a whole. With these factors in mind, Cape Lambert believes it is prudent capital management to find genuine cost savings across its business and postpone the second dividend payment scheduled for February 2015."

"I would like to emphasise that this is a postponement, not a cancellation of the dividend payment."

Mr Sage also said "Cape Lambert as a company is in a strong commercial position and taking these measures is sound management to protect the company in what is a hard time for the mining sector. However, Cape Lambert is confident that the iron ore price will recover in the near-to-medium term and the dividend payment can resume in due course."

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman