

16 November 2009

CAPE LAMBERT SUCCESSFUL IN A\$8.5M BID FOR LEICHHARDT COPPER PROJECT

Key Points:

- Cape Lambert successful in bid for Leichhardt Copper Project located in world class Mt Isa base metals province of north west Queensland;
- Leichhardt Copper Project is owned by Matrix Metals, which went into external administration on 11 November 2008;
- Consideration is A\$8.5M and is payable, subject to satisfaction of conditions, in the first quarter 2010;
- Leichhardt Copper Project comprises a copper cathode process plant capable of producing 9,000 tpa, and an extensive landholding with considerable exploration upside; and
- Acquisition continues Cape Lambert's strategy of investing in undervalued/distressed assets/companies, adding value through technical and corporate support, before looking for ways to realise the investment.

Australian resources and investment company, Cape Lambert Iron Ore Limited ("Cape Lambert" or the "Company") (**ASX: CFE**) continues to enhance its significant project portfolio, confirming today that it has signed an Asset Sale Agreement to acquire, through its wholly owned subsidiary Cape Lambert Leichhardt Pty Ltd, the Leichhardt Copper Project from Matrix Metals Limited (Receivers and Managers Appointed) (In Liquidation) for A\$8.5M. The Company has guaranteed its subsidiary's obligations under the Asset Sale Agreement.

Matrix went into voluntary administration on 11 November 2008, with receivers and managers subsequently appointed by the secured creditor.

"We feel the consideration paid for this asset represents replacement value for the recently upgraded plant, and does not include the considerable upside we think can be generated from the prospective land package" said Executive Chairman Mr Tony Sage.

The Leichhardt Copper Project is located approximately 100km north east of Mt Isa in the highly prospective Mt Isa Inlier (refer Figure1), and comprises;

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
536,619,804

Unlisted options (30 June 2010)
8,350,000

Unlisted options (31 Oct 2010)
28,000,000

Board of Directors

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

Eloise von Puttkammer
Company Secretary

Key Projects and Interests

Lady Annie Project
Sappes Gold Project
DMC Mining Limited
Corvette Resources Limited

Cape Lambert Contact

Tony Sage
Executive Chairman
Phone: +61 8 9380 9555

www.capelam.com.au

Australian Enquiries

Professional Public Relations
David Tasker
Phone: +61 8 9388 0944
Mobile: +61 433 112 936
Email: david.tasker@ppr.com.au

UK Enquiries

Conduit Public Relations
Jos Simpson
Phone: +44 (0)20 7429 6603
Mobile: +44 (0)7899 870 450

- The Leichhardt process plant at Mt Cuthbert – a heap leach, solvent extraction and electrowinning facility with installed capacity of 9,000 tpa of copper cathode,
- A granted tenement package (42) of approximately 800km² located within the highly prospective Mt Isa Inlier,
- A further 600km² of tenement applications (12) also located within the Mt Isa Inlier, and
- The established Mt Watson oxide, open pit located approximately 30km north of the Leichhardt process plant.

Copper cathode production commenced at the project in June 2007. In the 2008 financial year, copper sales were 4,656 tonnes at a cash cost of US\$2.24 per pound. Heap leach metallurgical recovery was reported at 93% for Mt Watson oxide ore. In December 2007, a decision was taken to increase installed capacity from 5,500 to 9,000 tpa. Construction and commissioning were subsequently completed in July 2008 and September 2008 respectively.¹

The Leichhardt Copper Project is currently on care and maintenance. The Company plans to commence a systematic evaluation of the exploration dataset, with the objective of defining drill targets and commencing drill programs to define additional oxide copper inventory.

The acquisition of the Leichhardt Copper Project is in line with Cape Lambert's strategy of investing in undervalued/distressed assets/companies, adding value through technical and corporate support, before looking for ways to realise the investment.

"With established production capacity and a highly prospective tenement package in a world class base metals province, we believe this asset can return significant value to Cape Lambert and its shareholders in the near to medium term" Mr. Sage added.

As announced previously by Matrix, an incident at its project, following record rainfall and significant flooding in the region in early 2009, may have released contaminants into the environment. Co-operation with the Department of Environment and Resource Management to protect the health and safety of staff, as well as the environment and local community, is continuing and remediation works are expected to be completed during the transition period for the transaction.

The transaction is subject to ministerial approval for the transfer of tenements and Matrix incurring certain expenditure on remediation works, and is expected to be completed in the first quarter 2010 when these conditions have been satisfied.

Yours faithfully
Cape Lambert Iron Ore Limited

Tony Sage
Executive Chairman

¹ Matrix Metals Limited 2008 Annual Report

