

UPDATE ON TAX ASSESSMENT

Australian resources company Cape Lambert Resources Limited (ASX: **CFE**) (**Cape Lambert** or the **Company**) wishes to update shareholders in respect of the Notice of Amended Assessment received by the Company from the Australian Taxation Office (**ATO**) together with an associated penalty notice (**Amended Assessment**) (refer ASX Announcements dated 18 May 2012 and 31 May 2012).

Further to previous announcements, the Company advises that following discussions with the ATO it has agreed to an arrangement for payment of half the primary tax and Shortfall Interest Charge assessed pending the outcome of the objections lodged by the Company.

Under this arrangement, a total of approximately \$33,300,000 will be paid by the Company in installments by 31 March 2013. After this time the rate of General Interest Charge accruing on the unpaid balance of disputed tax and Shortfall Interest Charge will be reduced by half.

In accordance with the above arrangement the ATO has confirmed that no further amounts will be required to be paid by the Company until the final determination of the dispute and no collection action will be taken by the ATO until this time.

If the dispute is resolved in the Company's favour, then the amounts paid will be repayable together with interest at the prescribed rate.

The payment to the ATO will be paid out of cash reserves of the Company, following which the Company will have cash and liquid assets of approximately \$76,000,000¹. The remaining cash reserves of the Company are more than adequate to meet the current and planned expenditure of the Company.

The Company's Executive Chairman Mr Tony Sage said "We are pleased that we have reached an arrangement with the ATO for provisional payment of a portion of the disputed amounts in accordance with the ATO guidelines."

"The Company remains confident that its objections should be determined favourably even though it may take up to 3 years before the final outcome is known."

¹ This amount does not include the \$80million receivable from MCC Australia Sanjin Pty Ltd the recovery of which is subject to legal action the Company has taken against MCC Australia Sanjin Pty Ltd and its parent company Metallurgical Corporation of China Limited. It also does not include \$15million proceeds from the sale of the Leichhardt project, \$10million of which is expected to be received in March 2013 (refer ASX announcement dated 28 November 2012).

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
689,108,792

Unlisted Options
11,710,000 (\$0.29 exp 22 Nov 2013)

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
International Goldfields Limited

Cape Lambert Contact

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“In the interim, the payment arrangement will allow the Company to focus on its business objectives with a minimum of distractions with its immediate objective being to monetise the Marampa Project in the 1st quarter of 2013.”

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman