

Cape Lambert Finalises the Joint Venture Agreement

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
720,686,586

Unlisted Options
23,500,000 (\$0.05 exp 18 Dec 2018)

Board of Directors

Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Jason Brewer
Non-executive Director

Melissa Chapman
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Highlights

- **Joint Venture Agreement with Paragon Mining (SARL) to develop advanced and near-term production cobalt and copper projects in the DRC has substantially been agreed, ready for execution**
- **Joint venture includes the Kipushi Tailings Project, the 1Mtpa Kipushi Processing Plant and the Kasombo Copper-Cobalt Project**
- **Initial cobalt production will be targeted from mining the Kipushi Tailings Project**
- **Cape Lambert's management team and external consultants will undertake a detailed mine planning and process plant work and optimisation studies to allow a commencement of cobalt mining and processing activities**
- **Metallurgical testwork of tailings material continuing at Mintek in South Africa to determine final cobalt concentrate specifications**
- **Several offers of funding and purchase of cobalt and copper offtake have been received and are under review and will be concluded after a detailed review of the Mintek data**
- **The Joint venture is a major milestone agreement for Cape Lambert with its advanced projects located in the world's major cobalt mining region and with cobalt prices at record highs and exceed US\$55,000/t**

Australian resource and investment company, Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert or the Company**) is pleased to announce that it has agreed all terms on the Joint Venture Agreement (**Agreement**) with Congolese company, Paragon Mining SARL (**Paragon**) to form a 50/50 Joint Venture (**JV**) to develop the Kipushi Cobalt Copper Tailings Project, the Kasombo Copper-Cobalt Projects and operate the Kipushi Processing Plant in the Democratic Republic of Congo (**DRC**).

On the execution of the Agreement and formation of the Joint Venture, Cape Lambert Executive Chairman, Mr Tony Sage, said: "The joint venture agreement with Paragon is a major milestone for the Company and follows a period of extensive legal and technical due diligence in the DRC by our consultants and management team."

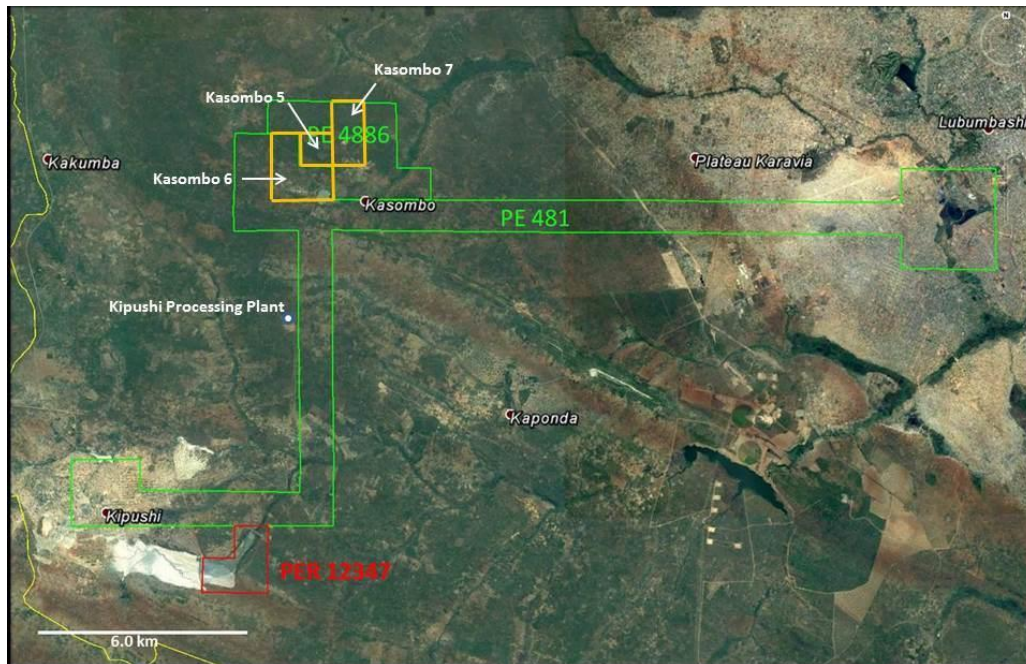
"The Joint Venture sets a clear path for Cape Lambert to now re position itself as a cobalt concentrate producer at a time when cobalt continues to benefit from significant growth in demand and substantial price increases"

“We believe that this Joint Venture and our involvement in these advanced cobalt projects will provide significant value to the Company, its shareholders and all stakeholders.”

DRC Cobalt Joint Venture

The Joint Venture with Paragon include the Kipushi Cobalt Tailings Project (**Kipushi**) and the Kasombo Copper-Cobalt Project (**Kasombo**).

Both projects are located in the Katanga Copper Belt, the location of some of the world’s largest and highest grade copper and cobalt mines.



Location of Kipushi Processing Plant, Kipushi Tailings Project and Kasombo Copper-Cobalt Projects

The projects are approx. 25km from the DRC’s second largest city, Lubumbashi, that is accessed by a well maintained sealed road. The projects benefit from excellent, established infrastructure Lubumbashi is the main service centre for the cobalt and copper mining industry in Haut- Katanga Province.

Kipushi is located on mining license PER 12347 and Kasombo, comprising three projects located on granted mining licenses PE 4886 and PE 481 respectively. It is a condition precedent of the Joint Venture that these licenses are transferred to the newly incorporated Joint Venture Company.

It is proposed that tailings from Kipushi and hard rock material from Kasombo is processed through the Kipushi Processing Plant is located approx. 8km by road from Kipushi on PE 4886.

Kipushi Processing Plant

As part of the Company’s technical due diligence, a detailed review of the Kipushi Processing Plant and the metallurgical testwork previously undertaken is ongoing.

The processing plant, which was constructed at a cost of approx. US\$20m, is a conventional flotation plant with a throughput of 150 tonnes per hour (annual throughput of +1.0 million tonnes).

A number of plant modifications are proposed to be made by the Joint Venture to optimize cobalt and copper concentrate production following the due diligence work that has been completed and based on testwork conducted in South Africa.



Kipushi Processing Plant - Flotation Cells and Ball Mill

Kipushi Cobalt Tailings Project

The Kipushi tailings are located 8km from the Kipushi Processing Plant.

Several samples from the Kipushi tailings have been taken and have been subject to metallurgical testwork in South Africa at Mintek. This testwork has confirmed the historical grades and records.

Further testwork is ongoing to determine the final concentrate specifications and to determine the process plant optimization work to now be implemented by the Company.

The Kipushi tailings extend for over 1.2km in length and over 400m in width. The tailings have a maximum depth of approx. 12m in the centre of the tailings dam and 5m at the boundaries of the tailings dam, with average depths of approx. 8m.



The Kipushi Tailings located 8km from the Kipushi Processing Plant

The Company will now also proceed and complete a shallow drilling program to allow a JORC 2012 compliant resource and reserve to be determined for Kipushi.

The Company will utilize the results of the drilling program and resource and reserve work to finalise the proposed mine plan and schedule for Kipushi.

Kasombo Copper-Cobalt Project

Kasombo is part of the Kasombo Complex, a series of copper-cobalt rich deposits that have been extensively explored by Gecamines and developed and mined by various international companies in joint venture with Gecamines.

Paragon has now exercised its option with Gecamines. The option now extends over Kasombo 5, 6, 7. Paragon elected to acquire Kasombo 5 instead of Kasombo 12 given the more advanced nature of Kasombo 5 and the extensive historical work completed by Gecamines on the project.

Kasombo 7 is located on PE 4886, which is where the Kipushi Processing Plant is located. Kasombo 5 and 6, which is contiguous to and south of PE4886.

The Company will now allocate its technical and financial resources to complete further exploration and feasibility study work on Kasombo in order to meet the JV objectives of completing a feasibility study and development decision.

Summary Joint Venture Terms

The Company has substantially agreed the terms of the Joint Venture Agreement with Paragon and will now establish a new joint venture company (**JVCo**) in the DRC. The Company and Paragon are each 50% shareholders in JVCo.

As a condition precedent to the JV, Paragon will transfer the rights to Kipushi and the Kasombo to JVCo. The JVCo will operate the Kipushi Processing Plant and mining equipment to process product from all the Projects.

In respect to Kipushi, the Company will be responsible for: (i) providing all necessary technical resources to JVCo to enable the exploration and mining activities to be conducted to acceptable industry standards and in accordance with the JVCo Budget; (ii) funding 100% of the working capital and capital costs to commence mining; and (iii) funding 100% of any costs required to upgrade the Kipushi Processing Plant to effectively process the tailings from Kipushi. In regards to the Company's funding obligations, US\$7.5m will be advanced as equity into the Joint Venture by the Company with the balance advanced as shareholder loans that are to be repaid from cashflow.

In respect to Kasombo, the Company will be responsible for: (i) funding 100% of the costs to complete the exploration and feasibility study to commence mining and upgrade, if necessary, the Kipushi Processing Plant to effectively process the ore from the Kasombo; (ii) providing all necessary technical resources to JVCo to enable the exploration and mining activities to be conducted to acceptable industry standards and in accordance with the JVCo Budget; and (iii) securing on behalf of the JVCo 100% of the funds to commence mining, upgrade the Kipushi Processing Plant, and to also conclude any joint venture obligations with Gecamines. In regards to the Company's funding obligations, US\$7.5m will be advanced as equity into the Joint Venture by the Company with the balance advanced as shareholder loans that are to be repaid from cashflow.

Next Steps

The Company will now mobilise its technical resources and management to finalise the work necessary to complete to allow a commencement of mining and processing activities in the DRC.

The Company believes that this opportunity provides shareholders with a near term cobalt production asset, three highly prospective hard rock copper-cobalt projects at a time when cobalt prices exceed US\$55,000/t and major mining companies are aggressively acquiring cobalt projects in the DRC.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

About Us

Cape Lambert is an Australian domiciled, ASX listed (ASX: CFE), fully funded, mineral development company. Cape Lambert has interests in several exploration and mining companies, providing exposure to iron ore, copper, uranium, cobalt, lithium and lead-silver-zinc assets in Australia, Europe, Africa and South America.

Cape Lambert's strategy is to acquire and invest in undervalued and/or distressed mineral assets and companies (**Projects**) and:

- improve the value of these Projects, through a hands on approach to management, exploration, evaluation and development; and
- retain long-term exposure to these Projects through a production royalty and/or equity interest.

Cape Lambert aims to deliver shareholder value by adding value to these undervalued and undeveloped Projects.

For more information visit the Company's website www.capelam.com.au.