

## Cape Lambert commences legal action against Gerald Metals, Timis Mining Corporation, Frank Timis and others in High Court of Sierra Leone

Australian resource and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) has commenced legal action (as **Plaintiff**) in the High Court of Sierra Leone against Mr Craig Dean (First Defendant), Gerald Metals Limited (Second Defendant), Mr Frank Timis (Third Defendant) and Timis Mining Corporation (SL) Ltd (Fourth Defendant) (jointly **the Defendants**).

Mr Dean is Chief Executive Officer and President of leading private global commodity trading company Gerald Group, with Gerald Metals Limited a wholly owned trading company of Gerald Group and was the previous owner of 75% of Timis Mining Corporation (SL) Ltd with the Timis Trust owning the remaining 25%. The transfer of ownership from the Timis Trust to the Gerald Group was in breach of the terms agreed between Cape Lambert and Timis Mining Corporation (SL) Ltd.

As announced to the ASX on 22 October 2014, Cape Lambert entered into a binding terms sheet with Timis Mining Corporation (SL) Ltd and Timis Mining Corporation Limited (collectively **Timis Mining**) to provide financing of US\$20 million to assist Timis Mining with its acquisition of the Marampa Iron Ore Mine (**Mine**) in Sierra Leone from the administrator of London Mining PLC (**Agreement**).

The Agreement was divided into two parts, being:

- (a) US\$8 million bridging loan; and
- (b) US\$12 million for purchase of a royalty (**Royalty Purchase**).

Pursuant to the Royalty Purchase, Cape Lambert was to receive US\$2 per tonne of iron concentrate exported from the Mine, payable on a quarterly basis on production of 24mt from the Mine from the date of the first export shipment of iron ore from the Mine.

The Company had received \$US400,000 in royalties as part of the Agreement and is owed approximately \$US2.5m in relation to the March 2015 quarter when iron ore production from the Mine ceased.

The Plaintiff's claim against the Defendants jointly and severally is for:

1. Damages for conspiracy to injure the Plaintiff in its business activities;
2. Damages for conspiracy to induce a breach of contract regarding the transfer of ownership from the Timis Trust to the Gerald Group;

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  
Company Secretary

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3. An Injunction restraining the First Defendant, Second Defendant and Third Defendant whether by themselves, and/or through their principals and agents from liquidating the Fourth Defendant Company;
4. An injunction restraining the National Mineral Agency (NMA) whether by itself, and/or through its principals and agents from cancelling the mining agreement it has with the Fourth Defendant; alternatively, if the same has been cancelled, such cancellation be declared to be null and void and of no effect; and
5. General damages, any other relief the court may see fit and costs.

Commenting on the commencement of this action, Cape Lambert Resources Executive Chairman, Mr Tony Sage, said, "We have been patient in trying to settle this matter through consultation, however to recover the \$US8m loan plus interest and the outstanding \$US2.5m royalties this action appears to be the only avenue available to us."

The Company will make further announcements regarding the action as and when they become available.

Yours faithfully  
Cape Lambert Resources Limited

Tony Sage  
**Executive Chairman**