

31 July 2019

## QUARTERLY REPORT – 30 June 2019

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 June 2019.

Yours faithfully  
Cape Lambert Resources Limited

Tony Sage  
**Executive Chairman**

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

**Australian Securities Exchange Code: CFE**

Ordinary shares  
1,019,927,757

Unlisted Options  
15,336,363 (\$0.07 exp 12 Mar 2020)  
7,667,727 (\$0.07 exp 19 Mar 2020)  
5,250,000 (\$0.04 exp 31 Mar 2020)  
15,000,000 (\$0.03 exp 30 Jun 2021)  
5,000,000 (\$0.05 exp 13 Dec 2020)

Convertible Notes  
333,817 convertible notes

**Board of Directors**  
Tony Sage  
Executive Chairman

Tim Turner  
Non-executive Director

Stefan Müller  
Non-executive Director

Melissa Chapman  
Company Secretary

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## CORPORATE

### Strategy and Business Model

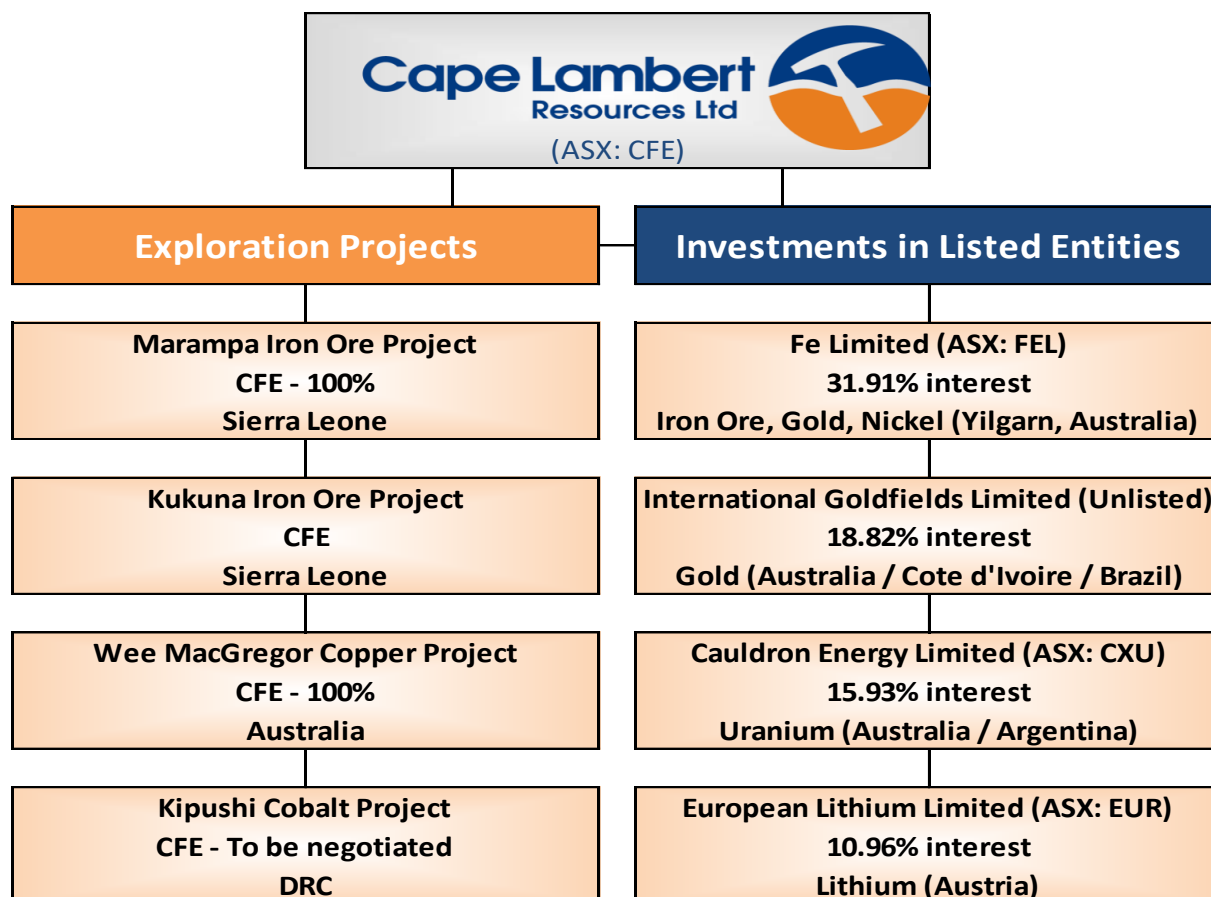
Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) is an Australian domiciled mineral development company. Cape Lambert has interests in several exploration and mining companies, providing exposure to iron ore, copper, gold, uranium, cobalt, lithium and lead-silver-zinc assets in Australia, Europe, Africa and South America (refer Figure 1).

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 undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

**Figure 1: Group Structure June 2019**



### Cash Balance

As at 30 June 2019, the Company had approximately A\$209k.

### Trading Suspension

On 8 January 2019, the Company's securities were suspended from official quotation pending an announcement on the Project, and in particular the security of tenure over the Kipushi Cobalt-Copper Tailings Project (**Project**). On 2 May 2019 the Company's securities were reinstated to trading following the release of an announcement in respect to the Project.

### Financing Facility

On 17 December 2018, the Company announced that it has secured a A\$7.5m finance facility with MEF I, L.P. (**Magna**) with an initial amount of A\$750k drawn down on 19 December 2018. During the quarter, Magna converted 50,000 notes (6,526,176 shares) on 13 May 2019. As at 30 June 2019, Magna had 333,817 convertible notes remaining.

On 29 May 2019, the Company announced that it had executed a non-binding terms sheet for an A\$15m finance facility with Winance Investment LLC (**Winance**). Subsequent to quarter end on 31 July 2019, the Company announced it had executed binding documentation with Winance in respect to the finance facility. The finance facility is by way of the issue of convertible securities in the Company. An initial amount of A\$1.2m (before expenses) is available for immediate drawdown and further drawdowns of A\$500,000 each are available upon full conversion of the notes from the previous drawdown, subject to cooling off periods.

### Lapsed Unlisted Options

On 30 June 2019 a total of 10m unlisted options exercisable at \$0.075 each expired.

## PROJECTS

### Marampa (100% interest)

Marampa is an iron ore project at the development stage, and is located 90 km northeast of Freetown, Sierra Leone, West Africa (**Marampa** or **Marampa Project**) (refer Figure 2). Marampa comprises one granted mining licence (ML05/2014) comprising 79.40km<sup>2</sup> and one granted exploration licence EL46A/2011 – 159.78 km<sup>2</sup> held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

There is nothing to report for the quarter.

### Dempsey Resources (100% interest)

Dempsey Resources holds the Kukuna Iron Ore Project located in Sierra Leone (**Kukuna** or **Kukuna Project**).

The Project is located 120 km northeast of Freetown in the northwest of Sierra Leone and consists of one exploration licence (EL22/2012) covering 68km<sup>2</sup> (refer Figure 2). The licence is located 70km due north of the Marampa Project and the Pepel Infrastructure and

comprises rocks that correlate with the Marampa Group stratigraphy known to host specular hematite mineralisation.

The Kukuna Project remains under care and maintenance.

### **Kipushi Copper-Cobalt Projects (JV with Paragon Mining SARL)**

The Kipushi Cobalt Copper Tailings Project consists of a tailings dam located on PE 12347 and the Kipushi Processing Plant located adjacent mining licence PE481 (**Kipushi Project**), refer Figure 2. The project is located approximately 25km from Lubumbashi, the second largest city in the Democratic Republic of Congo (**DRC**).

The Kipushi Project is held by State-owned mining company La Generale des Carrieres et des Mines (**Gecamines**), which has granted the rights to exploit the project to La Patience SPRL (**Patience**). In turn:

1. Patience had granted Paragon Mining SARL (**Paragon**) an interest in the project in consideration for Paragon sole funding development; and
2. Paragon had entered an agreement with the Company under which the Company would sole fund development in return for a net 35% interest in the Kipushi Project.

During the quarter the Company announced that Patience and Paragon had entered a settlement agreement (**Settlement Agreement**) to resolve a dispute over the agreement under which Paragon was granted its rights to the Kipushi Project. The Settlement Agreement was subject to certain warranties; which were backed by the Company and if not met entitled Patience to terminate the Settlement Agreement (in which case Cape Lambert would lose its interest in the Kipushi Project). The Company is yet to comply with the warranties and to date they have been met by Paragon. As a result Paragon can now renegotiate the terms of its joint venture agreement with the Company.

As announced on 12 July 2019 two African banks undertook a site visit, and the Company is in negotiations with a Chinese based bank with a view to achieving a 6 month rolling \$US40m letter of credit to fund the Project. If funding is secured the Company can negotiate with Paragon the terms of an updated JV.

During the quarter, the Company completed and released a maiden JORC compliant resource for the copper cobalt tailings of 2.3Mt @ 0.33% co and 1.0% cu as well as zinc cobalt tailings of 2.1Mt @0.14% co and 1.2% zn for a total of 4.4Mt of treatable tailings (refer ASX announcement 2 May 2019).

Approximately only half of the tailings deposit had been drilled and an additional exploration target of 1.8 to 2.0Mt containing between 0.3% - 0.35% co, 1.0 – 1.1% cu and 0.1 – 0.15% zn has been determined (refer to ASX announcement date 2<sup>nd</sup> May 2019 for all relevant details). The Company is not aware of any new information or data that materially affects the information included in that announcement.

### **Mining International Pty Ltd (100% Interest)**

Mining International Pty Ltd (**Mining International**), is a wholly owned subsidiary of Cape Lambert. The Company holds tenure to 4 mining leases (which were excluded from the sale of the Leichhardt Copper Project) at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland (refer Figure 4).

The tenements are located within in the Eastern Fold Belt of the Mt Isa inlier. The tenements are located in the Mary Kathleen Zone/Wonga Subprovince. This area is prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits.

Cohiba Minerals Limited (**Cohiba**) has a Farm-in agreement with the Company for mining licences ML 2504, ML 2773 and ML 90098, while Firebird Minerals Pty Ltd (**Firebird**) has a Farm-in agreement for mining licence ML 2771.

No activities were reported for the quarter.

Figure 2: Cape Lambert West African Iron Ore Interests





Figure 3: Location of the Kipushi Project

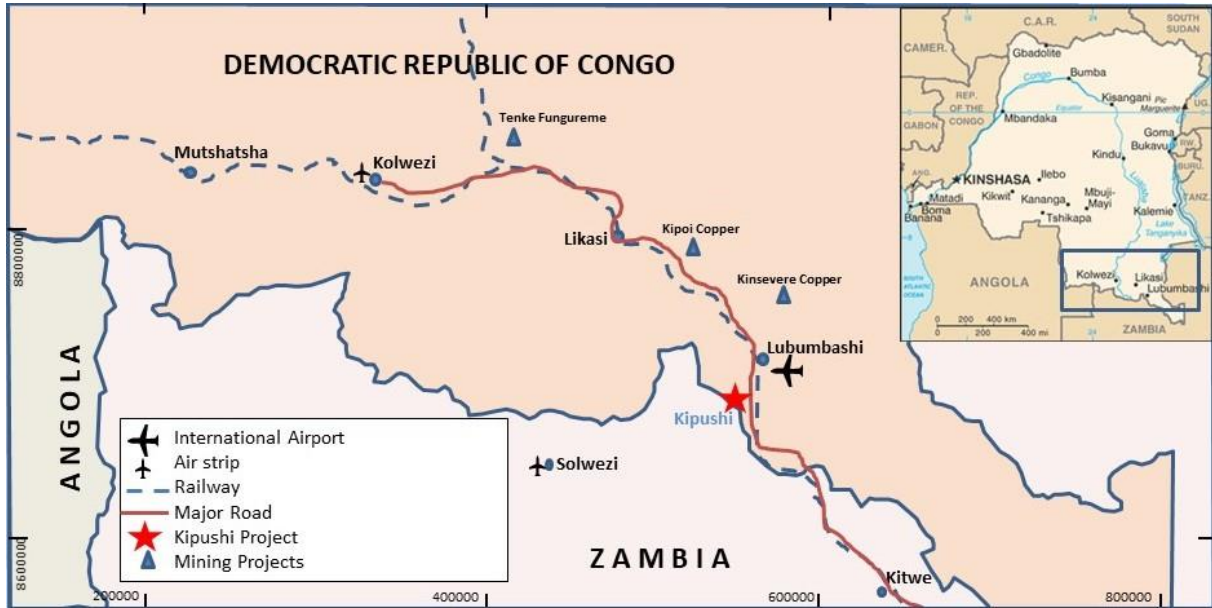
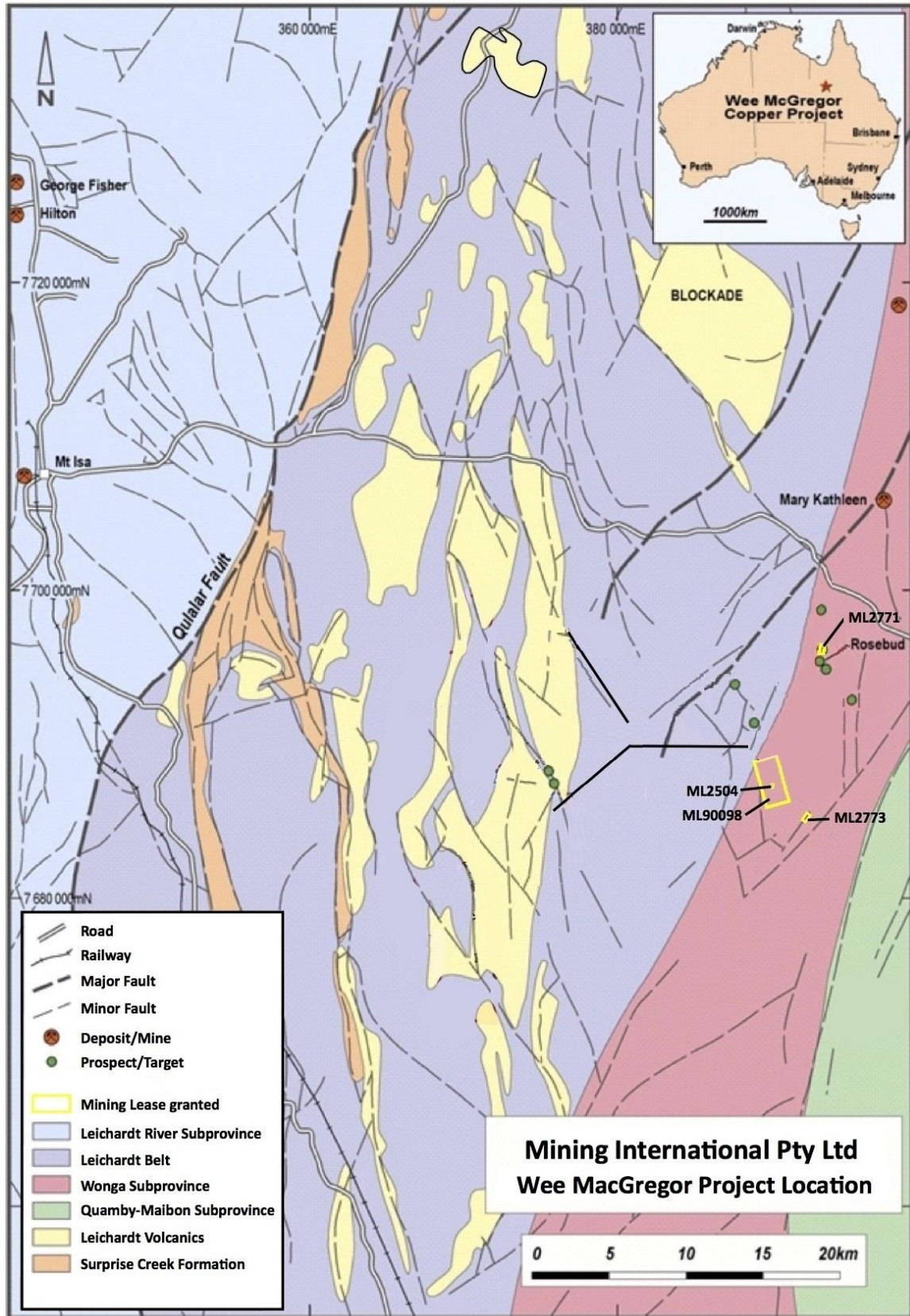


Figure 4: Wee MacGregor Project Location



## Appendix 1: Tenement Status

The mining tenements held at the end of each quarter, acquired and disposed of during the quarter and their location:

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at the end of quarter
Marampa Project - EL 46A/2011	Lunsar - Sierra Leone	-	-	100% <sup>4</sup>
Marampa Project – ML 05/2014	Lunsar - Sierra Leone	-	-	100% <sup>4</sup>
Kukuna Project - EL 22/2012	Kukuna – Sierra Leone	-	-	100%
ML 90098 <sup>1</sup>	Wee MacGregor - Queensland	-	-	100%
ML 2504 <sup>1</sup>	Wee MacGregor - Queensland	-	-	100%
ML 2771 <sup>2</sup>	Wee MacGregor - Queensland	-	-	100%
ML 2773 <sup>1</sup>	Wee MacGregor - Queensland	-	-	100%
PER 12347 <sup>3</sup>	Kipushi – DRC	-	-	Refer above

<sup>1</sup> Subject to the Cohiba (Cobalt X) Farm-in agreement, refer to ASX March 2017 Quarterly Report for details.

<sup>2</sup> Subject to the Firebird Farm-in agreement, refer to ASX March 2016 Quarterly Report for details.

<sup>3</sup> Refer to commentary above

<sup>4</sup> During the September 2018 quarter, the Company received a letter from the Sierra Leone Ministry of Mines (MoM) informing Marampa Iron Ore (SL) Limited (Marampa SL) of the cancellation of the Marampa mining license ML05/2014 due to non payment of fees. In September 2014, Marampa SL submitted to the MoM an application letter entitled "Force Majeure to all Cape Lambert Operations in Sierra Leone" which was acknowledged by the MoM. The Company understood that the agreement with the MoM was that force majeure events were acknowledged and authorised and as such no fees would accrue or be payable until a processing facility was operating and Marampa SL is producing iron ore from Marampa. The Company understands that the notice of cancellation of license letter has incorrectly been issued by the new Sierra Leone government who are not aware of the agreement. In order to protect it's position, Marampa SL has engaged Sierra Leone based lawyers BMT Law Chambers who has commenced legal action in the High Court of Sierra Leone against the cancellation of the licence.

There were no mining tenements with beneficial interest earned/lost in farm-in/farm-out agreements at the end of the quarter.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

Cape Lambert Resources Limited

**ABN**

71 095 047 920

**Quarter ended ("current quarter")**

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(167)	(2,524)
(b) development	-	-
(c) production	-	-
(d) staff costs	(12)	(198)
(e) administration and corporate costs	(461)	(2,092)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(260)	(1,300)
1.7 Research and development refunds	-	-
1.8 Other (transfer cash restricted to non-restricted)	-	32
1.8 Other (legal matters)	(70)	(70)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(969)</b>	<b>(6,150)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(17)
(b) tenements (see item 10)	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
(c) investments	-	(4)
(d) other non-current assets	-	-
<b>2.2 Proceeds from the disposal of:</b>		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	793	990
(d) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other</b>	-	(68)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>793</b>	<b>901</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	1,435
3.2 Proceeds from issue of convertible notes	-	750
3.3 Proceeds from exercise of share options	-	1,175
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(38)
3.5 Proceeds from borrowings	-	1,370
3.6 Repayment of borrowings	(187)	(283)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(187)</b>	<b>4,409</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	571	1,016
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(969)	(6,150)

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	793	901
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(187)	4,409
4.5	Effect of movement in exchange rates on cash held	1	33
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>209</b>	<b>209</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	209	571
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>209</b>	<b>571</b>

**6. Payments to directors of the entity and their associates**

		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	145
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director payments are inclusive of GST and exclude the reimbursement of expenses

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	166
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments included in item 7.1 are inclusive of GST and relates to payments to director-related parties for office occupancy, reimbursement of travel costs, corporate hospitality costs and other corporate costs.

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	7,500	750
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has established a convertible note facility with MEF I, L.P. Full terms and conditions of this facility are included in the ASX announcement dated 17 December 2018.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(172)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(12)
9.5 Administration and corporate costs	(523)
9.6 Other (ATO payment)	(260)
9.6 Other (legal matters)	(126)
<b>9.7 Total estimated cash outflows</b>	<b>(1,093)*</b>

\* This is an estimate of the total cash outflows of the Company for the next quarter and does not take into account proceeds from any proposed placements or debt financing.



## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

Date: 31 July 2019

Company Secretary

Print name: Melissa Chapman

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.