

Cape Lambert Directs Focus to the Marampa Iron Ore Project

Highlights

- Kipushi project financing extension terminated;
- Renewed focus on Marampa Iron Ore Project in Sierra Leone;
- Scoping study and testwork completed;
- Key infrastructure of rail, port and plant are now available; and
- Opportunity to partner with DGWA creating mineral investment portfolio.

Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert** or the **Company**), wishes to provide an update on the Kipushi Cobalt-Copper Tailings Project (**Kipushi Project**) and its strategy and specifically the 100% owned Marampa iron ore project located 90km northeast of Freetown, Sierra Leone, West Africa, refer Figure 1 (**Marampa Project** or **Marampa**), which has been under care and maintenance since April 2015.

After an exhaustive effort the Company has been unable to source project funding for the development of the Kipushi Project in the Democratic Republic of Congo (**DRC**) (see announcement dated 12 July 2019). Whilst we are not privy to the financier's decision making processes, we believe it is mainly due to the failing economics of the project in the current environment. When the project was first introduced the Cobalt price was approximately \$US95,000 per tonne, but now trades at less than \$US40,000 per tonne. Together with the challenging security situation and the yet to be controlled Ebola outbreak, it has made the DRC a very difficult jurisdiction for the Company to work in. With no more extensions being granted by Paragon the JV has been terminated.

On the termination of financing extension Tony Sage, Executive Chairman, said "We wish Paragon all the very best for the project and thank them for their patience in giving us the additional few months to find the project finance for the JV.

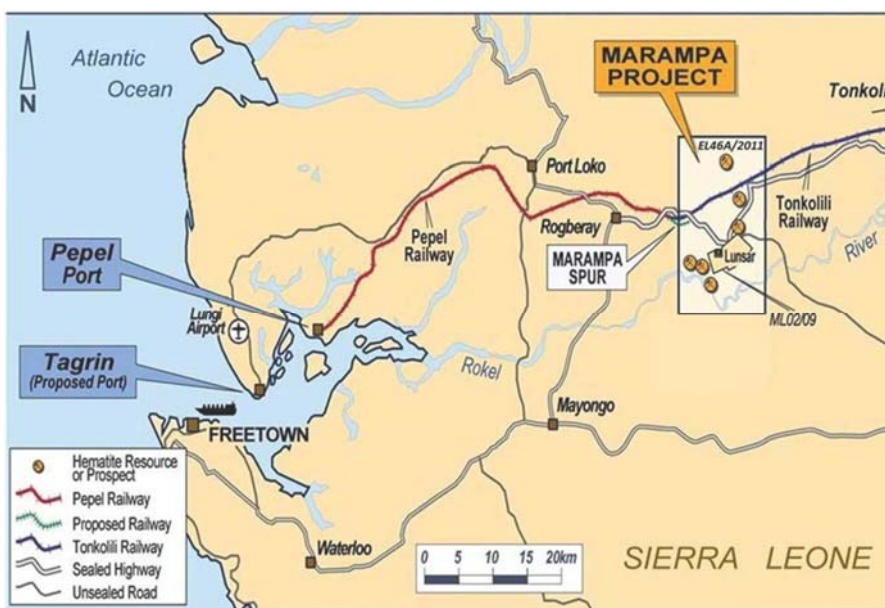


Figure 1 Location of the Marampa Iron Ore Project

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

Australian Securities Exchange
Code: CFE

Ordinary shares
1,030,009,850

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)
278,986 convertible notes
1,200 convertible notes

Board of Directors

Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Stefan Muller
Non-executive Director

Melissa Chapman
Company Secretary

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Marampa has a total JORC Mineral Resource of 680 million tonnes (Mt) at 28.2% Fe (above a cut-off grade of 15% Fe) covering four deposits (Gafal, Matukia, Mafuri and Rotret) (refer ASX Announcement 7 July 2011 and Table 1 below).

In 2013, the Company completed an update of its 15Mtpa Scoping Study (**Scoping Study Update**) which was based on exploiting the JORC compliant mineral resource and showed that 82% of the resource could be mined to produce high-grade hematite concentrate over a 15 year mine life (refer ASX announcement dated 31 July 2013).

The Scoping Study Update¹ considered a three-stage development as follows:

- Stage 1 – construction of a 2.5 Mtpa concentrate production operation, with 2 Mwtपा railed to the Pepel Port facility for transshipping to Cape sized vessels, followed by;
- Stage 2 – expanding the total concentrate production to 10 Mtpa, with the additional concentrate being pumped via a 7.5 Mtpa slurry pipeline to an MIOL owned transshipping port at Tagrin point, where it would be dewatered and stockpiled before transshipping to Cape sized vessels; followed by;
- Stage 3 - expanding the total concentrate production to 15 Mtpa, with all concentrate being pumped via two 7.5 Mtpa slurry pipelines to Tagrin point, where it would be dewatered and stockpiled before transshipping to Cape sized vessels.

A Project layout is shown in Figure 2.

An extensive metallurgical testwork program was undertaken for the Marampa Project, which was planned and managed by Tenova. The testwork showed that the use of WHIMS technology provides the best beneficiation results on the Marampa ores, producing a high-quality iron concentrate with low levels of deleterious elements. A summary of typical results from testwork is shown in Table 2.

Based on the results of the testwork, Tenova developed a process flowsheet for processing both oxide and fresh ore types. A schematic of the process flowsheet is shown in Figure 3.

In 2014, Marampa was granted its mining licence ML05/2014 (refer Figure 4) and also achieved the issuance of its environmental licence.

In October 2014, the Company announced that it had entered into a funding agreement with Timis Mining Corporation (**Timis Mining**), which had acquired the assets of London Mining Marampa Mine Assets (**Marampa Mine**) located on the adjacent mining licence ML02/09 (refer ASX announcement dated 22 October 2014), which included an agreement for Timis Mining to have exclusive rights to purchase and exploit, at their own expense, up to 100,000,000 tonnes or any other greater amount as defined by further drilling of oxidised ore from Marampa. Timis Mining later fell into administration due to the relatively low iron price. In 2017, Gerald Metals, in questionable circumstances, obtained a new licence over ML02/09 and undertook refurbishment work on the process plant to recommence production, refer Figure 5, with their first shipment of concentrate in June 2019. On 3 August 2019, however, the Government of Sierra Leone (**GoSL**) announced that it had cancelled the licence of Gerald Metals and Shandong Iron and Steel (owner of the Tonkolili Project and the Pepel rail and port, refer Image 1 and Image 2)².

Since the iron ore price lows of 2015, the price has risen steadily and since January 2019 has been above US\$75/tonne (62% Fe, CFR China), peaking at US\$117/tonne in July 2019. The quality and grade of Marampa ore means at extra 15% to 20% premium to these prices making for very robust project economics.

The relatively high iron price throughout 2019 has resulted in third parties showing an interest in the Marampa Project. The GoSL has also expressed interest for the Company to acquire the Marampa Mine, with the view that it could be merged with the Marampa Project and use the Pepel port and rail to export its product. Given this, the Company will refocus its efforts in pursuing the interested third parties and others with the hope of progressing

¹ In accordance with ASX Listing Rule 5.19, the Company released to the ASX the Scoping Study Update on 31 July 2013. The Company confirms that all the material assumptions underpinning the scoping study continue to apply and have not materially changed.

² Refer: <https://www.africanews.com/2019/08/03/sierra-leone-cancels-major-mining-licences/>

the Marampa Project to development. The Company has commenced the application process for reissuance of the relevant licences.

Commenting on this, Executive Chairman Tony Sage said “I am pleased that there has been renewed interest in the Marampa Project which has suffered due to the low iron price preventing its development. We look forward to working with interested parties and the GoSL to merge the Marampa Project with the Marampa Mine and bring it to its long-awaited production”.

The Company has the opportunity to partner with DGWA GmbH to position its diversified mineral investment portfolio into the European market, traditionally signal company focused with limited exposure to mineral based investments.

Commenting on this, Executive Chairman Tony Sage said “partnering with DGWA gives CFE a great opportunity of attracting high quality European investors into our existing diversified mineral investment portfolio”.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

The contents of this announcement relating to Mineral Resources are based on information compiled by Olaf Frederickson, a Member of the Australasian Institute of Mining and Metallurgy. Mr Frederickson is a consultant to Cape Lambert and has sufficient experience relevant to the style of mineralisation and the deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Frederickson consents to the inclusion in this report of the matters compiled by him in the form and context in which they appear.

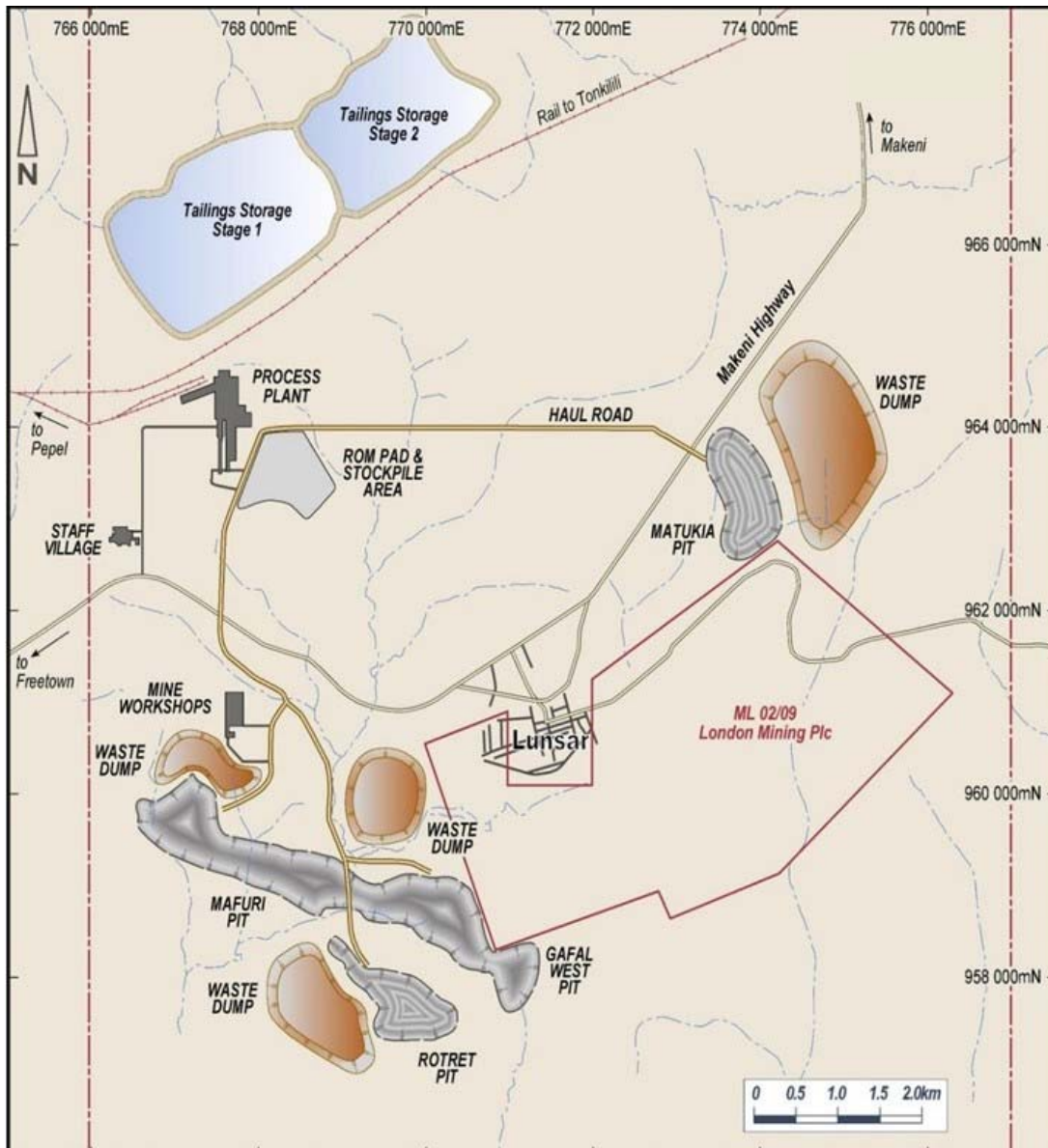


Figure 2: Marampa Project Layout

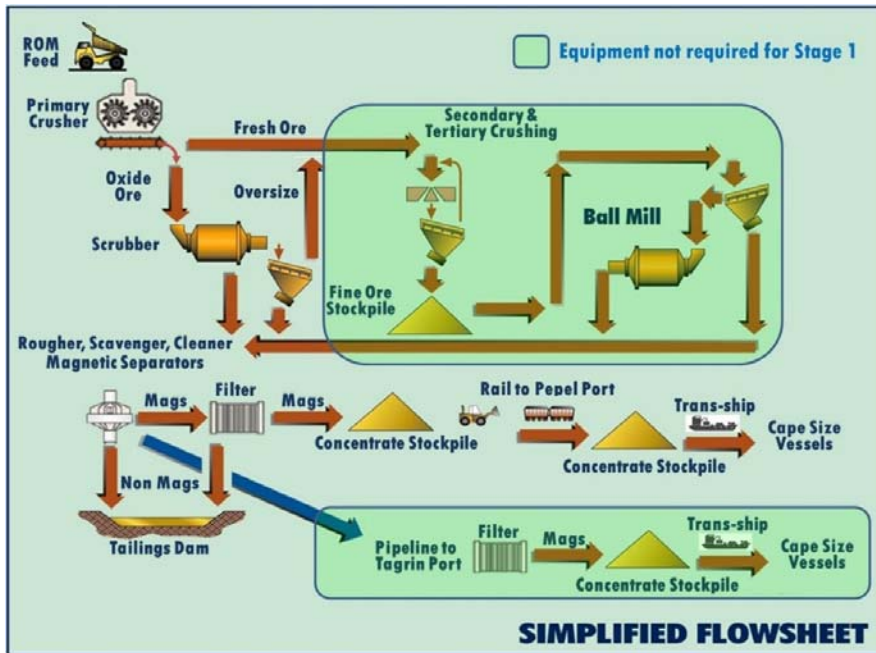


Figure 3: Simplified Process Flowsheet

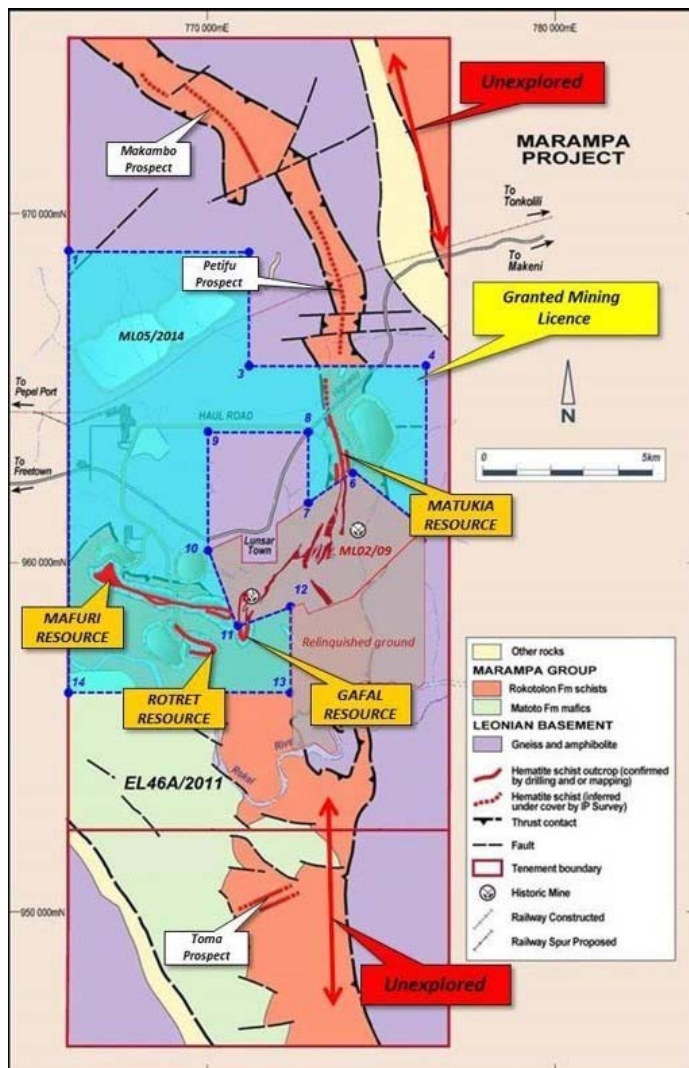


Figure 4: Tenement Geology, Resource Locations and the Granted Mining Licence Area



Figure 5: An Overview of the Marampa Mine Processing Plant

Deposit	JORC* Category	Tonnes (millions)	Grade (%)					
			Fe	SiO ₂	Al ₂ O ₃	P	S	Lol
Matukia	Indicated	77	30.1	40.6	4.9	0.140	0.004	3.1
	Inferred	115	30.2	40.3	5.2	0.132	0.005	3.2
	Total	192	30.2	40.4	5.1	0.135	0.005	3.2
Gafal (West & South)	Indicated	55	29.6	41.5	5.1	0.130	0.002	3.0
	Inferred	178	26.1	47.0	6.7	0.191	0.005	2.2
	Total	233	26.9	45.7	6.3	0.177	0.004	2.4
Mafuri	Indicated	130	27.5	45.0	5.8	0.150	0.002	2.3
	Inferred	59	27.4	45.2	7.8	0.100	0.009	2.9
	Total	189	27.5	45.1	6.4	0.140	0.004	2.5
Rotret	Inferred	67	29.2	44.1	6.3	0.140	0.008	2.4
	Total	77	30.1	40.6	4.9	0.140	0.004	3.1
Total Indicated		262	28.7	43.0	5.4	0.143	0.003	2.7
Total Inferred		419	27.9	44.5	6.4	0.153	0.006	2.6
Total		681	28.2	43.9	6.0	0.149	0.005	2.7

Table 1: Marampa Project Mineral Resource Estimate as at January 2013 (15% Fe lower cut-off grade)

*The Marampa resource was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Composite Sample	Feed Grade % Fe	Concentrate Grade (%)					Mass Recovery %	Iron Recovery %
		Fe	SiO ₂	Al ₂ O ₃	P	S		
Rotret Fresh	28.0	65.0	3.01	1.04	0.008	0.007	37.3	86.6
Gafal Oxide	25.4	66.2	1.93	1.51	0.023	0.009	30.9	80.2
Matukia Fresh - Cluster 2	33.1	66.0	2.17	0.74	0.008	0.003	43.4	86.5
Matukia Fresh - Cluster 6	33.2	66.0	2.25	0.66	0.009	0.004	44.1	87.8
Gafal Deep South	30.4	65.5	2.83	1.02	0.010	0.001	43.2	93.1

Table 2: Summary of Typical Beneficiation Test Results



Image 1 - Tonkolili – Pepel Railway



Image 2 – Pepel port facilities Sierra Leone