

28 October 2015

## QUARTERLY REPORT – 30 September 2015

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 September 2015.

Yours faithfully  
Cape Lambert Resources Limited

Tony Sage  
**Executive Chairman**

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  
626,686,586

Unlisted Options  
8,925,000 (\$0.088 exp 18 Dec 2016)

### Board of Directors

Tony Sage  
Executive Chairman

Tim Turner  
Non-executive Director

Jason Brewer  
Non-executive Director

Ross Levin  
Non-executive Director

Melissa Chapman  
Company Secretary

### Key Projects and Interests

Marampa Iron Ore Project  
Pinnacle Group Assets

### Cape Lambert Contact

Tony Sage  
Executive Chairman

Eloise von Puttkammer  
Investor Relations

Phone: +61 8 9380 9555  
Email: [info@capelam.com.au](mailto:info@capelam.com.au)

### Australian Enquiries

Professional Public Relations  
David Tasker  
Phone: +61 8 9388 0944  
Mobile: +61 433 112 936  
Email: [david.tasker@ppr.com.au](mailto:david.tasker@ppr.com.au)

### UK Enquiries

Tavistock Communications  
Emily Fenton / Jos Simson  
Phone: +44 (0)207 920 3150  
Mobile: +44 (0)7899 870 450

## HIGHLIGHTS

- As at 30 Sept 2015, the Company had approximately A\$7.0 million in cash at bank.
- Further cost reduction measures being implemented in Sierra Leone.
- Cape Lambert Chairman reaffirms commitment by increasing shareholding.
- Update on Timis Mining royalty and funding arrangement.
- Update on African Minerals Limited sale of shares in the Company.

## CORPORATE

### **Strategy and Business Model**

Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) is an Australian domiciled, fully funded, mineral development company. Cape Lambert has interests in several exploration and mining companies, providing exposure to iron ore, copper, gold, uranium, manganese, lithium and lead-silver-zinc assets in Australia, Asia, 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.

### **Capital Management**

#### ***African Minerals Limited Shareholding***

As previously announced, the Company advised Shareholders that administrators had been appointed to manage the affairs, business and property of African Minerals Limited (**AML**). AML continues to be a substantial shareholder of the Company with a holding of 105,808,628 shares.

#### ***Cape Lambert Chairman Increases Shareholding***

During the quarter, Cape Lambert Executive Chairman reaffirmed his commitment to the Company by significantly increasing his shareholding via an off market purchase of 29,151,25q shares increasing his shareholding to 11.61% (refer ASX Announcement 18 August 2015).

## Investments

### **Timis Mining Corporation Royalty**

The Company wishes to update Shareholders regarding the royalty agreement with Timis Mining Corporation SL Limited and Timis Mining Corporation Limited (collectively **Timis Mining**).

As previously announced, under the terms of the agreement Cape Lambert will receive a royalty of US\$2 per tonne of iron concentrate (**Royalty**) exported from the Timis Marampa Iron Ore Mine (**Mine**), which is payable on a quarterly basis. The Royalty was originally payable over a four year period and in the event that the Mine temporarily suspended production due to a force majeure event, the Royalty period would be extended by the same period that the force majeure event continues. The Royalty agreement has been amended and a Royalty of US\$2 per tonne is now payable on production of 24mt from the Mine and is not limited to a 4 year time period.

In the March 2015 quarter, eight shipments were made from the Mine with Cape Lambert due to receive a royalty payment of US\$2,566,420 which has yet to be paid to the Company. The Mine remains on care and maintenance due to the currently low iron ore price.

### **Timis Mining Corporation Bridging Finance**

The Company would like to provide an update to Shareholder regarding the bridging finance with Timis Mining (refer ASX Announcement 22 October 2014).

Bridging finance of US\$8 million is repayable to the Company in October 2015 and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%. The principal and interest is due to be repaid to Cape Lambert in one payment on 21 October 2015 and can be extended by the parties on mutually agreed terms.

Repayment of the bridging finance is yet to be received by the Company. Cape Lambert has written to Timis Mining requesting repayment of the bridging finance and is in communication with Timis Mining to understand when it is anticipated that the Mine will re-commence production and be in a position to repay the bridging finance.

## 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 two granted exploration licences (EL46A/2011 – 159.78 km<sup>2</sup> and EL46B/2011 – 66.00km<sup>2</sup> (formerly EL46/2011 – 305.18km<sup>2</sup>)) held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

No exploration activities occurred during the quarter. The Company is in the process of implementing further cost reduction measures at Marampa, to be completed early in the December 2015 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 is currently under care and maintenance.

### **Metal Exploration Limited (100% interest)**

Metal Exploration (Mauritius) Limited, a wholly owned subsidiary of Cape Lambert, holds 15 granted exploration licences and one application in Sierra Leone covering approximately 1,688km<sup>2</sup>. This land package covers the region 70km to the north and south of Marampa and is referred to as the Rokel Iron Ore Project (**Rokel** or **Rokel Project**). Rocks from the Marampa Group exist throughout the licence areas, much the same as the Marampa Project, and are known to host specularite schist bearing units.

The Rokel Project is prospective for discovery of hematite schist deposits geologically similar to those at Marampa and is located proximal to the existing Pepel infrastructure (refer Figure 2). Regional mapping and geophysics has identified a number of prospective areas to be followed up with future targeted exploration.

The Rokel Project is currently under care and maintenance.

### **Pinnacle (100% interest)**

Pinnacle holds the Sandenia Iron Ore Project (**Sandenia** or **Sandenia Project**) located 290km east of Conakry in the central south of the Republic of Guinea (Refer Figure 2). The Project comprises a single tenement covering approximately 298km<sup>2</sup>, which will expire in the December 2015 quarter. The Company has decided to not renew this exploration licence.

The camp and facilities at Sandenia remain on care and maintenance and the Company is continuing to seek divestment opportunities for these facilities.

### **Cote D'Ivoire (100% interest)**

Metals Exploration Cote D'Ivoire SA Limited is a wholly owned subsidiary of Cape Lambert Resources. The Company holds three tenements in the highly prospective Birimian Gold Belt of Cote D'Ivoire. The tenements are named Boundiali North (400km<sup>2</sup>), Katiola (400km<sup>2</sup>) and Bouake (400km<sup>2</sup>) for a total land position of 1,200km<sup>2</sup> (refer Figure 3).

The tenements all contain, or are adjacent to, Birimian Greenstones and metasediments and have significant structural characteristics known to host high tenor gold mineralisation in the district. The Birimian Group is broadly divided into phyllites, tuffs and greywackes of the Lower Birimian (Type 2 metasediments), and various basaltic to andesitic lavas and volcanoclastics of the Upper Birimian (Type 1 Greenstone metavolcanics). Spatial distribution of gold mineralisation appears to be governed by north to northeast trending belts of metavolcanic rocks, ranging from 15km to 40km in width, associated with the Upper Birimian.

The Birimian Gold Belt is host to numerous multi-million ounce gold deposits including the Morila (7 Moz), Syama (7 Moz) and Tongon (4 Moz) deposits. Almost without exception, these major gold deposits are located at or close to the margins of the metavolcanic belts, adjacent to the strongly deformed contacts between the Upper and Lower Birimian sequences as seen to exist within the Company's granted tenements.

All three tenements are highly prospective and have the potential to host multi-million ounce gold deposits (refer to ASX announcement of 30 April 2013).

A major international explorer and gold producer has completed a stream sediment sampling program on the Katiola and Boundiali tenements during the quarter. Discussions have commenced in regards to a possible Farm-in venture arrangement on the project.

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

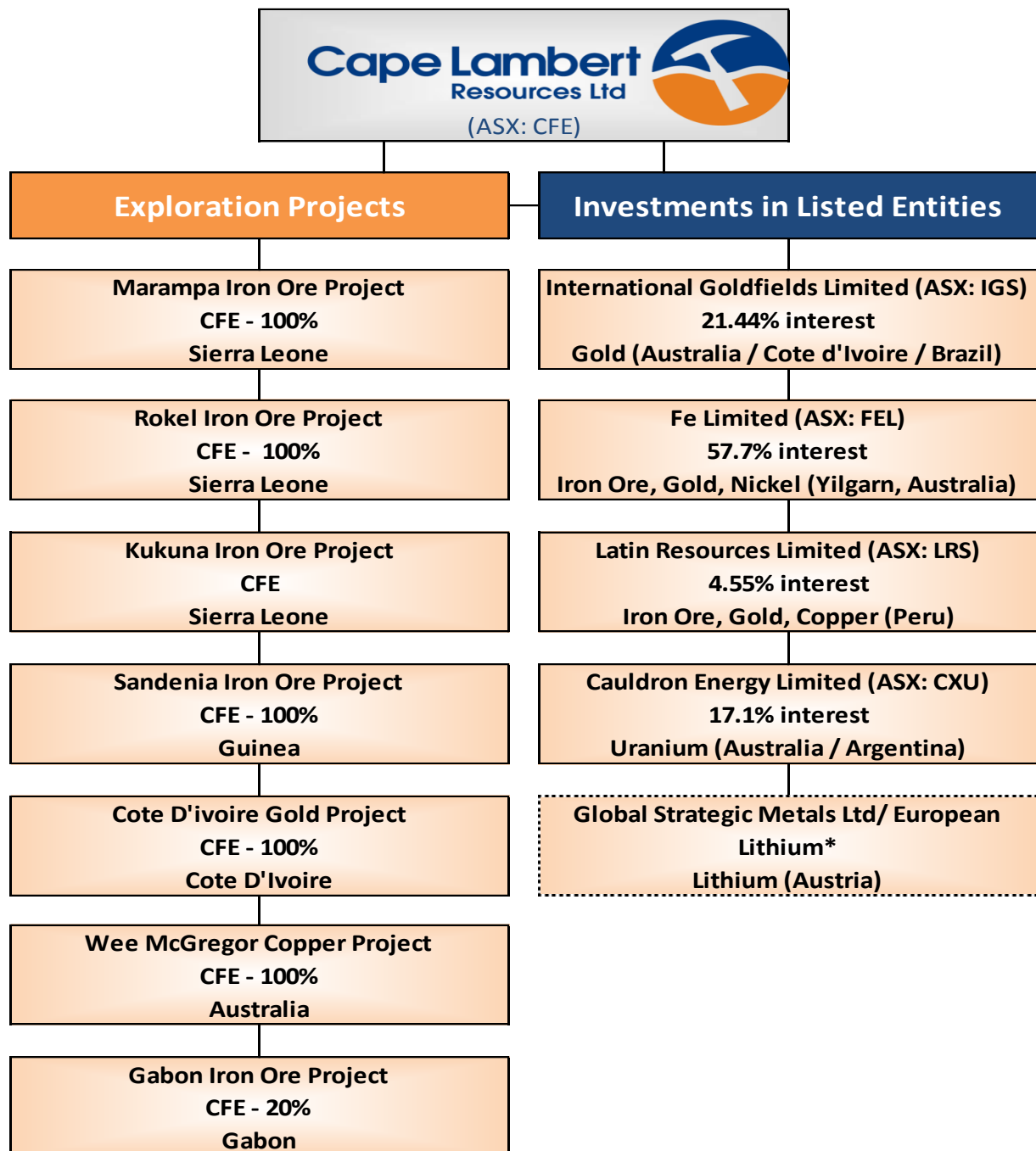
Mining International Pty Ltd (**Mining International**), is a wholly owned subsidiary of Cape Lambert. The Company holds tenure to 4 mining leases (which were excluded from the sale of the Leichhardt Copper Project) and 3 granted exploration permits for minerals (EPM's) (which were acquired from Caeneus Minerals Limited in 2014) at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland (refer Figure 5). One EPM application is pending grant. The total granted land package covers an area of approximately 89km<sup>2</sup>.

The tenements are located within in the Eastern Fold Belt of the Mt Isa inlier (Figure 7). The eastern-most tenements are located in the Mary Kathleen Zone/Wonga Subprovince. The western group of tenements are located in the Kalkadoon Leichhardt Belt. These areas are prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits.

The Wee MacGregor tenements can be classed as brownfields exploration as several copper occurrences and historical workings occur within the tenement boundaries. In addition, there are numerous under-explored geochemical and geophysical anomalies defined by previous explorers.

Cape Lambert has progressed discussions with a prospective investor regarding a Farm-in arrangement for this project.

**Figure 1: Group Structure September 2015**



\*Currently undergoing capital raising



Figure 2: Cape Lambert West African Iron Ore Interests

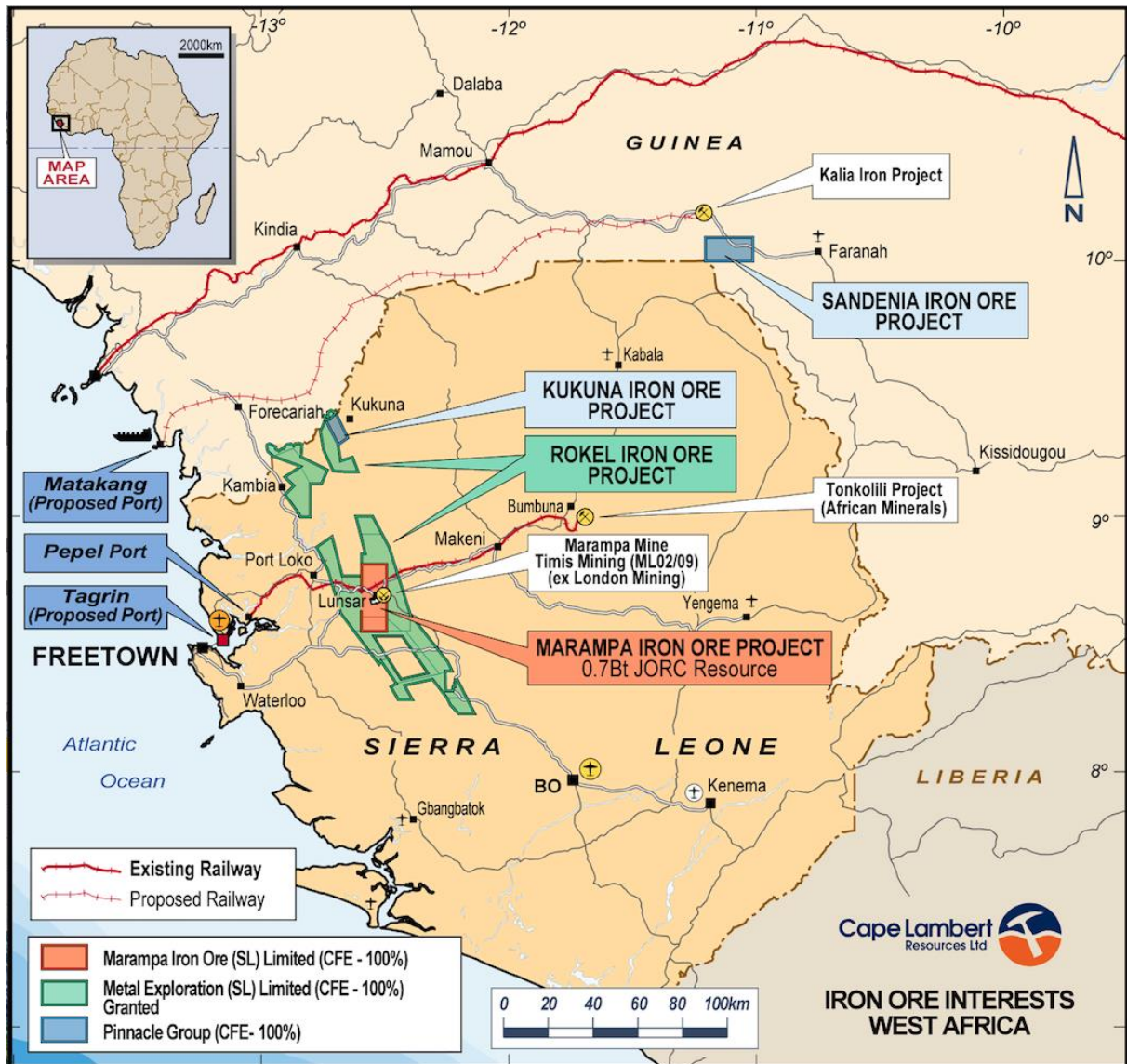




Figure 3: Cote D'Ivoire Tenements

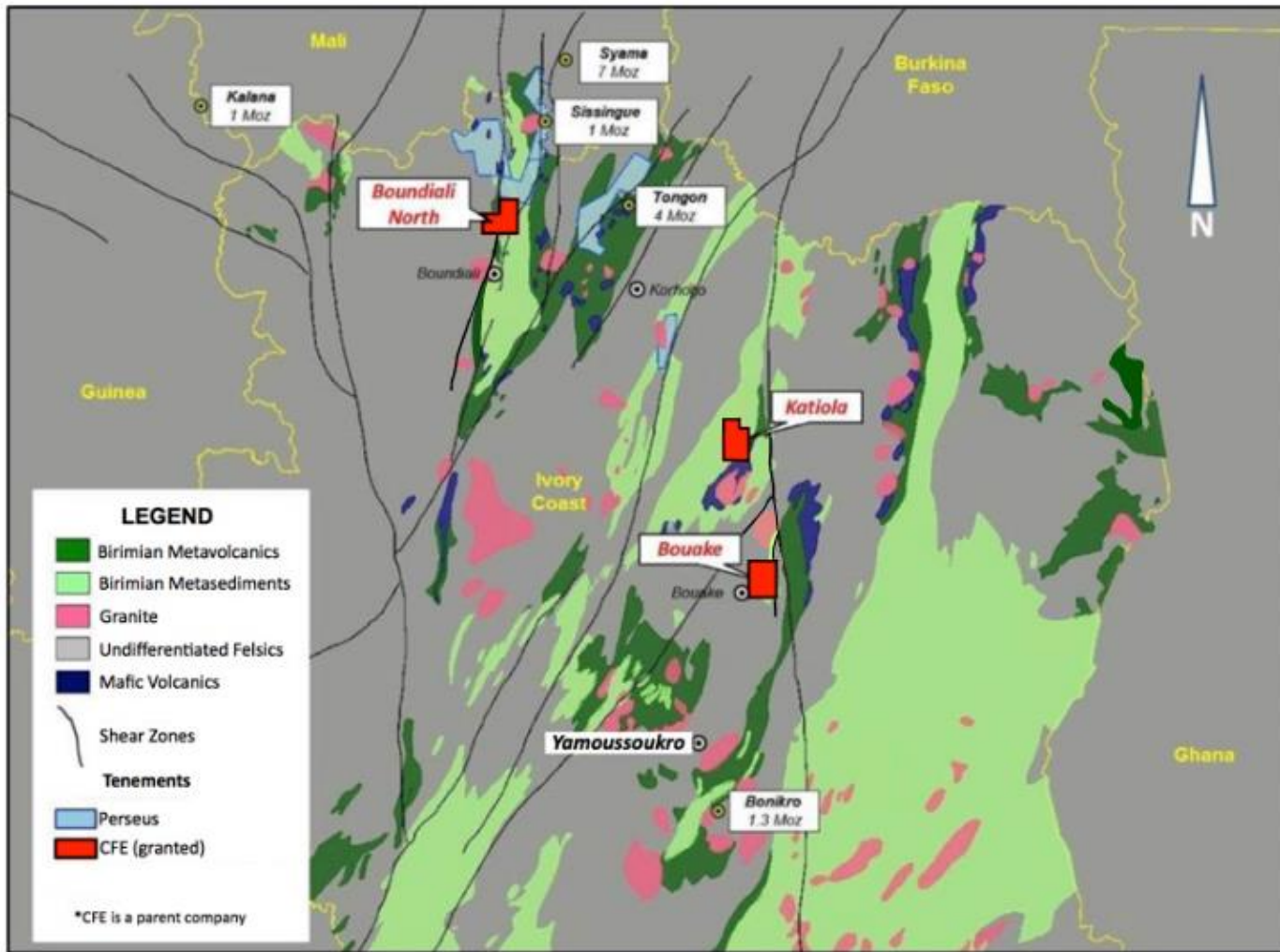


Figure 4: Rokel Projects Location Map

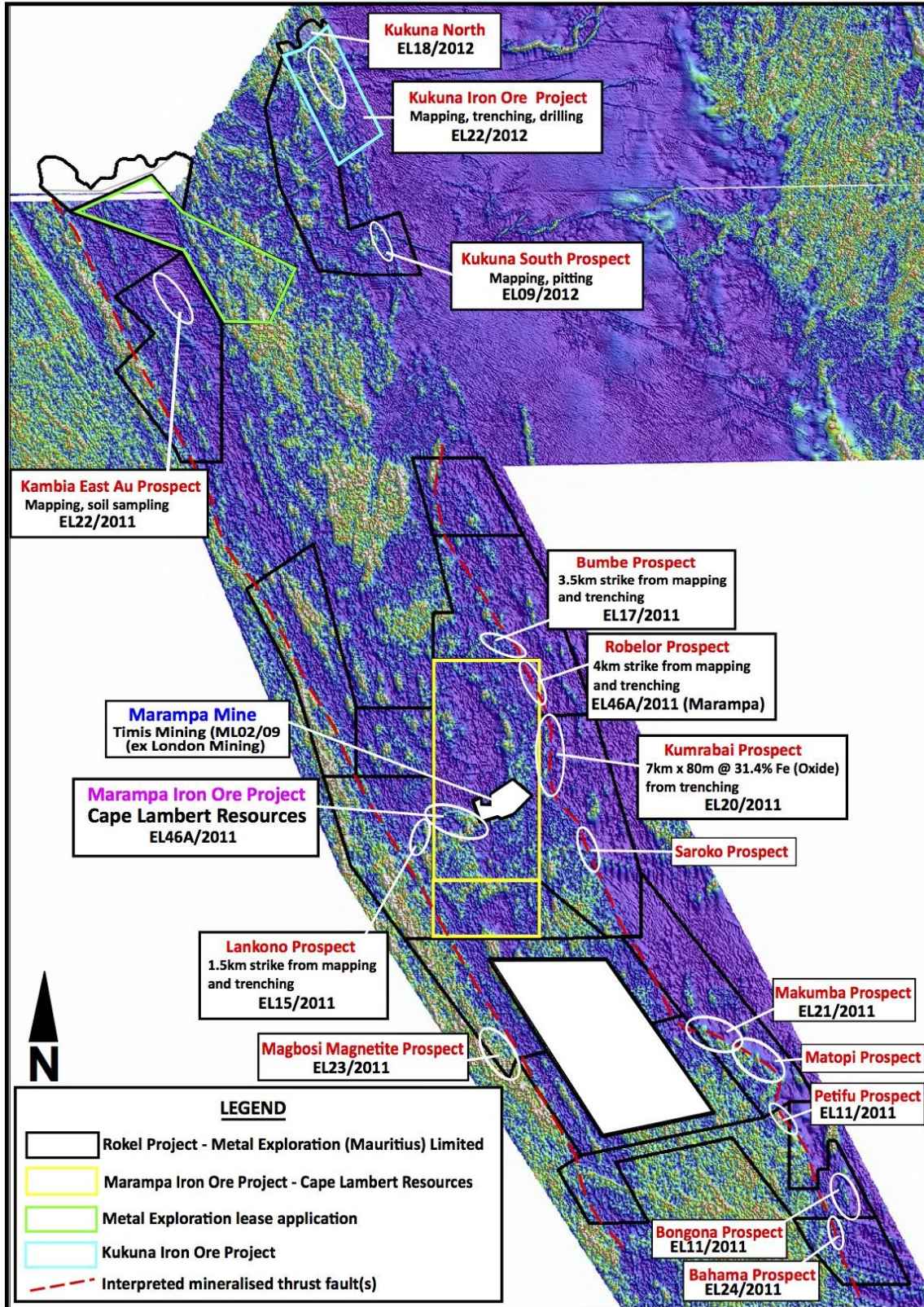
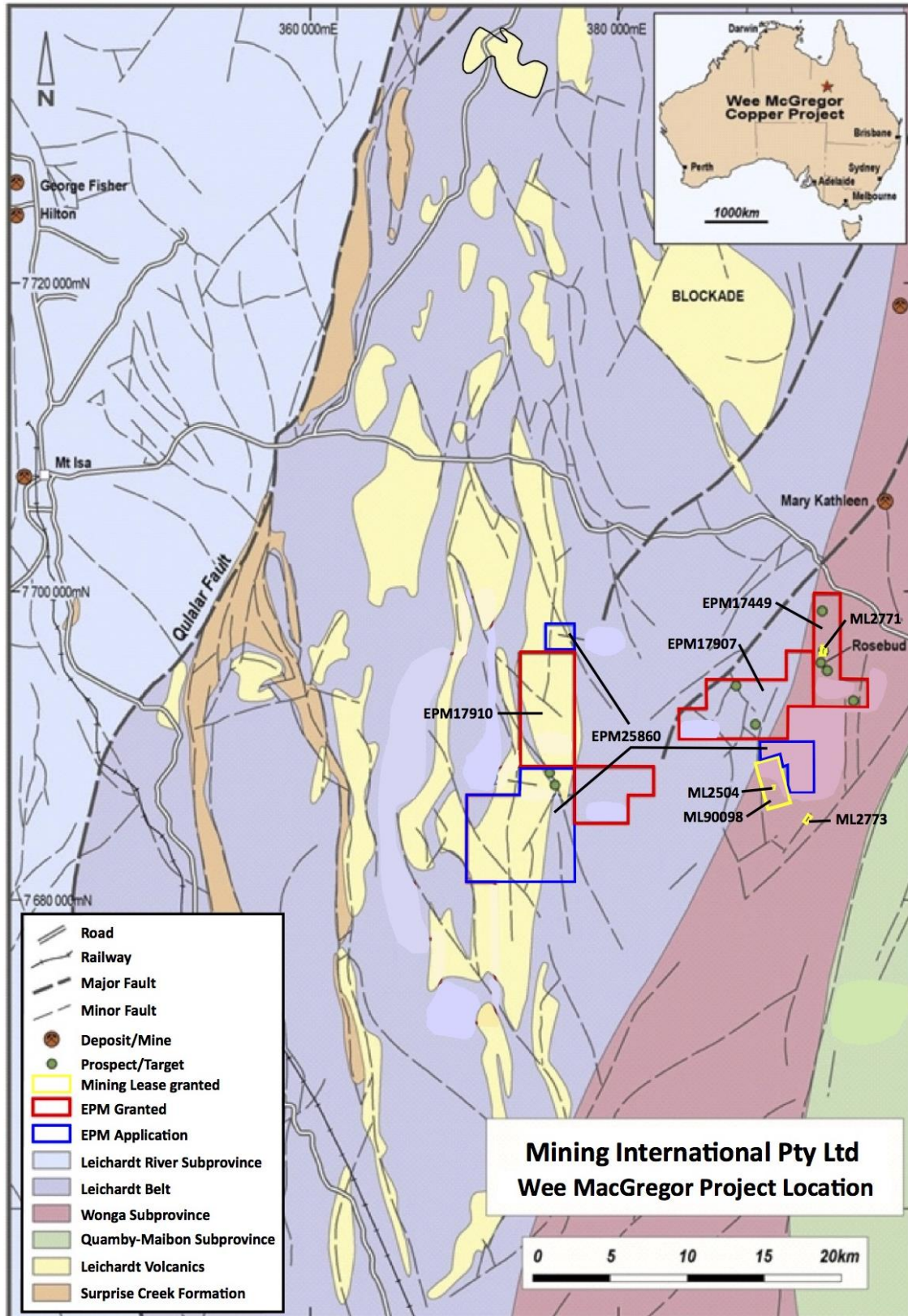




Figure 5: Wee MacGregor Project Location



## 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%
Marampa Project - EL 46B/2011	Lunsar - Sierra Leone	-	-	100%
Rokel Project - EL 08/2012	Yaya - Sierra Leone	-	-	100%
Rokel Project - EL 09/2012	Kukuna South - Sierra Leone	-	-	100%
Rokel Project - EL 11/2011	Gbahama - Sierra Leone	-	-	100%
Rokel Project - EL 13/2011	Gbinti - Sierra Leone	-	-	100%
Rokel Project - EL 15/2011	Lankono - Sierra Leone	-	-	100%
Rokel Project - EL 16/2011	Makonkari - Sierra Leone	-	-	100%
Rokel Project - EL 17/2011	Karina - Sierra Leone	-	-	100%
Rokel Project - EL 18/2011	Kukuna North - Sierra Leone	-	-	100%
Rokel Project - EL 19/2011	Lankono North - Sierra Leone	-	-	100%
Rokel Project - EL 20/2011	Marampa East - Sierra Leone	-	-	100%
Rokel Project - EL 21/2011	Mawanka - Sierra Leone	-	-	100%
Rokel Project - EL 22/2011	Kambia East - Sierra Leone	-	-	100%
Rokel Project - EL 23/2011	Magbosi - Sierra Leone	-	-	100%
Rokel Project - EL 24/2011	Gbangbama - Sierra Leone	-	-	100%
Rokel Project - EL 25/2011	Gbinti West - Sierra Leone	-	-	100%
Kukuna Project - EL 22/2012	Kukuna - Sierra Leone	-	-	100%
Sandenia Project - No. A2013/110/DIGM/CPDM	Sandenia - Guinea	-	-	100%
Cote D'Ivoire Projects - EL 284	Katiola - Cote D'Ivoire	-	-	100%
Cote D'Ivoire Projects - EL 285	Boundiali North - Cote D'Ivoire	-	-	100%
Cote D'Ivoire Projects - EL 286	Bouake - Cote D'Ivoire	-	-	100%
EPM 17449	Wee MacGregor - Queensland	-	-	100%
EPM 17907	Wee MacGregor - Queensland	-	-	100%
EPM 17910	Wee MacGregor - Queensland	-	-	100%
ML 90098	Wee MacGregor - Queensland	-	-	100%
ML 2504	Wee MacGregor - Queensland	-	-	100%
ML 2771	Wee MacGregor - Queensland	-	-	100%
ML 2773	Wee MacGregor - Queensland	-	-	100%

There were no mining tenements with beneficial interest held in farm-in/farm-out agreements at the end of the quarter, nor were any acquired or disposed of during the quarter.

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Cape Lambert Resources Limited

ABN

71 095 047 920

Quarter ended ("current quarter")

30 September 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,138)	(1,138)
(b) development	-	-
(c) production	-	-
(d) administration	(1,252)	(1,252)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	154	154
<b>Net Operating Cash Flows</b>	<b>(2,203)</b>	<b>(2,203)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(30)	(30)
(c) other fixed assets	(78)	(78)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	201	201
(c) other fixed assets	-	-
(d) controlled entity	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other: Repayment of convertible notes	157	157
Other: Payment of transaction related and business development costs	(68)	(68)
<b>Net investing cash flows</b>	<b>182</b>	<b>182</b>
<b>1.13 Total operating and investing cash flows</b>	<b>(2,021)</b>	<b>(2,021)</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-

+ See chapter 19 for defined terms.

## Appendix 5B

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

1.18	Dividends paid	-	-
1.19	Other: Capital raising costs	(29)	(29)
	<b>Net financing cash flows</b>	<b>(29)</b>	<b>(29)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(2,050)</b>	<b>(2,050)</b>
1.20	Cash at beginning of quarter/year to date	9,034	9,034
1.21	Exchange rate adjustments to item 1.20	42	42
1.22	<b>Cash at end of quarter</b>	<b>7,026</b>	<b>7,026</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	206
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$206,000 (excluding GST) payment of executive and non-executive director fees.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,100
4.2 Development	-
4.3 Production	-
4.4 Administration	1,100
<b>Total</b>	<b>2,200</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,026	9,034
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,026</b>	<b>9,034</b>

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+ See chapter 19 for defined terms.



## Appendix 5B

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

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
7.2				
7.3				
7.4				
7.5				

+ See chapter 19 for defined terms.

**Appendix 5B**

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

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	8,925,000	8,925,000	Exercise price \$0.088	Expiry date 18 Dec 2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/Cancelled during quarter	500,000	500,000	\$0.015	30 Sept 2015
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

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+ See chapter 19 for defined terms.

### **Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: .....  
(Company secretary)

Date: 28 October 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.