

Cobalt Production Joint Venture Agreement Signed

Highlights

- Cape Lambert and new joint venture partner, Paragon Mining (SARL) sign landmark agreement to develop advanced and near-term production cobalt and copper projects in the DRC
- New Joint Venture Company to be incorporated in the DRC with immediate focus on commencing cobalt production from the Kipushi Tailings Project through the Kipushi Processing Plant
- Exploration and feasibility study work to also commence on the Kasombo Copper-Cobalt Project that is located adjacent to the Kipushi Processing Plant
- Ongoing metallurgical testwork and process plant and mine optimization studies to be accelerated to allow a rapid commencement of cobalt mining and processing activities
- Cape Lambert has now established itself as having one of the most advanced cobalt production opportunities on the ASX and at a time of record high demand and prices for cobalt

Australian resource and investment company, Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert or the Company**) is pleased to announce that the Joint Venture Agreement (**Agreement**) with Congolese company, Paragon Mining SARL (**Paragon**) has now been signed by both parties.

The new 50/50 joint venture in the Democratic Republic of Congo (**DRC**), the world's largest cobalt producing country, sets a clear pathway for production for Cape Lambert with the planned development of the Kipushi Cobalt Tailings Project (**Kipushi**) and the Kasombo Copper-Cobalt Project (**Kasombo**) (together the **Projects**) and the processing of material through the Kipushi Processing Plant.

On the execution of the Agreement Cape Lambert Executive Chairman, Mr Tony Sage, said: "The signing of this agreement not only positions Cape Lambert as a high value cobalt production company, at a time of record high prices for the commodity, but also provides us with an extremely solid foundation from which to further build our African focused cobalt portfolio."

"We have a management team that has all the necessary experience and credentials to successfully develop mining projects in Africa and with our new joint venture partner, we now look forward to both working together to rapidly bring the Kipushi and Kasombo towards production as well as identifying other new advanced cobalt opportunities in the region." Mr Sage added.

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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DRC Cobalt Joint Venture

On 3 May 2017, Cape Lambert announced to ASX that it had agreed all terms of the Agreement with Paragon to form a new cobalt production focused joint venture.

The Company is pleased to now confirm that the Agreement has been executed by both Paragon and Cape Lambert.

Under the terms of the Joint Venture, the newly incorporated Joint Venture Company will hold the mining rights to Kipushi and the Kasombo and will operate the Kipushi Processing Plant and mining equipment to process product from all the Projects.

The Kipushi and the Kasombo projects are both located in the Katanga Copper Belt, in Haut- Katanga Province, the location of some of the world's largest and highest grade copper and cobalt mines, and the world's leading producer and supplier of cobalt.

The Projects are approx. 25km from Lubumbashi, and benefit from excellent infrastructure and mine services and suppliers. Kipushi is located on mining license PER 12347 and Kasombo, comprising three projects located on granted mining licenses PE 4886 and PE 481 respectively. The tailings from Kipushi and hard rock material from Kasombo are proposed to be processed through the Kipushi Processing Plant is located approx. 8km by road from Kipushi on PE 4886.

At Kipushi, where the initial focus on production will commence, the Cape Lambert Group will (i) provide technical resources to enable the exploration and mining activities to be conducted to acceptable industry standards; (ii) fund 100% of the working capital and capital costs to commence mining; and (iii) fund 100% of any costs required to upgrade the Kipushi Processing Plant to effectively process the tailings from Kipushi. Cape Lambert will fund up to US\$7.5m as equity into the Joint Venture by the Company with the balance advanced as shareholder loans that are to be repaid from cashflow.

At Kasombo, the Cape Lambert Group will: (i) fund 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 technical resources to enable the exploration and mining activities to be conducted to acceptable industry standards; and (iii) secure on behalf of the Joint Venture 100% of the funds to commence mining, upgrade the Kipushi Processing Plant, and to also conclude any joint venture obligations with Gécamines.

Next Steps

The Company's lawyers and advisors are now completing the incorporation of a new Joint Venture Company through which Cape Lambert's and Paragon's interests in the Projects will be held.

In addition, the Company's advisors are assisting with the transfer and registration of all key licenses and permits to the Joint Venture Company prior to the commencement of mining and exploration activities.

Cape Lambert's technical team, which will assume the management of the Joint Venture Company through the key roles of General Manager, Mining Manager and Process and Plant manager, will now focus its technical resources to complete amongst other things, outstanding metallurgical work on the tailings material at Kipushi, optimization of the flow sheet for the Kipushi Process Plant, a detailed budget for the mine development at Kipushi and plant upgrade works at the Kipushi Process Plant as well as the submission of the Kasombo exploration plan and budget to the Joint Venture Company and Gécamines.

In addition, the Company will continue to advance its discussions with several established global commodity trading groups in respect to the offtake of cobalt and copper concentrates for the Joint Venture.

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.