

31 July 2018

QUARTERLY REPORT – 30 June 2018

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 June 2018.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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

Australian Securities Exchange Code: CFE

Ordinary shares
1,011,734,914

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)

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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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.

Cash Balance

As at 30 June 2018, the Company had approximately A\$1,903k (including FE Limited cash of A\$894k which is consolidated in accordance with accounting standards) in cash at bank.

Placement

On 27 June 2018, the Company completed a placement of 5,250,000 fully paid ordinary shares at \$0.04 per share to raise cash funds of \$210k (before costs). On the same date, the Company issued one free attaching unquoted option for every one share applied for under the Placement which are exercisable at \$0.04 (4 cents) expiring 31 March 2020.

On 29 June 2018, the Company completed a placement of 22,826,667 fully paid ordinary shares at \$0.03 per share to raise cash funds of \$550,000 (before costs) and settle creditors of \$134,800.

Subsequent to the quarter end, the Company has issued the following securities:

- 3 July 2018 – Issue of 1,000,000 fully paid ordinary shares at \$0.03 per shares to raise cash funds of \$30,000 (before costs);
- 13 July 2018 – Issue of 10,600,000 fully paid ordinary shares at \$0.03 per shares to raise cash funds of \$300,000 (before costs) and settle creditors of the Company of \$18,000;
- 23 July 2018 – Issue of 38,924,698 fully paid ordinary shares at \$0.03 per shares to raise cash funds of \$1,104,741 (before costs) and settle creditors of the Company of \$63,000; and
- 23 July 2018 – Issue of 23,500,000 fully paid ordinary shares at \$0.05 per share upon the exercise of operations (\$0.05 expiring on 31 December 2018).

Funds raised from the placement will be used towards funding its exploration expenditure activities at the Kipushi Cobalt-Copper Tailings Project in the Democratic Republic of Congo and for general working capital purposes.

The placement shares and options were issued under Cape Lambert's existing placement capacity under ASX listing rule 7.1 and 7.1A and therefore shareholder approval was not required.

Investments

Kitwe Tailings Project – Zambia

On 22 May 2017, the Company announced that it had executed a binding terms sheet to conditionally acquire 70% of the shares in Zambian entity Australian Mining Company Zambia Limited (**Seller** or **AMCZL**), which is the holder of exploration licence No 21853-HQ-SEL (**Licence** or **Kitwe Project**) (**Acquisition**). The Licence covers an historic cobalt-copper rich tailings dump located near Kitwe in Zambia (refer ASX announcement dated 22 May 2017).

The Kitwe Project is located approximately 3km from the outskirts of Kitwe, in the Copperbelt region of Zambia. Kitwe is the second largest city, in terms of size and population, in Zambia and is one of the most developed commercial and industrial areas in the nation, alongside Ndola and Lusaka. The Copperbelt is centered around the towns of Ndola, Kitwe, Chingola, Luanshya and Mufulira – a string of towns on Zambia's northern border with the Democratic Republic of Congo.

The share sale agreement was executed on 4 December 2017. The Company was expecting completion to occur during Q1 2018, however there has been some frustration to the completion process by the Zambian authorities and then by AMCZL. Following discussions with AMCZL, the terms of the transaction were renegotiated and a new share sale agreement executed on 3 May 2018. Under the terms of the new agreement (**Agreement**), Cape Lambert will acquire a 60% interest in the Project on satisfaction of the following;

- Payment of US\$150,000 on execution of the Agreement (of which US\$50,000 had already been paid);
- Milestone Payments of:
 - US\$300,000 payable on the later of AMCZL entering in to an agreement with the owner of an adjacent licence to allow the storage of processed tailings from the Project on a portion of its license area or 3 months from the date of execution of the Agreement, and
 - US\$350,000 to AMCZL 6 months from the date of execution of the Agreement.

During the quarter the Company received a mineralogy report on the 2kg sample of tailings collected and delivered to the laboratory of Mintek in South Africa, which indicated that the major copper bearing mineral phases (in order of abundance) within the sample occurred in the form of malachite, chalcopyrite, Cu-chlorite, bornite, chalcocite/digenite and chrysocolla, while the major cobalt contributor occurred in the form of the Co-hydroxide, heterogenite.

Given the delays in gaining the paperwork needed to export tailings samples to Mintek in order to undertake metallurgical testwork, the Company has sought out the assistance of a metallurgical consultant in Kitwe, to manage a testwork programme at a laboratory in Kitwe.

The testwork programme is being finalised and it is expected that testing will commence early Q3 2018.

Timis Mining Legal Action

As previously announced, the Company has commenced legal action against Gerald Metals, Timis Mining Corporation, Frank Timis and others (jointly the **Defendants**) in the High Court of Sierra Leone seeking damages and injunctions against the Defendants (refer ASX announcement dated 15 May 2017, 19 May 2017 and 7 July 2017).

During the quarter, the Company entered into a damages-based agreement with a UK based legal firm to proceed further with the legal matter.

ATO Audit

As previously announced, the Company has been in advanced negotiations with the Commissioner of Taxation (**Commissioner**) regarding various taxation matters, covering the 2011-2015 income years (**Audit Matters**). The key issue in dispute is the tax treatment of the disposal of certain assets. The key terms of the settlement, as previously announced, are being documented in a formal deed. The Company and Commissioner continue to work on the formal deed which is expected to be finalised imminently.

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 79.40km² and one granted exploration licence EL46A/2011 – 159.78 km² held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

The Marampa Project remains under care and maintenance.

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 68km² (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 and Kasombo 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**), and retains an interest in the Kasombo Copper-Cobalt Project through its shareholding in

FEL (**Kasombo Project**), refer Figure 2. Both projects are located approximately 25km from Lubumbashi, the second largest city in the Democratic Republic of Congo (**DRC**). The Company has a 50/50 joint venture agreement with Paragon Mining SARL (**Paragon**) to develop the projects (refer to ASX announcement dated 3 May 2017 for details of the joint venture arrangement). The joint venture company is Soludo Lambert Mining SAS (**Soludo Lambert**).

Kipushi Project

As reported in the March 2018 quarterly report, the Company dispatched a sample of tailings to the laboratory of ALS Metallurgy Pty Ltd (**ALS**), to undertake leach/extraction testing that could potentially provide a more optimum processing solution, in particular higher Cobalt recoveries. ALS completed an initial 3 leach tests on the Kipushi tailings with very encouraging results, which resulted in recoveries of 95.8% for Copper and 83.5% for Cobalt at a 75 micron grind size after 3 hours of leaching.

Given the excellent results achieved from the leach testing, Soludo Lambert adopted a strategy to develop in parallel with the upgrade of the flotation plant, a leaching plant that will potentially produce a high grade copper cobalt hydroxide product.

To progress the development of a potential leaching plant, Soludo Lambert engaged the services of Minnovo Pty Ltd (**Minnovo**) during Q1 2018 to undertake a pre-feasibility study (**PFS**) on a 1Mtpa leach/extraction plant designed to produce a mixed hydroxide precipitate.

During the quarter, ALS carried out a number of tests to precipitate copper and cobalt from the leach solution. Precipitation tests completed produced a mixed hydroxide precipitate (**MHP**) with copper and cobalt grades ranging from 22.8% - 31.9% and 9.77% - 18.4% respectively. The value of 18.4% cobalt was for a precipitate produced after the removal of copper and indicates that a higher grade cobalt MHP could be produced as an alternative to the mixed copper/cobalt MHP, if required. Optimisation tests to further improve the grades of the MHP are continuing.

Based on the preliminary details being received from Minnovo during the PFS study, the Board of Soludo Lambert determined that it was better to defer the upgrade of the flotation plant and focus solely on progressing the development of the leaching plant for the processing of the Kipushi tailings. In this regard, Soludo Lambert requested Minnovo to extend the PFS work to an Engineering Study, which was completed early July 2018 (refer ASX announcement dated 16 July 2018).

Based on the preliminary details delivered by Minnovo prior to the completion of the Engineering Study the Board of Soludo Lambert made a decision to pursue construction of the leaching plant and appointed Minnovo in May 2018 to undertake the detailed design.

Subsequent to being awarded the design work, Minnovo have progressed the finalisation of the process design criteria and process flow diagrams, process plant layout, equipment data sheet preparation and specifications for tendering long lead item equipment and the details required to tender the concrete works associated with the leaching plant.

In anticipation of construction works commencing on the Kipushi Leaching Plant, Soludo Lambert commenced a recruitment process for a Construction Manager and expect an appointment to occur in August 2018.

Kasombo Project

In its June 2018 quarterly, FEL reported that it had tendered a 5000m drilling programme covering Kasombo 5 and Kasombo 7. Nine drilling companies visited the Kasombo area to tender on the proposed drilling programme, with four companies later shortlisted and proposals updated accordingly. The awarding of the drilling contract was delayed, however, pending the completion of a planned ground magnetics programme.

FEL also reported that a local consulting geology company Minex Consulting SA (Minex) was engaged to undertake a trenching, logging and sampling programme at Kasombo 7. Seven trenches for a total length of 617m were completed with a total of 289 samples collected for analysis. The samples were readied and dispatched to ALS late June 2018 for analysis. In logging the trenches Minex noted:

- The first three trenches showed highly folded terrains with the typical lower Mines Series sequences observed while the upper Mines series seems to be highly weathered.
- A leached mineralised zone was observed in the KSB_TR001 close to the RSC and has been interpreted as disseminated Feox that could be considered as the oxidized sulphide (possibly the upper ore body).
- The correlation of all the trenches led to highlight that the upper R2 Mines is affected by tight folding which are affected by fractures.
- The typical R2 Mines series known ore bodies have been identified. The lower ore body has been identified in most of the trenches, while the upper ore body was not observed in most of them.

FEL also reported that in June 2018, it had engaged the services of the Department of Geology from the University of Lubumbashi (**University**), to undertake a ground magnetics survey of the Kasombo area. The University commenced and completed the ground magnetics field works with 12 lines of survey of approximately 1.2km each, and equidistant of 400m oriented N-S, totalling a cumulative length of 20.2km, with the interpretation to commence.

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 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.

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 ML2771.

On 23 July 2018, Cohiba reported that it had commenced a drilling programme in the area known as Great Central located directly south of the main mineralised Wee MacGregor ore body (refer Cohiba announcement dated 23 July 2018).

Cohiba noted that no mineralisation from the Great Central area has been defined or included in resource estimations in the past so anything discovered below surface will be new. Assay results from previous surface samples taken in the area have returned high grade copper and cobalt values including up to 8.4% Cu and 0.21% Co (refer Cohiba announcement dated 25 October 2017) demonstrating significant potential for the definition of additional near surface mineralisation. Drilling in Great Central is essentially reconnaissance as the source and morphology of the mineralisation is unknown.

Attributes

The Metallurgical testwork data in this presentation is based on information compiled by Mr Chris Larder who has 35 years experience in the mining and mineral processing industries. Mr Larder has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration. Mr Larder is a consultant to Cape Lambert Resources Limited and consents to the results being released in the form and context in which they appear.

Figure 1: Group Structure June 2018

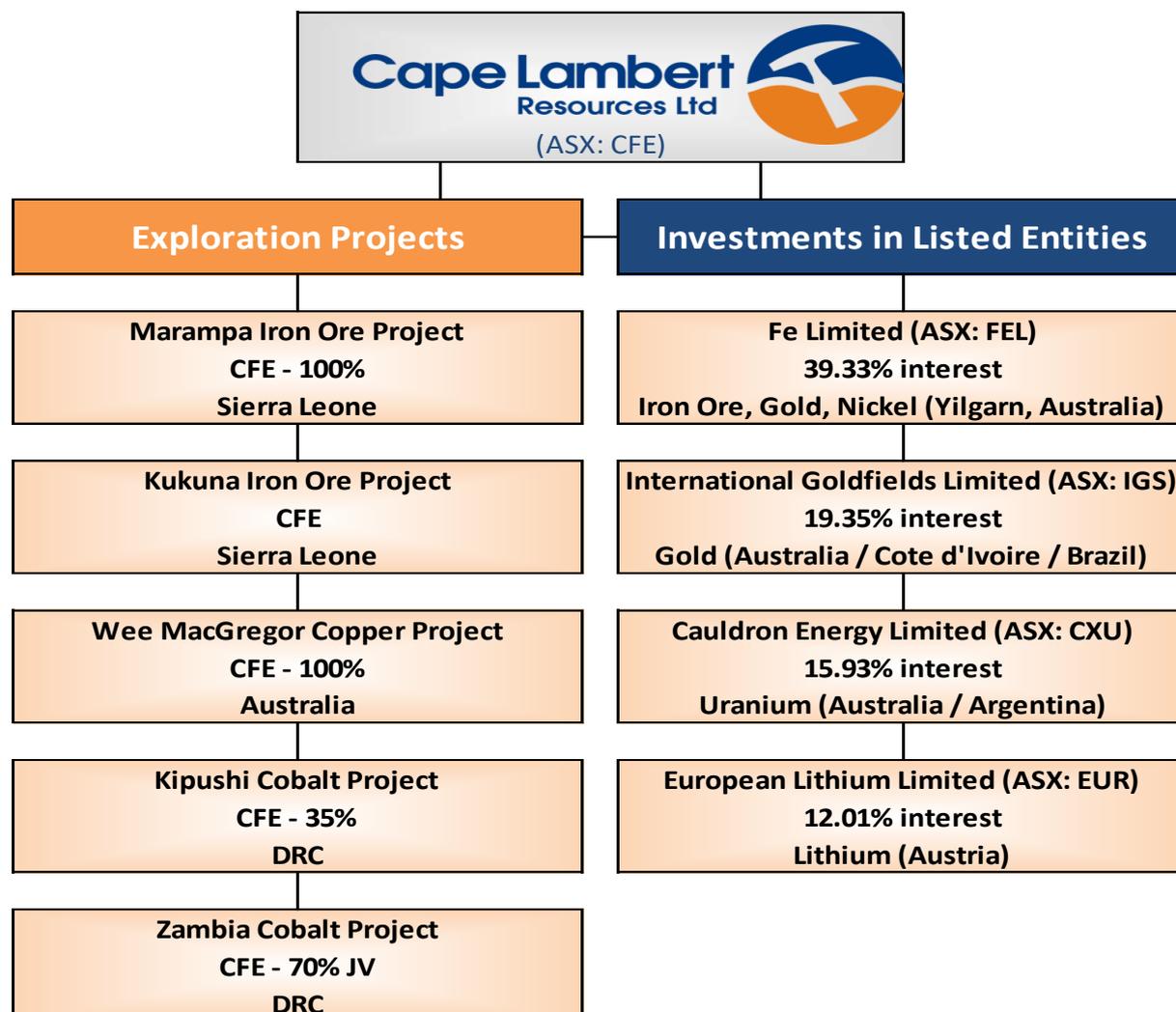


Figure 2: Cape Lambert West African Iron Ore Interests

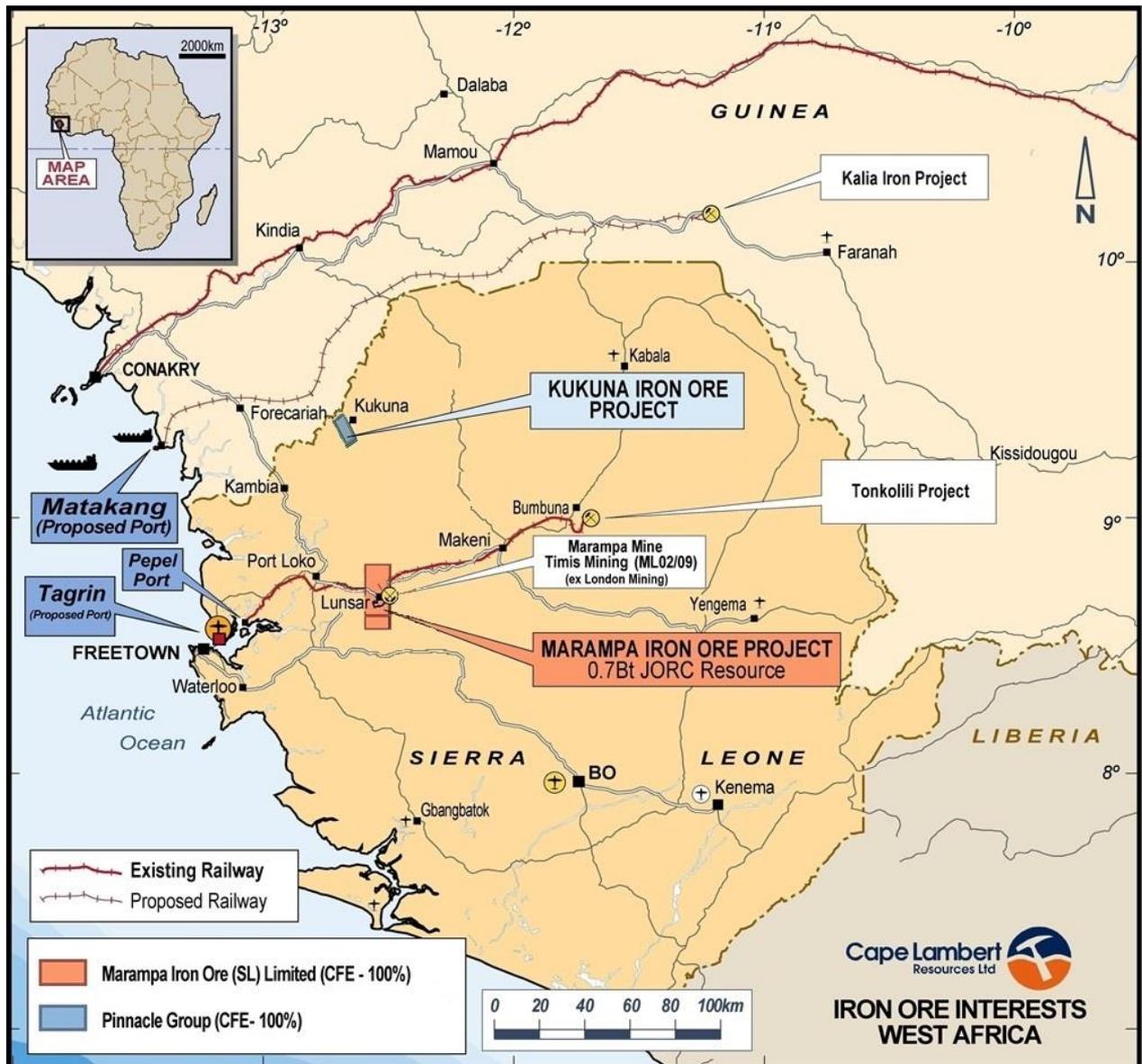


Figure 3: Location of the Kipushi Project and Kasombo Project

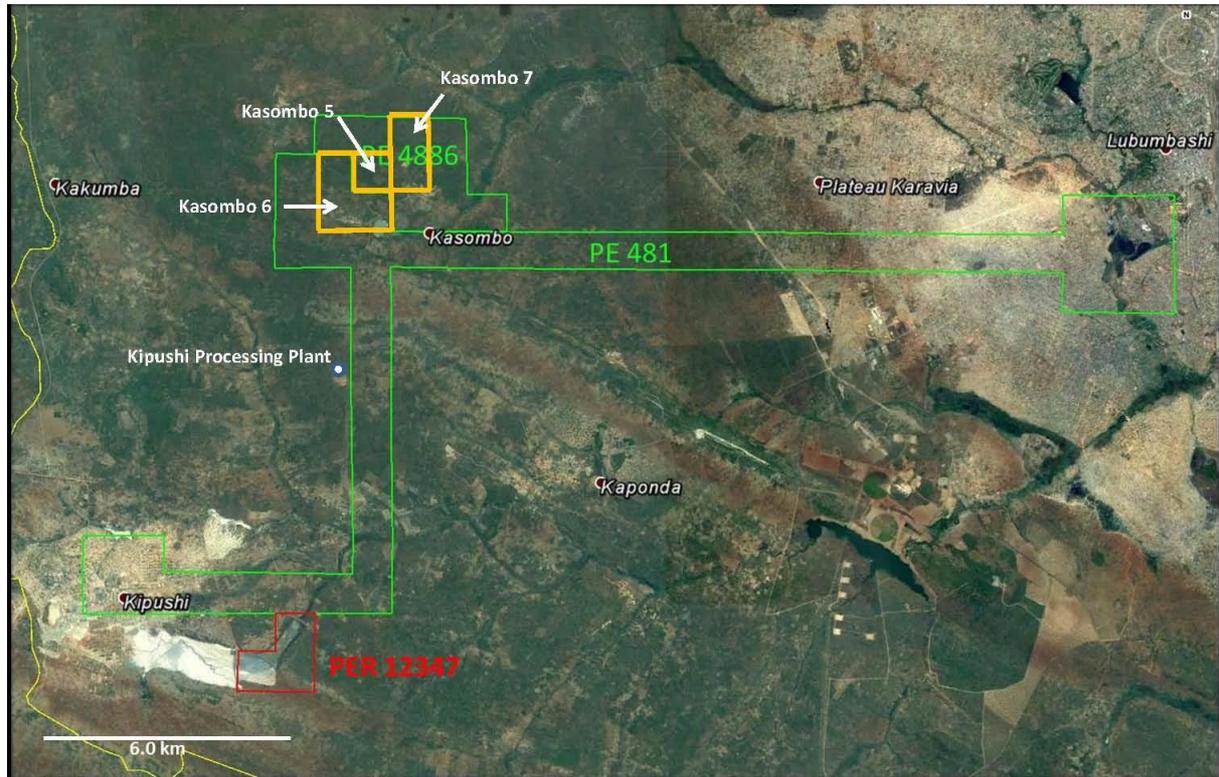
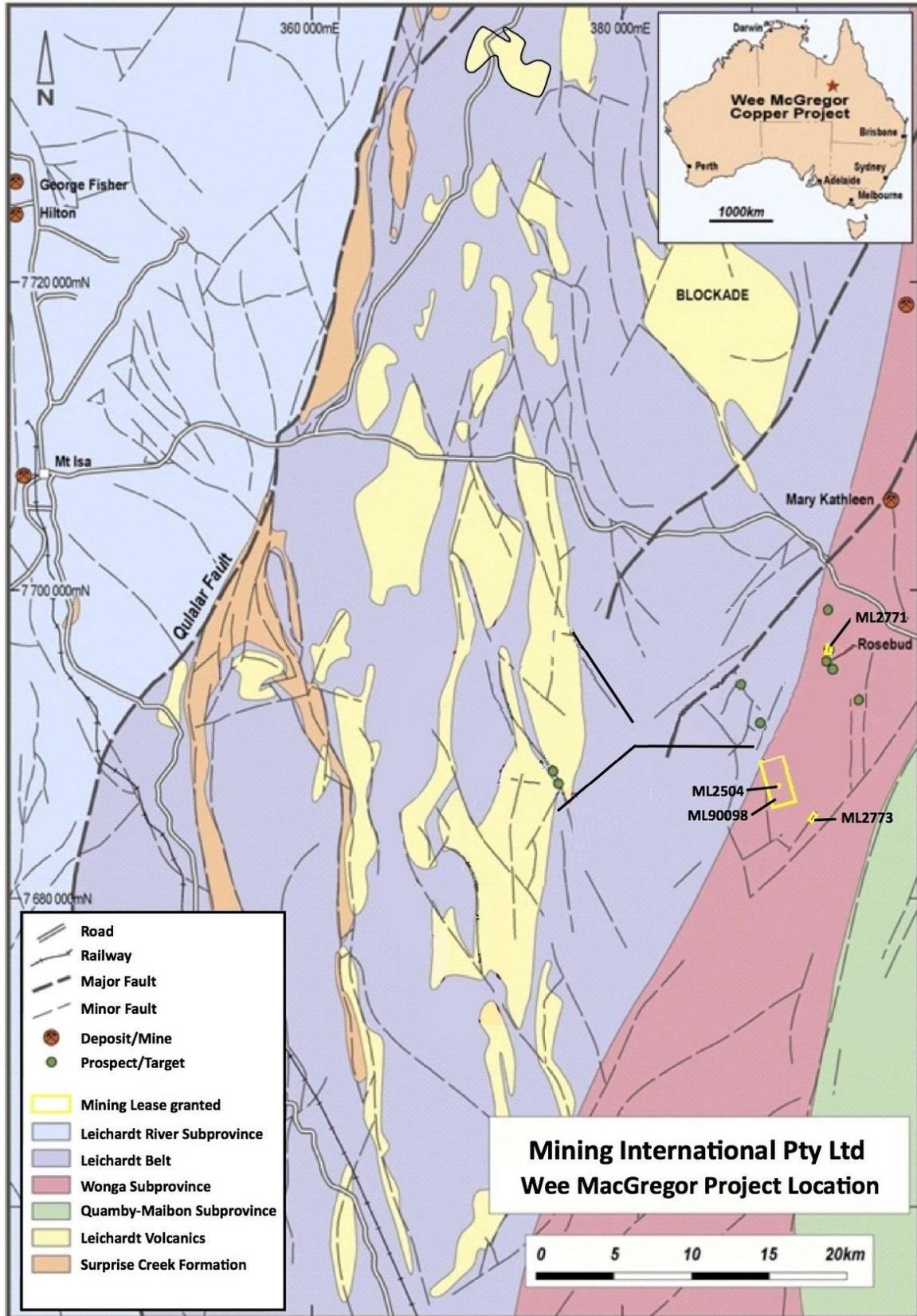


Figure 4: Wee MacGregor Project Location



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%
Marampa Project – ML 05/2014	Lunsar - Sierra Leone	-	-	100%
Kukuna Project - EL 22/2012	Kukuna – Sierra Leone	-	-	100%
ML 90098 ¹	Wee MacGregor - Queensland	-	-	100%
ML 2504 ¹	Wee MacGregor - Queensland	-	-	100%
ML 2771 ²	Wee MacGregor - Queensland	-	-	100%
ML 2773 ¹	Wee MacGregor - Queensland	-	-	100%
21853-HQ-SEL ³	Zambia	-	-	-
PER 12347 ⁴	Kipushi – DRC	-	-	35%

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

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

³ Completion of this transaction is in progress, Refer to ASX announcements for extent of interest.

⁴ Refer to ASX announcements for extent of interest.

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

JORC Code, 2012 Edition – Table 1 Kipushi Tailings

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Manual channel samples were taken vertically down the walls of small excavations across the tailings dam. 8 bags of approximately 10kg each were collected from five locations across the tailings dam.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling was conducted.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling was conducted.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate 	<ul style="list-style-type: none"> Samples were not logged.

Criteria	JORC Code explanation	Commentary
	<p>Mineral Resource estimation, mining studies and metallurgical studies.</p> <ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • All samples were partially wet but were competent to the touch. The material was in the form of stratigraphically layered non saturated tailings of fairly uniform consistency. The 8 lots of 10 kg samples were placed in thick plastics bags and sealed and packed in suitcases for transport.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • Leaching testwork was conducted at the laboratory of ALS Metallurgy Pty Ltd, Balcatta, WA. • Solid assays performed by XRF BM Method. • Solution assays performed by ICM/AAS Direct Spray Dilution. • No duplicates or blanks were used in the leaching process. • MHP product assays performed by XRF BM Method
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Lab standards and repeat samples were not carried out as part of the leaching procedure. • Leach testing was conducted at the Laboratory of ALS. • There has been no independent or alternative verification of the leaching results.
Location of	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations 	<ul style="list-style-type: none"> • The samples were collected from the following locations:

Criteria	JORC Code explanation	Commentary			
		Sample ID	UTM Easting	UTM Northing	Estimated thickness
<i>data points</i>	<p><i>used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	KT001	529878	8698797	1.0m
		KT002	529923	8698767	1.0m
		KT003	529987	8698755	1.0m
		KT004	530083	8698778	1.0m
		KT005	530765	869746	1.0m
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> The spacing of sampling is shown in the table above. 			
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> No particular geological structure is evident in the tailings 			
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Samples were delivered by courier services and freight handling services from the DRC to the laboratory of ALS. 			
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> No audits or reviews have been done. 			

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> 	<ul style="list-style-type: none"> Work was conducted on PER 12347 in the Kipushi Tailings area of southern DRC. The licence is reportedly held by state owned company Gecamines and is the subject of a rights agreement between Gecamines and Paragon SARL and the joint

Criteria	JORC Code explanation	Commentary																								
	<ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> venture agreement between Paragon SARL and Cape Lambert Resources Limited. PER 12347 is valid until 25/1/2021 																								
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No known exploration has been conducted on the tailings. 																								
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Post processing tailings. 																								
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Tailings samples were collected from small excavations across the tailing dams at the following locations <table border="1" data-bbox="1227 678 1937 901"> <thead> <tr> <th>Sample ID</th> <th>UTM Easting</th> <th>UTM Northing</th> <th>Estimated thickness</th> </tr> </thead> <tbody> <tr> <td>KT001</td> <td>529878</td> <td>8698797</td> <td>1.0m</td> </tr> <tr> <td>KT002</td> <td>529923</td> <td>8698767</td> <td>1.0m</td> </tr> <tr> <td>KT003</td> <td>529987</td> <td>8698755</td> <td>1.0m</td> </tr> <tr> <td>KT004</td> <td>530083</td> <td>8698778</td> <td>1.0m</td> </tr> <tr> <td>KT005</td> <td>530765</td> <td>869746</td> <td>1.0m</td> </tr> </tbody> </table>	Sample ID	UTM Easting	UTM Northing	Estimated thickness	KT001	529878	8698797	1.0m	KT002	529923	8698767	1.0m	KT003	529987	8698755	1.0m	KT004	530083	8698778	1.0m	KT005	530765	869746	1.0m
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KT004	530083	8698778	1.0m																							
KT005	530765	869746	1.0m																							
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Tailings samples were removed from the 8 the bags and blended. Testwork charges for leach testing were then split out using a rotary splitter. Testing conducted on the samples is explained below. 																								
Relationship between mineralisation widths and intercept	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there 	<ul style="list-style-type: none"> Samples were taken vertically down the walls of small pit excavations. The base of the tailings was not intersected at any time. 																								

Criteria	JORC Code explanation	Commentary
<i>lengths</i>	<i>should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • N/A
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • N/A
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • Samples were leached in a small agitated leach vessel at atmospheric pressure and ambient temperature. Sulphuric Acid was introduced until the target leach pH was reached and Sodium Meta Bisulphite was also added to achieve a target reduction potential. Total leach time was 6 hours with sub-samples removed every hour for assay determination. • At the end of the leach test, the sample was filtered and the solids dried at 105 degrees. A sub sample of solids was submitted for XRF whereas the solution was passed through an ICP for key element determination. • Copper and Cobalt recoveries are then determined by dividing the Copper and Cobalt metal in solution by the total calculated Copper and Cobalt content of the leach feed. • MHP testwork was completed at ALS by adding MgO to the leach solution to produce a precipitate.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Further samples from the tailings dam will be collected to undertake additional confirmatory leach testing.

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 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(991)	(2,448)
(b) development	-	-
(c) production	-	-
(d) staff costs	(49)	(217)
(e) administration and corporate costs	(695)	(3,441)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (legal fees recovery of asset)	-	(60)
1.8 Other (receipt of royalty)	38	38
1.9 Net cash from / (used in) operating activities	(1,692)	(6,114)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(32)
(c) investments	-	(34)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	150
	(c) investments	377	945
	(d) other non-current assets	-	500
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	377	1,529

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	760	4,806
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	281
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(148)
3.5	Proceeds from borrowings	65	65
3.6	Repayment of borrowings	(65)	385
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	760	5,389

4.	Net increase / (decrease) in cash and cash equivalents for the period	(555)	804
4.1	Cash and cash equivalents at beginning of period	2,464	1,111
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,692)	(6,114)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	377	1,529
4.4	Net cash from / (used in) financing activities (item 3.10 above)	760	5,389
4.5	Effect of movement in exchange rates on cash held	(6)	(12)
4.6	Cash and cash equivalents at end of period	1,903	1,903

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,903	2,464
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,903	2,464

Includes the consolidation of FE Limited (per the audited accounts) which has a current quarter closing cash balance of A\$894k.

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	216
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

Excluding payments to Directors of FE Limited

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	247
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.

During the period, the Company received funds from a director related entity FE limited for \$65,000 which was repaid on 29 June 2018.

Excluding payments to related entities of FE Limited

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
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.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,649)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(63)
9.5 Administration and corporate costs	(1,635)
9.6 Other (sale of asset)	-
9.7 Total estimated cash outflows	(3,347)*

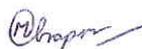
* This is an estimate of the total cash outflows of the Company for the next quarter and does not take into account proceeds from the placement and exercise of options. These figures exclude estimated cash outflows of FE Limited.

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 2018

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.