23 January 2015

QUARTERLY REPORT – 31 December 2014

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 31 December 2014.

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
500,000 ($0.15 exp 30 Sept 2015)
9,225,000 ($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

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HIGHLIGHTS

Corporate

- At 31 December 2014, the Company had approximately A$16.7 million in cash at bank.
- Cape Lambert negotiated a US$20 million financing agreement with Timis Mining to fund its acquisition of the London Mining Marampa mine which includes:
    - US$8 million bridging loan over a 12 month period; and
    - US$12 million purchase of a Royalty.
- Cape Lambert will receive US$2/t royalty for 4 years from iron concentrate exported from Timis Mining Marampa mine to provide Cape Lambert with a royalty stream of potentially up to US$56 million.
- Timis Mining will have exclusive rights to mine and acquire 100Mt of oxide material from Cape Lambert's Sierra Leone Projects at a price of US$3 to US$5/t, potentially earning US$300 to US$500 million for the Company.
- Annual General Meeting held and all resolutions passed on a show of hands.
- Post quarter end, Cape Lambert announced cost savings of ~A$3.5 million and the postponement of the second dividend payment.

Projects

Marampa Iron Ore Project – Sierra Leone

- Negotiations for the mine lease agreement with the Government of Sierra Leone to commence.
- An agreement for the mining and purchase of weathered ore by Timis Mining being finalised.

Gold Prospects – Cote D'Ivoire

- Geological mapping and ground truthing of the geophysical data was undertaken by consultants SRK across all 3 tenements during the quarter. A report outlining prospective targets for gold mineralisation is expected to be received early in the next quarter for review.

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

Dividend Payment

Post quarter end, the Company announced that the Board has conducted a thorough review of it's capital management strategy in light of falling iron ore prices and deteroriating market conditions (refer ASX Announcement 7 January 2015).

As a result of the review, Cape Lambert has instituted a range of cost reduction measures across its business, which includes reducing its full time workforce by 117 people, reduced exploration activities across its portfolio of assets and placing some non-core assets on 'care and maintenance'. The total annual savings generated by these measures is expected to be approximately A$3.5 million.

In addition to these measures, the Board also determined it prudent to postpone the second dividend payment to shareholders scheduled for payment on 27 February 2015. The Cape Lambert board believed that postponing the upcoming dividend payment was a sound financial decision at an uncertain time in the mining sector. Cape Lambert will advise on a rescheduled timeline for this dividend payment in due course.

On Market Buy-Back

Subsequent to the quarter end, the Company's on market share buy-back of up to 10% of the Company's fully paid ordinary shares (**Shares**) within the 12 months from 23 January 2014 completed. Shares bought back by the Company are subsequently cancelled. A total of 41,252,301 Shares were purchased under the facility for a consideration of $4,244,992.

Investments

Timis Mining Corporation Finance Agreement

During the quarter, the Company announced (Refer ASX Announcement 22 October 2014) that it had entered into a binding terms sheet with Timis Mining Corporation SL Limited and Timis Mining Corporation Limited (collectively **Timis Mining**) to provide financing of US$20 million to assist Timis Mining with its acquisition of the Marampa Iron Ore Mine (**Mine**) in Sierra Leone from the administrator of London Mining PLC (London Mining) (**Agreement**).

The Agreement is divided into two parts including:

(a) US$8 million **Bridging Finance**; and
(b) US$12 million for purchase of a royalty (**Royalty Purchase)**.

Bridging Finance

The US$8 million Bridging Finance is repayable in 12 months and incurs interest of 3 month US LIBOR + 6%.

The principal and interest will be repaid to Cape Lambert in one payment at the expiry of the 12 month loan period and can be extended by the parties on mutually agreed terms.

Royalty Purchase

The Company negotiated the purchase of a royalty for US$12 million with Timis Mining in exchange for a royalty payment of US$2 per tonne of iron concentrate exported from the Mine (**Royalty**).

The Royalty is payable on a quarterly basis and will commence from the first shipment of concentrate from the Mine following the completion of the acquisition of the Mine by Timis Mining from the administrator of London Mining.

The Royalty will be payable over a four year period and in the event the Mine temporarily suspends production for a force majeure event, the Royalty period will be extended by the same period that the force majeure event continues.

Exclusive Rights to Acquire Cape Lambert's Oxide Material

Cape Lambert has also negotiated the sale of oxide material from its Sierra Leone Projects to Timis Mining. Under the terms of the Agreement, Timis Mining will have exclusive rights to purchase 100 million tonnes of oxide material, or such greater amount as defined by further drilling from Cape Lambert's adjacent Sierra Leone Projects.

The price at which the oxide material will be purchased from Cape Lambert is expected to be in the range of US$3 to US$5 per metric tonne.

A drilling campaign to increase the upside of Cape Lambert's oxide resources is planned to begin 12 months after Timis Mining commences mining at Cape Lambert's Sierra Leone Projects. This drilling campaign, together with any costs associated with mining operations, will be bourne by Timis Mining and not Cape Lambert.

An agreement to formalise Timis Mining's exclusive rights to purchase Cape Lambert's oxide material (**Mining Agreement**) is currently being finalised. Mining of oxide material at Cape Lambert's Marampa Project can commence once the mine lease agreement with the Government of Sierra Leone is finalised.

Rights to Match

Timis Mining may sell its interest in its Mine and Cape Lambert can sell its oxide material at any time during the period of this agreement. In the event that Timis Mining sells the mine, then it will use its reasonable endeavours to incorporate the sale of Cape Lambert's Sierra Leone Projects at the same time.

Should the mine be sold without a sale of Cape Lambert's Sierra Leone Projects, then the Royalty and Briding Finance obligations continue with any new third party owner and the new third party owner will be obligated to purchase the oxide material on the same basis as agreed between the parties.

Should Cape Lambert sell its Sierra Leone Projects without a sale of Timis Mining's mine, then the Royalty obligations continue with any new third party owner of Cape Lambert's Sierra Leone Projects and the new third party owner will be obligated to sell the oxide material to Timis Mining on the same basis as agreed between the parties.

PROJECTS

Marampa (100% interest)

Marampa is an iron ore project at development and permitting stage, and is located 90 km northeast of Freetown, Sierra Leone, West Africa (**Marampa** or **Marampa Project**) (refer Figure 2). Marampa comprises two granted exploration licences (EL46A/2011 – 239.18 km^2 and EL46B/2011 – 66.00 km^2 (formerly EL46/2011 – 305.18 km^2)) held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

Exploration

No exploration activities occurred during the quarter.

Topographic Surveying

The survey of the farms and crop counting for compensation assessment in the proposed plant site area and railway yards were completed during the period.

Mining Licence

On 15 October 2014, the Company received a notice from the Ministry of Mineral Resources (**MoMR**) that its Large Scale Mining Licence application lodged late in 2013 was approved, subject to the Company notifying the MoMR of its willingness to accept the proposed licence and making payment of the annual mining licence fee. The Company accepted the proposed mining licence and has made payment of the appropriate statutory fee.

In anticipation of the negotiation of the associated mine lease agreement, that sets out the terms and conditions under which the Company would operate the large scale mine, the Company has drafted a mine lease agreement as a basis for the negotiations. The mine lease agreement is expected to take 6 to 9 months to finalise.

Downsizing

The Company has instituted cost reduction measures at Marampa and commenced to downsize its workforce to a skeleton crew while current market uncertainties exist. The downsizing measures will be finalised in early 2015.

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 68 km^2 (refer Figure 2). The licence is located 70 km 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. The Company is maintaining the camp as a base for future exploration activities in and around the district.

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^2. This land package covers the region 70 km 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 which are progressively being followed up with targeted exploration.

Exploration

Notification of the acceptance of 2 exploration lease relinquishments and partial relinquishments to 12 of the remaining 15 leases was received from the Ministry of Mining and Mineral Resources (MMMR). These relinquishments reduce the tenement holding to 15 exploration licences (previously 17) with an associated reduction in area from 2,386 square kilometres to 1,688 square kilometres. An updated tenement schedule is included in Appendix 1 and can be seen in Figure 3.

Exploration activities on the extensions to the eastern hematite targets progressed with reconnaissance mapping and pitting programs being completed during the quarter.

Mapping and pitting programs were completed on the northern leases to test extensions to the known mineralisation in the Kukuna district. Significant specular hematite schist was observed along strike on both the Kukuna North (EL18/2011) and Kukuna South (EL09/2012) licences adjacent to the main Kukuna (EL22/2012) mineralisation (refer Figure 3).

On the Kambia East licence (EL22/2011), a geological mapping and a soil sampling program were completed over a magnetic anomaly along a major regional structure (refer Figure 3). The anomaly is prospective for gold mineralisation and is coincident with recent illegal modern mechanised workings targeting gold mineralisation. The mapping was undertaken on 3 lines on a 400m x 50m grid. A total of 153 samples each weighing approximately 3kg were collected from depths varying from 50cm to 75cm. Samples have been sent for fire assay and results are awaited.

Mapping and pitting programs to test for southerly extensions to the known Kumrabai mineralisation on the Marampa East licence (20/2011) were similarly completed at the following prospects on the southern leases:

- Makumba and Matopi (Mawanka licence EL21/2011);
- Petifu (Gbahama licence EL11/2011);
- Bongoma (Gbangbama licence EL24/2011);
- Kumrabai South (Marampa East licence EL20/2011).

A total of 333 samples were forwared to SGS for iron analysis. Results are awaited.

Exploration reports with recommendations for further work on these prospects are being compiled for review.

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^2), Katiola (400km^2) and Bouake (400km^2) for a total land position of 1,200km^2 (refer Figure 4).

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 15 km to 40 km in width, associated with the Upper Birimian.

The Birimain 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 recently 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).

Exploration

A regional mapping program was carried out by Perth based SRK Consultants over the 3 granted tenements and completed late during the quarter. The program was conducted to investigate promising interpreted structural features for hosting gold mineralisation identified from the airborne geophysical and radiometric survey completed during the previous quarter.

A total of 322 rock chip samples were collected during the mapping program and forwarded to SGS for gold analysis by fire assay and for ICP-MS multi-element analysis. Results are awaited.

The mapping report is expected during the next quarter.

Pinnacle (100% interest)

Pinnacle holds the Sandenia Iron Ore Project (**Sandenia** or **Sandenia Project**) located 290 km east of Conakry in the central south of the Republic of Guinea (Refer Fifure 2). The Project comprises a single tenement covering approximately 298 km^2. The Sandenia permit contains Banded Iron Formation prospective for iron mineralisation, similar to that hosting the 6.16 Bt Kalia deposit owned by Bellzone Mining plc located on the contiguous permit to the north.

The camp and facilities have been placed on care and maintenance and the Company is continuing to seek divestment opportunities for the project.

Mt Anketell Pty Ltd (100% interest)

Mt Anketell Pty Ltd (**Mt Anketell**), a wholly owned subsidiary of Cape Lambert, holds a single exploration licence (E47/1493) covering 56.9 km^2 in the northern Pilbara region of Western Australia, which is prospective for niche iron and gold mineralisation associated with the Nickol River precinct. Mt Anketell recently received a two year extension of the licence terms.

No exploration activities were conducted during the quarter.

The Company is currently in the process of divesting Mt Anketell.

Mining International Pty Ltd (100% Interest)

Mining International Pty Ltd ("Mining International"), is a fully owned subsidiary of Cape Lambert Resources Limited (ASX: CFE). 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 Caenues 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^2.

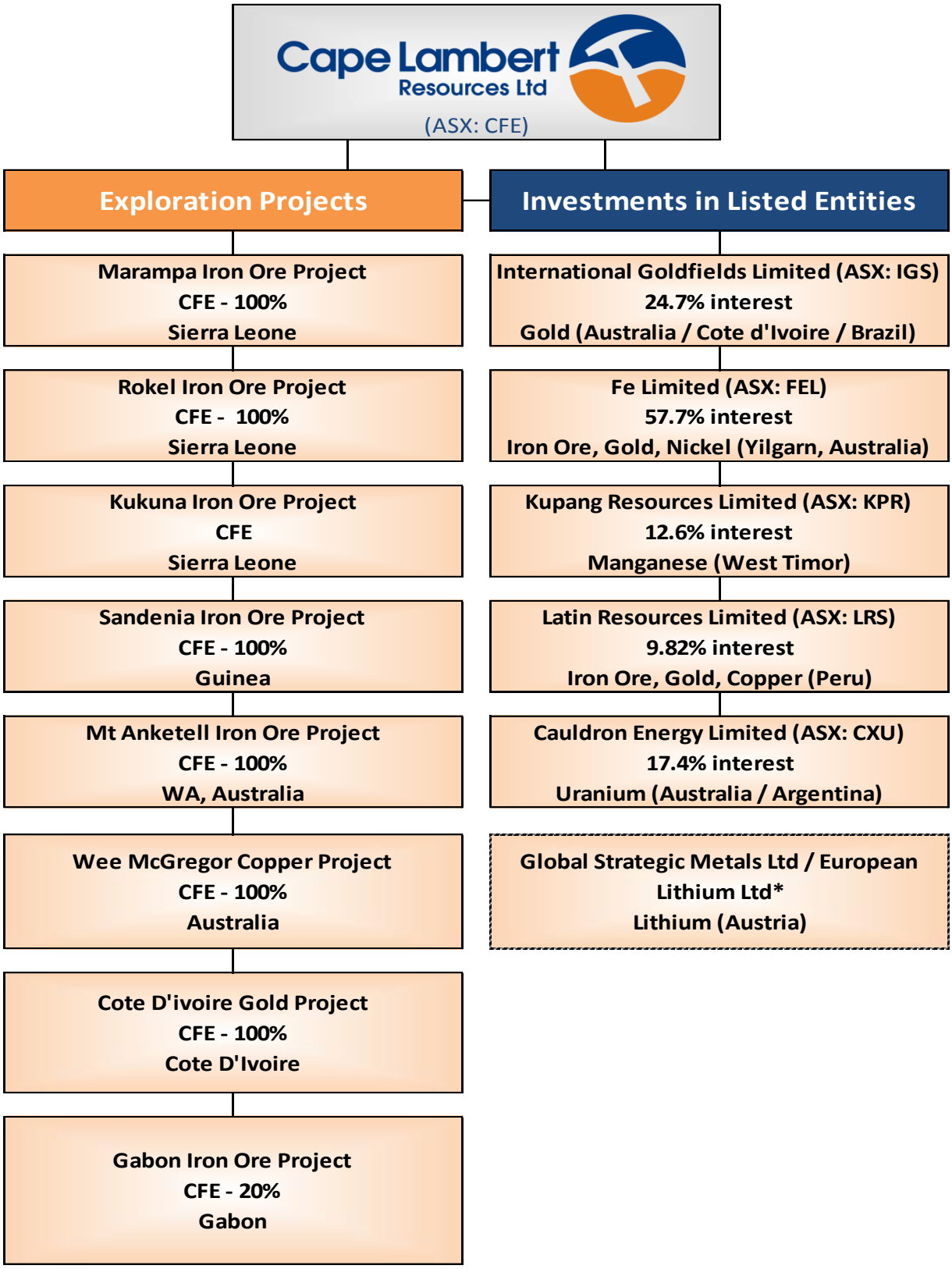
The tenements are located within in the Eastern Fold Belt of the Mt Isa inlier (Figure 5). The eastern-most tenements are located in the Mary Kathleen Zone/Wonga Subprovince. The western group of tenements are located in the Kalkadoon Leichhardt Belt. These areas are prospective for a variety of deposit 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 minor workings occur within the tenement boundaries. The largest of these are the Rosebud Mine within ML2773 which has recorded historical production of 20,000t or ore at 7.0% Cu. In addition, there are numerous under-explored geochemical and geophysical anomalies defined by previous explorers.

Cape Lambert is presently in discussion with prospective investors for the divestment of this project.

Competent Person:
The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Dennis Kruger, who is an independent consultant from Durban Investments Pty Ltd. Mr Kruger is a Member of The Australian Instituite of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Kruger consents to the inclusion in the report of the matters based on his information in the form and context in which appears. Mr Kruger has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Targets and Exploration Results.

Figure 1: Group Structure December 2014



* Currently undergoing AIM listing

Figure 2: Cape Lambert West African Iron Ore Interests

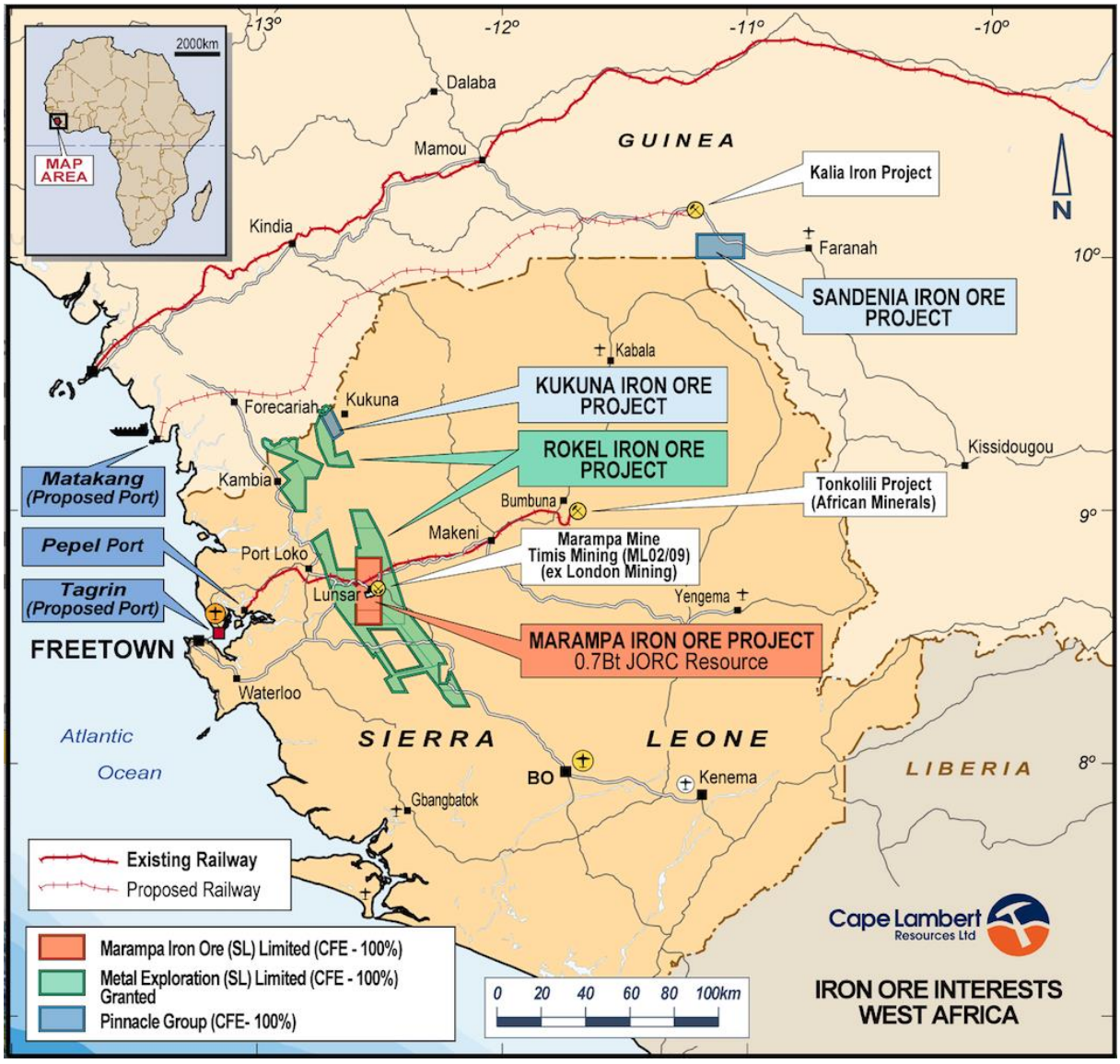


Figure 3: Location Map of Rokel Prospects

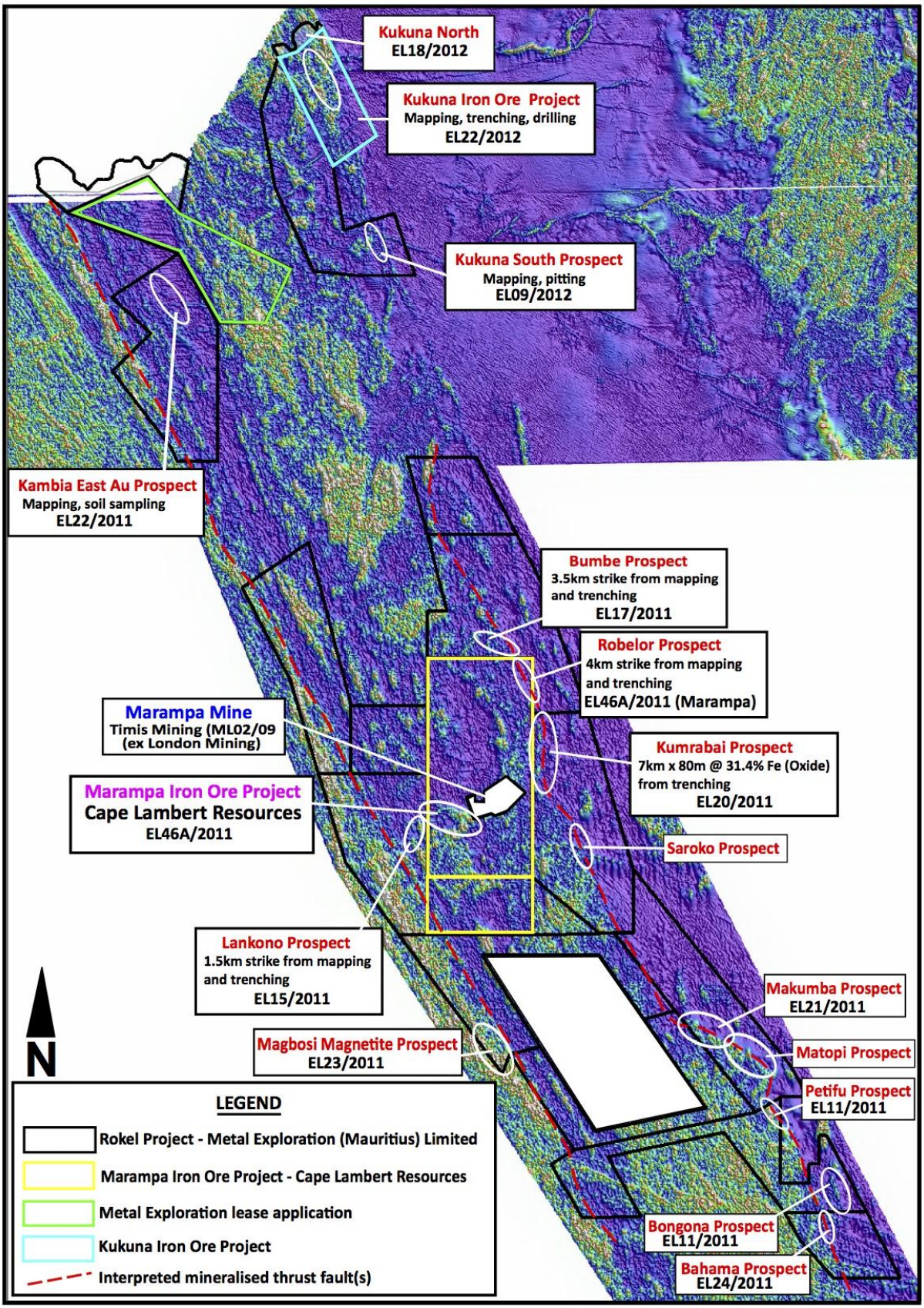


Figure 4: Cote D'IvoireTenements

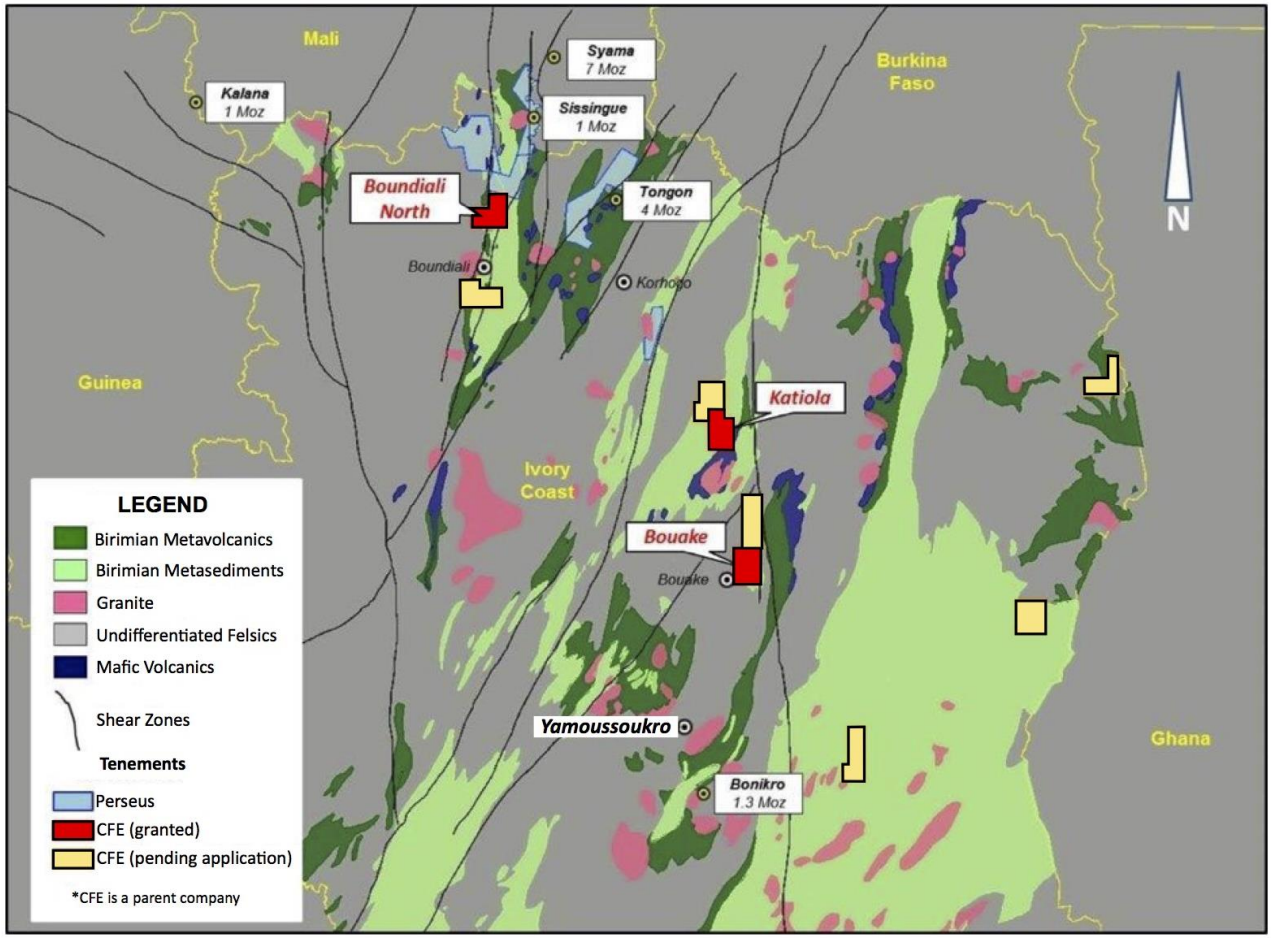


Figure 5: Wee MacGregor Project Location

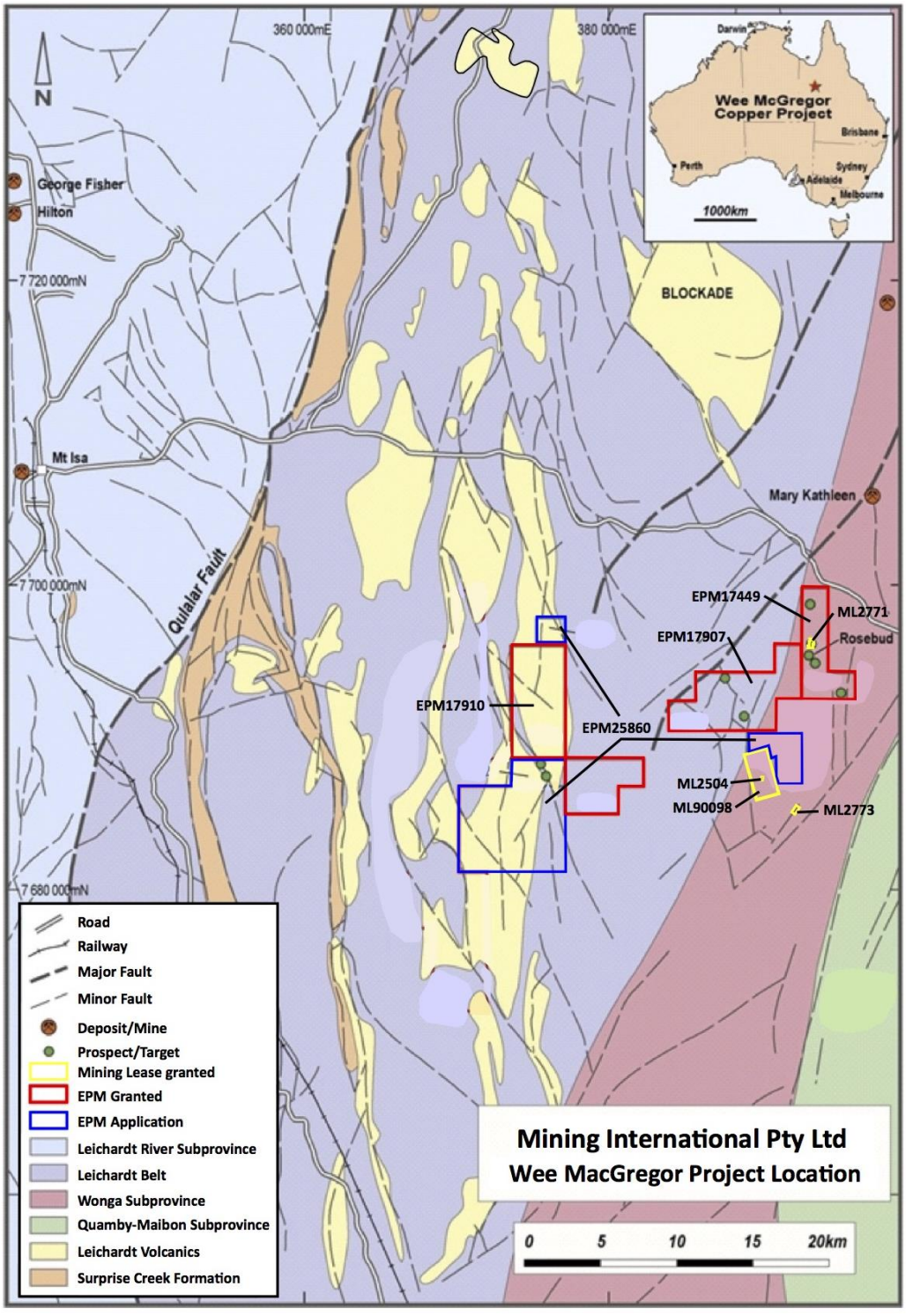


Table 1: Cote d'Ivoire rock chip sampling and Rokel Pit and Surface Sample JORC Information.

JORC Code, 2012 Edition – Table 1 Report

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Cut channels within 1m x 1m x 2/3m hand excavated pits • Random surface rock chip samples of 2kg – 3kg • ~2kg samples taken from vertical channels by lithology. • Samples sent to SGS operated lab in Lunsar for sample preparation and onto SGS analytical lab in Ghana for XRF determination of iron ore content. • Samples sent to SGS operated lab in Lunsar for sample preparation and onto SGS analytical lab in South Africa for ICP-MS multi-element determination. • Samples sent to SGS operated lab in Lunsar for sample preparation and onto SGS analytical lab in Burkino Faso for gold content determination by fire assay.
Drilling techniques	• *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).*	• No drilling • Pit and random surface hand sampling.
Drill sample recovery	• *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.*	• No drilling • Samples recoverd manually by hand in approximately 2kg- 3kg. • Sample bias likely due to unconscious preferential sampling inevitable in pit and rock chip sampling. • Bias minimised in pits with vertical channel samples across entire lithologies.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logging included a geological description of the rock type sampled • The logging is entirely qualitative. • 100% of channel samples logged.
Sub-sampling techniques and sample preparation	• *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*	• No sub samples taken • No duplicate samples were taken at this preliminary stage of the project. The and sampling method is only indicative and not suitable for any resource definition work. • Sample preparation in accordance with SGS Laboratory PRP94 technique

Criteria	JORC Code explanation	Commentary
	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.*	
Quality of assay data and laboratory tests	• *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.*	• Assays prepared by SGS in Sierra Leone and analysed by SGS in Ghana by XRF for iron ore content. • Assays prepared by SGS in Sierra Leone and analysed by SGS in Burkino Faso for gold content by fire assay • Assays prepared by SGS in Sierra Leone and analysed by SGS in South Africa for ICP-MS multi-element analysis • Quality control procedures for the pit and rock chip assays were followed via internal SGS protocols.
Verification of sampling and assaying	• *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.*	• Lab repeats and lab standards used. • Duplicates used. • No samples twinned. • Primary assay data received from SGS labs in an excel spreadsheet and loaded into the company Datashed database.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations have been recorded on a handheld GPS.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Random data spacing based on outcrop
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• Data based on outcrop occurrences. • No particular sample orientation.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody was managed by Cape Lambert Resources until samples were delivered to SGS Lunsar.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Not applicable at this stage due to the preliminary nature of the project.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• All samples taken from the Rokel Project area held 100% by Metals Exploration (Mauritius) Limited which is a wholly owned subsidiary of Cape Lambert Resources. • All samples taken from the Cote d'Ivoire tenements are held 100% by Metals Exploration Cote d'Ivoire S.A, a wholly owned sunsidiary of Cape Lambert Resources. • The tenements are in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Unknown
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Rokel Project area - Specularite schist bearing units with the Marampa Group Rocks • Cote d'Ivoire projects – Greenstones and metasediments of the Birimian Group prospective for hosting gold deposits

Drill hole Information	• *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:*
	  ○ *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.*
		• No drilling or assay results from drilling.

Data aggregation methods	• *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.*	• Assays were for a single samples over the full depth of each lithological layer within pits or as individual rock chips from surface samples. • No significant assays were returned during the reporting period.
Relationship between mineralisation widths and intercept lengths	• *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 should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All samples taken vertically in pits confined to lithological units. • Specularite schist mineralisation has a general strike around due north depending on the location along the eastern thrust fault sampled. Mineralisation is generally steeply dipping to the east.

Criteria	JORC Code explanation	Commentary
Diagrams	• *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.*	• See Figures ?and ? attached
Balanced reporting	• *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.*	• All results have been reported
Other substantive exploration data	• *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.*	• Significant aeromag data as well as pit and trench data north and south along strike of the areas sampled.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Continued reconnaissance mapping and sampling will be followed up by drilling (RAB and RC) in due course

Appendix 1: Tenement Status

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'Ivorie	-	-	100%
Cote D'Ivoire Projects - EL 285	Boundiali North – Cote D'Ivorie	-	-	100%
Cote D'Ivoire Projects - EL 286	Bouake – Cote D'Ivorie	-	-	100%
Mt Anketell Project - E47/1493	Cape Lambert South - Pilbara Western Australia	-	-	100%
EPM 17449	Wee MacGregor - Queensland	100%	-	100%
EPM 17904	Wee MacGregor - Queensland	-	100%	-
EPM 17907	Wee MacGregor - Queensland	100%	-	100%
EPM 17910	Wee MacGregor - Queensland	100%	-	100%
ML 90098	Wee MacGregor - Queensland	100%	-	100%
ML 2504	Wee MacGregor - Queensland	100%	-	100%
ML 2771	Wee MacGregor - Queensland	100%	-	100%
ML 2773	Wee MacGregor - Queensland	100%	-	100%

Rule 5.5

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	Quarter ended ("current quarter")
71 095 047 920	31 December 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(4,189)	(8,782)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,824)	(5,288)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	618	804
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(2,465)
1.7	Other (provide details if material)	18	115
	Net Operating Cash Flows	**(5,377)**	**(15,616)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(350)	(589)
	(c) other fixed assets	(80)	(132)
1.9	Proceeds from sale of:		
	(a) prospects	-	51,504
	(b) equity investments	-	49
	(c) other fixed assets	-	-
	(d) controlled entity	-	-
1.10	Loans to other entities	(9,685)	(9,885)
1.11	Loans repaid by other entities	325	650
1.12	Other: Royalty acquisition	(13,766)	(13,766)
	Other: Payment for subscription to convertible notes	-	(250)
	Other: Cash backing security for performance / other bonds & bank guarantees paid	-	(13)
	Other: Payment of transaction related and business development costs	(9)	(2,432)
	Net investing cash flows	**(23,565)**	**25,136**
1.13	**Total operating and investing cash flows**	**(28,942)**	**9,520**
	Cash flows related to financing activities		

+ See chapter 19 for defined terms.

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	-	-
1.18	Dividends paid	(12,534)	(12,534)
1.19	Other: On-market buy back	-	(900)
	Net financing cash flows	**(12,534)**	**(13,434)**
	Net increase (decrease) in cash held	**(41,476)**	**(3,914)**
1.20	Cash at beginning of quarter/year to date	58,107	20,491
1.21	Exchange rate adjustments to item 1.20	49	103
1.22	**Cash at end of quarter**	**16,680**	**16,680**

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	202
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

$202,000 (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

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	3,100
4.2	Development	-
4.3	Production	-
4.4	Administration	1,300
	Total	**4,400**

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	1,680	3,107
5.2	Deposits at call	15,000	55,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	16,680	58,107

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	EPM17904	Surrendered	100%	-
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	**Preference +securities** *(description)*	-	-		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	626,686,586	626,686,586		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5	**+Convertible debt securities** (*description)*	-	-		

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	500,000 3,300,000	500,000 3,300,000	Exercise price $0.15 $0.088	Expiry date 30 Sept 2015 18 Dec 2016
7.8	Issued during quarter	3,300,000	3,300,000	$0.088	18 Dec 2016
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

+ 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: ..... Date: 23 January 2015
(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 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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