

29 July 2016

QUARTERLY REPORT – 30 June 2016

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 June 2016.

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
720,686,586

Unlisted Options
7,675,000 (\$0.088 exp 18 Dec 2016)

Board of Directors
Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Jason Brewer
Non-executive Director

Melissa Chapman
Company Secretary

Key Projects and Interests
Marampa Iron Ore Project
Pinnacle Group Assets

Cape Lambert Contact

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HIGHLIGHTS

- As at 30 June 2016, the Company had approximately A\$5.63 million in cash at bank.
- Sale of 20% interest in Central African Resources Limited for US\$400k
- Increased shareholding in Cauldron Energy Limited (ASX: CXU) to 18.21%
- European Lithium Limited to list on the ASX via reverse takeover with Paynes Find Gold Limited (ASX: PNE)

CORPORATE

Strategy and Business Model

Cape Lambert Resources Limited (**ASX: CFE**) (**Cape Lambert** or the **Company**) is an Australian domiciled, fully funded, mineral development company. Cape Lambert has interests in several exploration and mining companies, providing exposure to iron ore, copper, gold, uranium, manganese, lithium and lead-silver-zinc assets in Australia, Asia, Europe, Africa and South America (refer Figure 1).

Cape Lambert's strategy is to acquire and invest in undervalued and/or distressed mineral assets and companies (**Projects**) and:

- improve the value of these Projects, through a hands on approach to management, exploration, evaluation and development; and
- retain long-term exposure to these Projects through a production royalty and/or equity interest.

Cape Lambert aims to deliver Shareholder value by adding value to these undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to Shareholders.

Capital Management

African Minerals Limited Shareholding

As previously announced, the Company advised Shareholders that administrators had been appointed to manage the affairs, business and property of African Minerals Limited (**AML**). There has been no change in the quarter and AML continues to be a substantial shareholder of the Company with a holding of 105,808,628 shares.

Investments

Sale of Central African Resources Limited

On 17 May 2016, the Company advised Shareholders that it had sold its 20% interest in Central African Resources Limited (**CAR**) which has iron ore tenements in Gabon. The Company received cash proceeds of US\$400,000 in consideration for the sale of CAR.

Timis Mining Corporation Royalty

As previously announced, Cape Lambert will receive a royalty of US\$2 per tonne of iron concentrate (**Royalty**) exported from the Timis Marampa Iron Ore Mine (**Mine**), which is payable on a quarterly basis. The Royalty of US\$2 per tonne is payable on production of 24mt from the Mine.

There has been no change during the quarter and the Mine remains on care and maintenance however the Company does note the positive changes in the iron ore price during the period. The payment from Timis Mining to Cape Lambert of US\$2,566,420 for the March 2015 quarter royalty also remains unpaid. The Company is in negotiations with Timis to expedite a resolution regarding the unpaid amount.

Timis Mining Corporation Bridging Finance

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

There has been no change during the quarter and repayment of the bridging finance is yet to be received by the Company. The Company is in negotiations with Timis to expedite a resolution regarding the facility.

Cauldron Energy Limited

The Company's shareholding in Cauldron Energy Limited (**ASX: CXU**) (**Cauldron**) increased during the quarter to 18.21% following the offmarket acquisition of 9,498,318 shares (subject to 6 month escrow period expiring on 5/1/2017). Please note that the cash payment for the acquisition of these shares was effected on 1 July 2016. Based on the current Cauldron share price of \$0.075 the Company's investment in Cauldron is worth approximately A\$3.93 million.

FE Limited

Cape Lambert owns a 49.78% interest in FE Limited (**ASX: FEL**) (**FEL**). On 30 September 2015, FEL announced that it had signed a binding conditional terms sheet to acquire 100% of Cardinal House Group Pty Ltd who is a provider of online social gaming products and real money gambling platforms.

During the quarter, FEL advised shareholders that it had received correspondence from the ASX in regards to its application for reinstatement to the official list of the ASX. In this letter, ASX advised that they are not satisfied that FEL is able to lawfully conduct its operations in all jurisdictions in which it proposes to carry on business and that it will not conditionally approve FEL's reinstatement until this condition is satisfied. In reaching this decision, the ASX highlighted the uncertainty created by the Australian Governments audit of the Norfolk Island Gaming Authority (**NIGA**). FEL advised shareholders that it is of the opinion that licenses granted to Cardinal House Group Pty Ltd by NIGA are valid.

On 1 July 2016, FEL advised shareholders that on 30 June 2016 the Australian Securities and Investment Commission (**ASIC**) had issued a final stop order in respect to the

prospectus issued by FEL on 23 March 2016. The effect of the final stop order is that no offers, issues, sales or transfers of securities in FEL can be made under this prospectus.

FEL has advised shareholders that they are currently assessing their options which include an application for review of the decision to the Administrative Appeals Tribunal and will continue to update the market accordingly.

European Lithium Limited

On 11 May 2016, the Company announced that Euro Lithium Limited (**Euro Lithium**) is aiming to list on the ASX by way of reverse takeover with Paynes Find Gold Limited (**ASX: PNE**) (**Paynes**). Cape Lambert owns a 26.2% of the pre-raising capital in Euro Lithium.

Euro Lithium is the 100% owner of the Wolfsberg lithium project which is located in Carinthia, 270 kilometers south of Vienna, Austria (**Wolfsberg**). Wolfsberg has a JORC compliant inferred resource of 3,700,000 tonnes at 1.5% Li₂O (55,000 tonnes contained lithium) with additional drilling due to commence before completion of the transaction with a view of upgrading the resource. Euro Lithium has spent EUR€11.53 million on acquiring and exploring Wolfsberg which includes the completion of 17,000 metres of drilling and 1,400 metres of declines, drives and crosscuts. Wolfsberg has a planned production profile of 15 to 20 months following the proposed acquisition by Paynes.

Subsequent to the quarter end, Paynes shareholders approved the resolutions to proceed with this transaction which is expected to complete in September 2016.

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 two granted exploration licences (EL46A/2011 – 159.78 km² and EL46B/2011 – 66.00km² (formerly EL46/2011 – 305.18km²)) held by Marampa Iron Ore (SL) Limited, which is indirectly, a wholly owned subsidiary of Cape Lambert.

The Marampa Project is currently under care and maintenance. During the quarter the Company negotiated a payment plan with the Authorities for payment of the statutory fees for its mining licence and E46/2011.

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 is currently under care and maintenance.

Metal Exploration Limited (100% interest)

Metal Exploration (Mauritius) Limited, a wholly owned subsidiary of Cape Lambert, holds 15 granted exploration licences and one application in Sierra Leone covering approximately 1,688km² (refer Figure 2). This land package covers the region 70km to the north and south of Marampa and is referred to as the Rokel Iron Ore Project (**Rokel** or **Rokel Project**). Rocks from the Marampa Group exist throughout the licence areas, much the same as the Marampa Project, and are known to host specularite schist bearing units.

The Rokel Project is currently under care and maintenance.

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 (400km²), Katiola (400km²) and Bouake (400km²) for a total land position of 1,200km² (**Tenements**) (refer Figure 3).

The Company announced during the March 2016 quarter (refer to ASX announcement of 23 March 2016) that it had executed a sale and purchase agreement with a subsidiary of Newcrest Mining Limited (Newcrest) for the sale of its Tenements.

The consideration for the Sale was US\$332,500, less a US\$50,000 non-refundable deposit which has already been paid, plus a 1% net smelter return royalty on gold produced from the Licences capped at US\$1million.

The Sale remains subject to Newcrest receiving approval from the Minister of Mines for the transfer of the Licences, which is yet to occur but now expected to occur in the September 2016 quarter.

Mining International Pty Ltd (100% Interest)

Mining International Pty Ltd (**Mining International**), is a wholly owned subsidiary of Cape Lambert. The Company holds tenure to 4 mining leases (which were excluded from the sale of the Leichhardt Copper Project) and 4 granted exploration permits for minerals (EPM's) 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.

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

Mining International has progressed discussions with the native title holder in regards to a Cultural Heritage Management Agreement for mining lease ML2771, which it expects to finalise during the September 2016 quarter.

Recent activity was to collect and analyse several rock chip samples from various outcrop found within EPM 17449. One sample returned a copper grade of 8.12% Cu from a gossanous outcrop approximately 1km due north of the historic Rosebud mine. The results are attached in Table 1 and sample locations are shown in Figure 6.

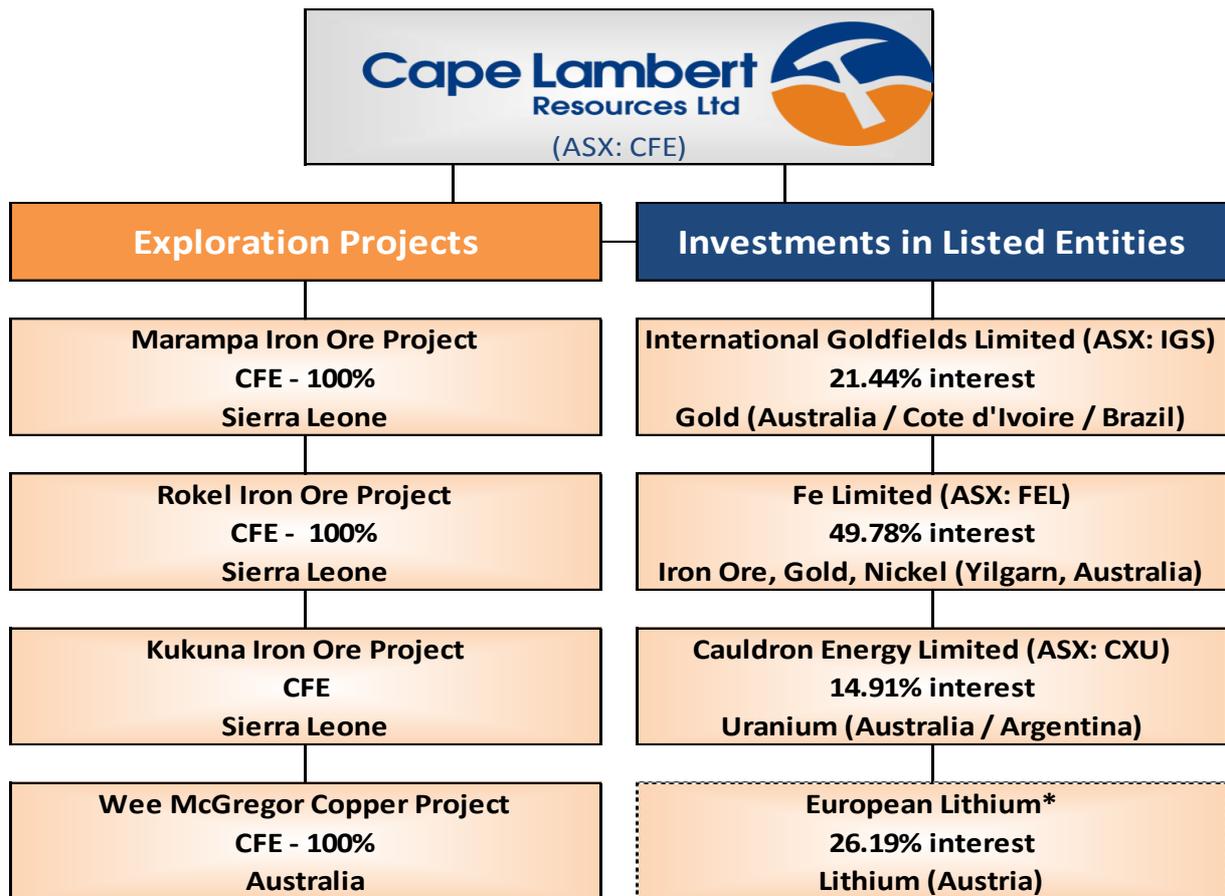
Table 1. Mining International rock chip samples

SAMPLE DESCRIPTION	Easting	Northing	Au ppm	Ag ppm	Al %	As ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %	Ga ppm	K %	La ppm	Mg %	Mn ppm
M1001	392,929.70	7,693,280.90	<0.01	<0.5	6.38	<5	40	1.1	<2	9.48	<0.5	3	39	19	0.89	20	0.32	20	0.69	541
M1002	392,922.40	7,693,283.10	<0.01	<0.5	5.93	<5	150	2.3	<2	8.17	<0.5	18	40	166	5.19	20	0.59	40	3.12	887
M1003	392,685.90	7,695,294.20	<0.01	<0.5	4.44	<5	460	2.4	<2	5.43	<0.5	9	36	11	2.58	10	0.38	20	0.72	1040
M1004	392,748.60	7,695,267.90	<0.01	<0.5	8.27	<5	720	2.2	<2	0.16	<0.5	9	79	7	3.52	20	2.82	30	2.31	273
M1005	393,345.70	7,695,629.90	0.03	<0.5	0.22	12	20	<0.5	<2	0.05	<0.5	35	13	278	3.98	<10	0.07	<10	0.01	113
M1006	394,294.60	7,695,096.00	<0.01	<0.5	6.68	<5	340	3.8	<2	0.81	<0.5	6	6	18	2.39	20	4.18	90	0.27	245
M1007	394,467.10	7,693,871.60	<0.01	<0.5	0.73	<5	90	<0.5	<2	0.02	<0.5	<1	16	4	0.68	<10	0.74	<10	<0.01	89
M1008	394,719.90	7,693,142.40	<0.01	<0.5	6.71	<5	150	1.4	<2	5.35	<0.5	37	56	80	9.31	20	1.31	10	3.47	1010
M1009	394,702.10	7,693,135.60	0.01	<0.5	6.61	<5	70	7.3	<2	0.91	<0.5	3	9	68	1.21	20	0.7	10	0.14	161
M1010	393,257.90	7,697,000.80	0.21	2.3	1.12	43	930	1.7	23	0.18	<0.5	73	4	>10000	34.5	10	0.06	30	0.04	32
M1011	393,257.60	7,696,993.20	0.35	<0.5	0.48	613	20	1.2	<2	0.03	<0.5	332	9	9320	42.6	10	0.01	<10	0.01	57
SAMPLE DESCRIPTION	Easting	Northing	Mo ppm	Na %	Ni ppm	P ppm	Pb ppm	S %	Sb ppm	Sc ppm	Sr ppm	Th ppm	Ti %	Tl ppm	U ppm	V ppm	W ppm	Zn ppm	Cu %	
M1001	392,929.70	7,693,280.90	3	4.51	34	840	<2	0.01	<5	8	117	20	0.29	<10	<10	52	<10	2		
M1002	392,922.40	7,693,283.10	1	3.44	24	940	6	0.01	<5	10	285	20	0.29	10	<10	73	<10	12		
M1003	392,685.90	7,695,294.20	<1	0.23	26	390	<2	0.04	<5	6	446	<20	0.15	<10	<10	44	<10	17		
M1004	392,748.60	7,695,267.90	<1	0.17	31	590	2	0.01	<5	17	32	20	0.32	<10	<10	91	<10	19		
M1005	393,345.70	7,695,629.90	2	0.03	16	40	2	0.01	<5	1	4	<20	0.02	<10	<10	9	10	3		
M1006	394,294.60	7,695,096.00	<1	1.83	7	580	18	0.01	<5	6	61	70	0.21	<10	<10	19	<10	21		
M1007	394,467.10	7,693,871.60	1	0.12	4	<10	2	<0.01	<5	<1	7	<20	<0.01	<10	<10	<1	<10	2		
M1008	394,719.90	7,693,142.40	<1	2.05	65	530	3	<0.01	<5	43	97	<20	0.76	<10	<10	301	<10	35		
M1009	394,702.10	7,693,135.60	<1	4.17	15	20	22	0.01	<5	2	129	20	0.03	10	10	26	<10	4		
M1010	393,257.90	7,697,000.80	50	0.03	152	5710	27	0.26	<5	4	113	<20	0.05	<10	<10	33	<10	9	8.12	
M1011	393,257.60	7,696,993.20	30	0.01	612	1930	53	0.19	7	2	5	<20	0.07	<10	<10	62	20	13		

Competent Person:

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

Figure 1: Group Structure June 2016



*Currently undergoing transaction

Figure 2: Cape Lambert West African Iron Ore Interests

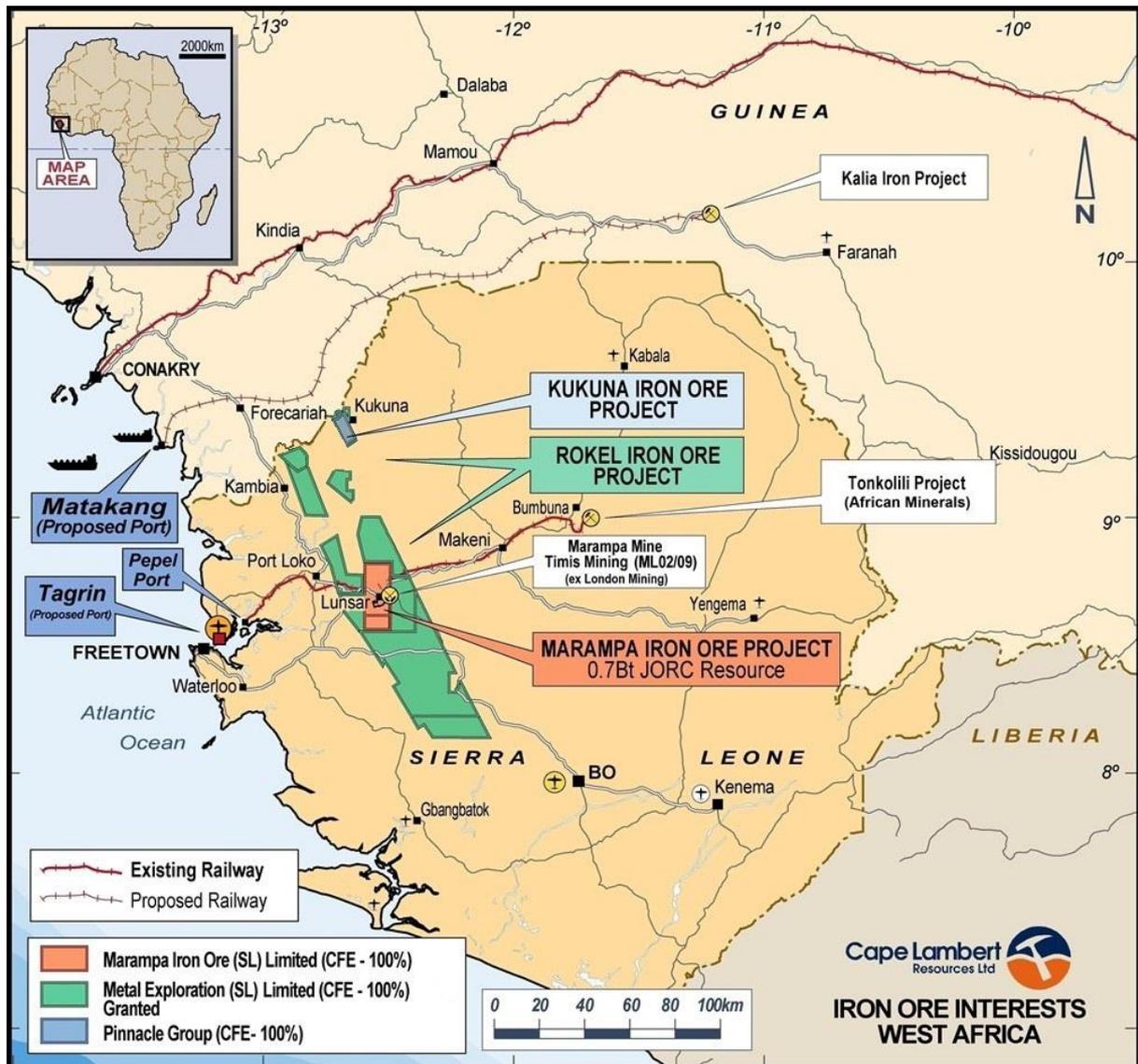


Figure 3: Cote D'Ivoire Tenements

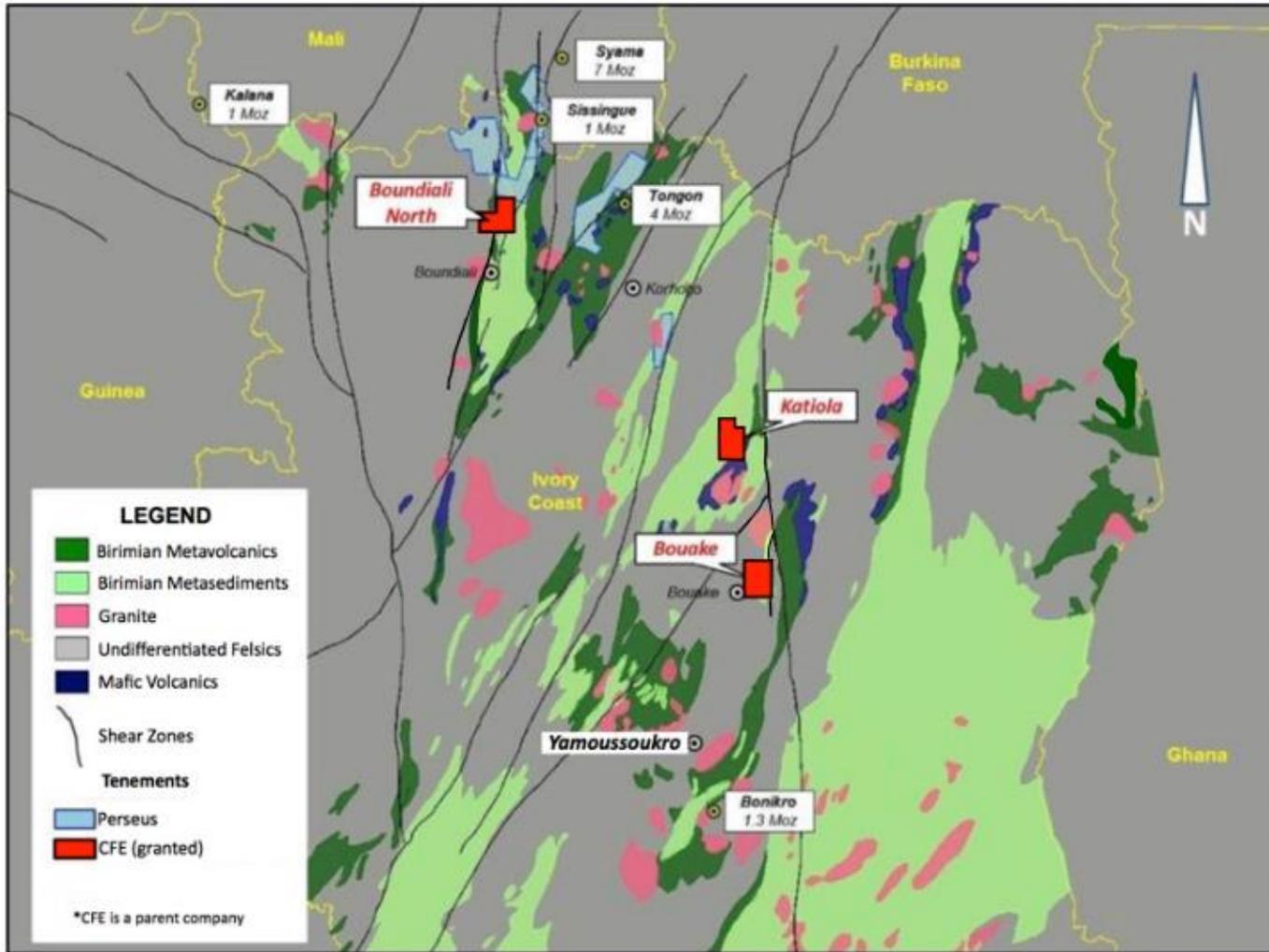


Figure 4: Wee MacGregor Project Location

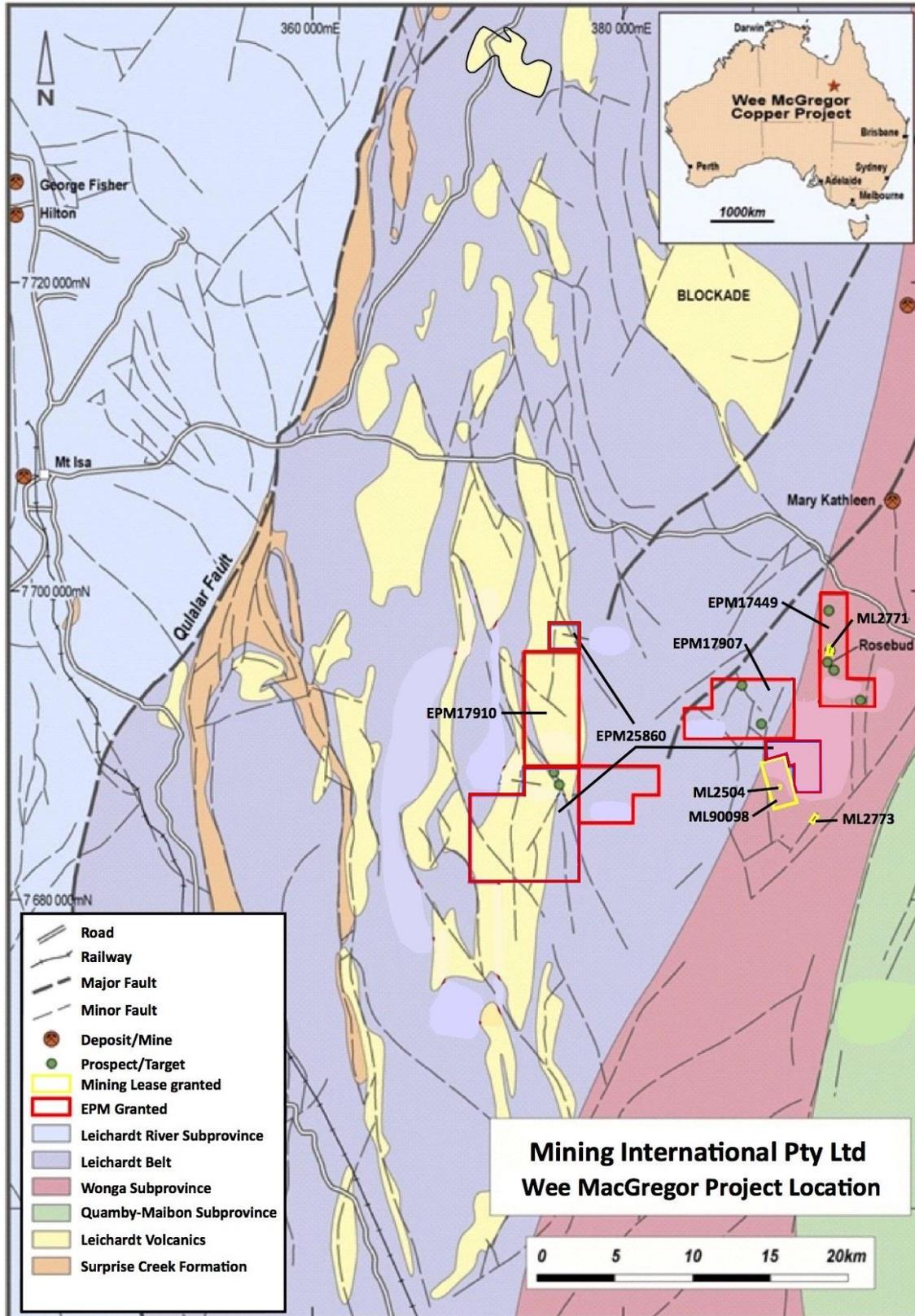


Figure 5: EPM 17449 Sample Locations



Appendix 1: Tenement Status

The mining tenements held at the end of each quarter, acquired and disposed of during the quarter and their location:

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at the end of quarter
Marampa Project - EL 46A/2011	Lunsar - Sierra Leone	-	-	100%
Marampa Project - EL 46B/2011	Lunsar - Sierra Leone	-	-	100%
Marampa Project - ML 05/2014	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%
Cote D'Ivoire Projects - EL 284*	Katiola - Cote D'Ivoire	-	-	100%
Cote D'Ivoire Projects - EL 285*	Boundiali North - Cote D'Ivoire	-	-	100%
Cote D'Ivoire Projects - EL 286*	Bouake - Cote D'Ivoire	-	-	100%
EPM 17449	Wee MacGregor - Queensland	-	-	100%
EPM 17907	Wee MacGregor - Queensland	-	-	100%
EPM 17910	Wee MacGregor - Queensland	-	-	100%
EPM 25860	Wee MacGregor - Queensland	-	-	100%
ML 90098	Wee MacGregor - Queensland	-	-	100%
ML 2504	Wee MacGregor - Queensland	-	-	100%
ML 2771	Wee MacGregor - Queensland	-	-	100%
ML 2773	Wee MacGregor - Queensland	-	-	100%

* pending transfer to a subsidiary of Newcrest Mining Limited

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

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"> Random rock chip samples Standards, blanks and duplicates were analysed with the batch according to ALS standards. ~ 3kg of composite rock chips were taken from each outcrop.
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 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 so not relevant
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"> Basic description of rock sampled. Small representative sample retained for future reference.

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Logging was qualitative and photographs were taken • Not applicable – random rock chips
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Rock chips were presented to the assay lab in 'as is' condition. • No sub sampling conducted • Standards, blanks and duplicates were analysed with the batch according to ALS standards. • The 3kg sample size was considered appropriate.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The sample preparation and assay method are considered fit for purpose. Assays were conducted by ALS in Mount Isa using fire assay Au-AA25 for gold analysis and four acid ICP-AES for the remainder of the elements. • No geophysical tools used. • Standards, blanks and duplicates were analysed with the batch according to ALS standards.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • None at this stage • Data stored in excel spreadsheet.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> No assay adjustments made.
<i>Location of data points</i>	<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 used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Data points recorded with hand held GPS WGS84 Zone 54.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Random outcrop locations Compositing of rock chips was done during sampling
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not applicable to random rock chips
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> There was a single point of custody from samples taken to submission to the lab.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews conducted.

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"> 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. 	<ul style="list-style-type: none"> Tenement: EPM 17449. Registered holders: 100% Mining International Pty Ltd
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> This report refers to data generated by geological consultant in the services of Mining International Pty Ltd.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Copper mineralization hosted within shear zones of the Mount Isa inlier amongst quartzite and amphibolite local rock types.
<i>Drill hole Information</i>	<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"> Refer to table 1.
<i>Data aggregation methods</i>	<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. 	<ul style="list-style-type: none"> No aggregation, weighting or metal equivalent values have been reported.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<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 should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> No relationship of random rock chips to mineralization dimensions.
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Refer to maps included in this report.
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All assay results have been reported
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All meaningful information has been reported
Further work	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No further work planned at this stage.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Cape Lambert Resources Limited

ABN

71 095 047 920

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration ¹	(549) - - (1,134)	(4,620) - - (4,746)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	98
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	32	196
Net Operating Cash Flows	(1,619)	(9,075)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- (13) -	- (44) -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets (d) controlled entity	544 - 140 -	1,004 201 140 -
1.10 Loans to other entities	(50)	(50)
1.11 Loans repaid by other entities	160	200
1.12 Other: Repayment of convertible notes Other: Payment of transaction related and business development costs	- (108)	157 (176)
Net investing cash flows	673	1,432
1.13 Total operating and investing cash flows	(946)	(7,643)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	3,795
1.15 Proceeds from sale of forfeited shares	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: FEL Converting Loan Note	-	431
	Net financing cash flows	-	4,226
	Net increase (decrease) in cash held	(946)	(3,417)
1.20	Cash at beginning of quarter/year to date	6,563	9,034
1.21	Exchange rate adjustments to item 1.20	13	13
1.22	Cash at end of quarter	5,630	5,630

¹ Includes FE Ltd cash movements given CFE owns 49.78% of FE Ltd

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	-
4.3 Production	-
4.4 Administration	1,100
Total	1,700

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	5,630	6,563
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,630	6,563

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

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

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities	-	-	
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	720,686,586	720,686,586	
7.4	Changes during quarter			
	(a) Increases through issues	-	-	
	(b) Decreases through returns of capital, buy-backs	-	-	
7.5	+Convertible debt securities	-	-	
	<i>(description)</i>			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	7,675,000	7,675,000	Exercise price \$0.088	Expiry date 18 Dec 2016
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired/Canceled during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

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

Sign here:
(Company secretary)

Date: 29 July 2016

Print name: Melissa Chapman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.