

Cape Lambert Assigns its Rights to Kasombo Copper-Cobalt Project

- Cape Lambert executes a binding terms sheet that assigns 100% of its rights to the Kasombo Copper-Cobalt Project in Democratic Republic of Congo (DRC) to Fe Limited;
- Assignment allows Cape Lambert to focus its efforts and funds to fast track its Kipushi Tailings Project and Zambian Kitwe Tailings Project to production;
- Cape Lambert retain an interest in any upside from the Kasombo Project through its significant shareholding in FEL

Australian resource and investment company, Cape Lambert Resources Limited (ASX: CFE) (Cape Lambert or the Company) is pleased to announce it has entered into a binding terms sheet (Term Sheet) with Fe Limited (FEL) whereby Cape Lambert will assign to FEL 100% of the rights and obligations it has in the Kasombo Copper-Cobalt Project (Kasombo Project) located in the DRC (Transaction). Cape Lambert's rights to the Kasombo Project were established in the recently executed joint venture agreement with Congolese entity Paragon Mining SARL (Paragon) (JV Agreement) (refer CFE ASX announcement dated 17 May 2017).

Upon settlement of the Transaction, FEL will assume all Cape Lambert's responsibilities and obligations in regards to exploration and development of the Kasombo Project, allowing the Company to focus its efforts and funds to bringing the adjacent Kipushi Tailings Project and Zambian Kitwe Tailings Project (refer CFE ASX announcement dated 6 June 2017) to production within the earliest possible timeframes.

Consideration

In consideration for Cape Lambert assigning its rights in the Kasombo Project to FEL, FEL agrees to:

- issue 25 million fully paid ordinary shares in FEL at a deemed issue price, equal to the volume weighted average closing price of FEL shares as quoted on ASX over the last five (5) trading days immediately preceding the execution of the Terms Sheet, to Cape Lambert (Consideration Shares);
- a \$50,000 non-refundable deposit on execution of this Terms Sheet;
- \$75,000 on the date which is three (3) months after the settlement date; and
- issue 10 million fully paid ordinary shares in FEL at a deemed issue price, equal to the volume weighted average closing price of FEL shares as quoted on ASX over the last five (5) trading days

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
833,019,919

Unlisted Options
23,500,000 (\$0.05 exp 18 Dec 2018)

Board of Directors

Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Jason Brewer
Non-executive Director

Melissa Chapman
Company Secretary

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immediately preceding the execution of the Terms Sheet, to the facilitator of the Transaction (**Facilitator Shares**).

Conditions of the Transaction

Settlement of the Transaction is conditional upon:

- (a) completion of legal, technical and financial due diligence by FEL on or before 18 August 2017;
- (b) FEL receiving shareholder approval in relation to the Transaction including approval to issue:
 - I. the Consideration Shares to Cape Lambert (in accordance with Item 7 of Section 611 of the Corporations Act if required); and
 - II. the Facilitator Shares to the facilitator of the Transaction;
- (c) completion of the Kasombo Transfer to the JV Company in accordance with the terms of the JV Agreement;
- (d) execution by the relevant parties of a formal agreement to more fully document the Transaction; and
- (e) receipt of consent from all relevant parties in respect of the Transaction,

With each of the above conditions to be completed on or before 30 September 2017 unless otherwise waived or extended by the Cape Lambert and FEL.

During the period to settlement of the Transaction, Cape Lambert will continue with its obligations under the JV Agreement for conducting the exploration works at the Kasombo Project, with all expenses incurred reimbursed to Cape Lambert by FEL within 7 days of Settlement.

Commenting on the Transaction, Chairman Tony Sage said “the assignment of the Kasombo Project to FEL will enable the Company to focus its efforts in bringing the Kipushi Tailings Project and Kitwe Tailings Project to production as soon as possible, in doing so maximise shareholder return at a very favourable time for the cobalt market. The Company retain an interest in any upside from the Kasombo Project through its significant shareholding in FEL.”

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman