

Kipushi Cobalt-Copper Tailings Project Market Update

Highlights

- **Engineering Study updated;**
- **Major equipment packages tendered;**
- **Concrete works being tendered;**
- **Design work for Leach Residue Storage Facility awarded.**

Australian resources and investment company, Cape Lambert Resources Limited (ASX: **CFE**) (**Cape Lambert** or the **Company**) is pleased to provide an update on the progress at the Kipushi Cobalt-Copper Tailings Project (**Project**) in the Democratic Republic of Congo (**DRC**).

The Project is held by Soludo Lambert Mining SAS (**Soludo Lambert**), under a 50/50 joint venture arrangement with local entity Paragon Mining SARL (**Paragon**) and Cape Lambert. The Project involves the reprocessing of copper-cobalt tailings contained in the Kipushi Tailings Storage Facility (**TSF**) located near the town of Kipushi approximately 25km from Lubumbashi, refer Figure 1.

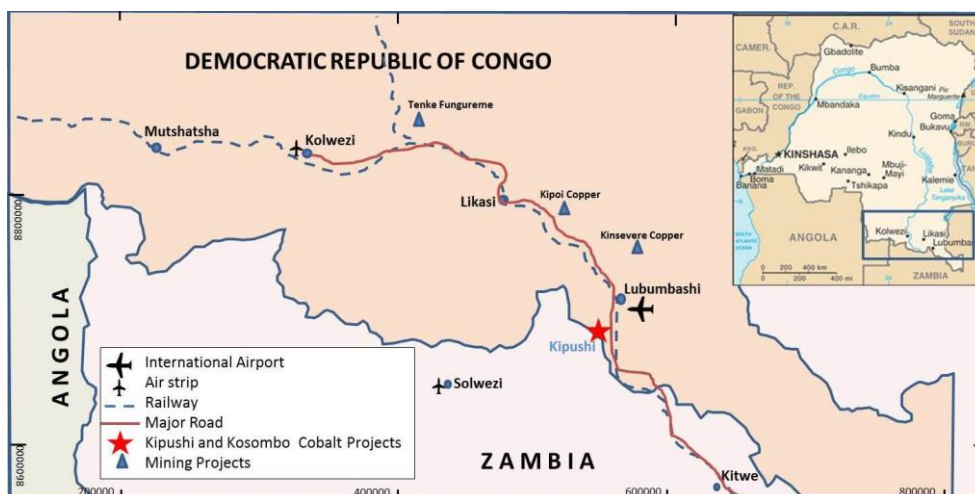


Figure 1: Project Location

As noted in the CFE June 2018 Quarterly Report, 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 indicated that a higher grade cobalt MHP could be produced as an alternative to the mixed copper/cobalt MHP (refer ASX announcement dated 31 July 2018).

Cape Lambert Resources Limited (ASX: CFE) is a fully funded mineral development company with exposure to iron ore, cobalt, copper, gold, uranium, 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 Müller
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Based on this testwork, the Engineering Study recently completed by Minnovo Pty Ltd was updated to provide for the production of a copper-rich MHP and a cobalt-rich MHP separately. The production of separate products is advantageous as the copper-rich MHP can be sold to copper focused companies whereas, the cobalt-rich MHP can be sold to cobalt focused companies, therefore, greatly expanding the potential buyer base.

The updated process flow sheet developed by Minnovo is shown in Figure 2.

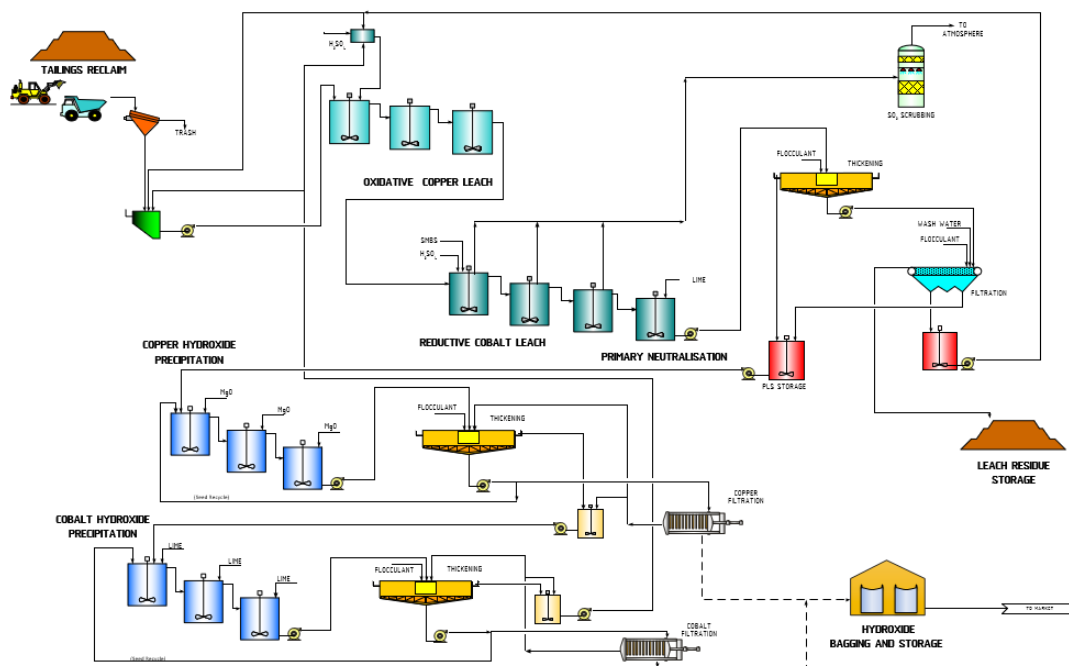


Figure 2: Kipushi Process Flowsheet

The capital costs, presented in second quarter 2018 in United States dollars (USD) to an accuracy of $\pm 35\%$, were updated by Minnovo for the revised process circuit, with inputs from Soludo Lambert, are summarised in Table 1.

Table 1: Capital Cost Estimate Summary

Description	Total (USD)
Direct Costs	
Civils	\$1,820,000
Tailings Reclamation	\$125,000
Process Plant	\$21,053,120
Infrastructure	\$3,725,000
Mobile Fleet	\$677,500
TOTAL DIRECTS	\$27,400,620
Indirect Costs	
Freight/Spares/First Fills	\$3,257,823
Engineering/commissioning	\$1,765,050
Owner Management	\$4,294,049
TOTAL INDIRECTS	\$10,246,529
Contingency	\$4,110,093
TOTAL CAPITAL BUDGET	\$41,757,242

The capital cost was developed from a number of sources as summarised in Table 2.

Table 2: Basis for Capital Cost Estimate

Cost Category	Source Of Cost Data
Direct Costs	Equipment costs based on budget quotations for major equipment and from recent projects/database pricing for other equipment where similar sized equipment quotes were available. Earthworks, concrete, structural steel and platework and E&IC costs were factored against mechanical equipment costs estimated from a recent in-country copper project. Contractor indirects and P&G costs were factored based on detailed estimate for recent in-country copper project.
Infrastructure	Building costs, detailed earthworks, fencing costs costs were factored against mechanical equipment costs derived from similar reference factored to reflect costs estimated from a recent in-country project . PCS and Comms in the process plant area are included in the E&IC factors for the plant. External communications infrastructure is excluded.
Indirects	Factored based on historical Minnovo EPC contracting work.
Owners costs	Provided by Soludo Lambert.
Contingency	Allowance for Owner's contingency of 15% of the direct Project costs.

The operating costs updated by Minnovo, with inputs from Soludo Lambert, presented in second quarter 2018 in United States dollars (USD) to an accuracy of $\pm 35\%$ are summarized in Table 2.

Table 2: Kipushi Operating Costs

Description	USD/tonne Tailings
Tailings Reclamation (including fees to Gecamines)	\$12.30
Processing	\$45.01
Administration	\$6.10
TOTAL OPERATING COST	\$63.41

The operating cost estimate was developed from a number of sources as detailed in Table 3.

Table 3: Basis for Site Operating Cost Estimate

Cost Category	Source Of Cost Data
Labour	Owner operating strategy. Labour rates are for expatriate and local labour based on 12 hour shifts.
Power	Consumption from Electrical Load List. Grid power rate advised by Soludo Lambert.
Maintenance Materials	Calculated as a percentage of direct capital costs based on benchmarking with operating plants.
Reagents and Consumables	Reagent consumption from testwork and unit prices from regional and international suppliers.

Following the commencement of the detailed design by Minnovo, tenders for the major pieces of equipment (thickeners, filter presses, horizontal belt filter, SO₂ scrubber and clarifier) were issued, with responses due back shortly.

Soludo Lambert has issued the tender document for the concrete works at the leaching plant to four reputable companies operating in the DRC, with proposals due at the end of August 2018.

Soludo Lambert has also awarded the design of the leach residue storage facility (**LRSF**) to Golder Associates Africa, with a site visit to occur shortly to undertake geotechnical investigations at the proposed LRSF location.

Cape Lambert's Chairman, Tony Sage, said "I am very pleased that the updated Engineering Study has provided for the production of separate cobalt-rich and copper-rich MHP products that we anticipate it will attract a much wider market of buyers and that the engineering design works are progressing with equipment and construction works out to tender."

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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