ASX Announcement
30 November 2018

Market Update – Kipushi Tailings Projects

Highlights

- **Assays from Tailings drilling imminent;**
- **Discussions with Financiers and Offtakers continuing; and**
- **Funded EPCM contract in discussion.**

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 of the Kipushi Cobalt-Copper Tailings Project (**Kipushi Project**) in the Democratic Republic of Congo (**DRC**).

The Kipushi Project, located near the town of Kipushi approximately 25km from Lubumbashi, refer Figure 1, involves the reprocessing of cobalt-copper tailings contained in the Kipushi Tailings Storage Facility (**Kipushi TSF**) and is operated by Soludo Lambert Mining SAS (**Soludo Lambert**), under a 50/50 joint venture arrangement between local entity Paragon Mining SARL (**Paragon**) and Cape Lambert. Paragon has a 70% interest in the Kipushi Project via a contract with La Patience SPRL that gives it the right to exploit and process the tailings from the Kipushi TSF and sell the product.

Early October 2018 drilling contractor, Solutions for Africa, completed 47 holes for a total of 432m. Samples were dispatched to the laboratory of ALS in Lubumbashi for assay with the results expected in the coming week. Once received, work will commence on preparing the Mineral Resource estimation for the tailings dam.

Preliminary work has been completed to create a three dimensional volume model of the tailings using surveyed topography and depths to base of tailings obtained from recent drilling. In the area drilled, this work has indicated a potential volume in the order of 2.8 million cubic metres of tailings contained. The area drilled only represents a subset of the total tailed area and has already indicated a volume greater than what was expected in overall. In-situ dry density test work is still to be completed which will allow a total tonnage calculation however an initial estimation of tonnage can be determined using a conservative density range of 1.5 t/m3 – 2.0 t/m3 (expected dry SG for copper cobalt quartz sand is >2.0 t/m3) resulting in a potential tonnage of tailings in the range of 4.2 Mt – 5.6 Mt. This potential volume is conceptual in nature and there has been insufficient exploration to determine accurate tonnage or data received to enable estimation of a mineral resource. It is uncertain if further exploration will result in the estimation of a mineral resource.

Cape Lambert Resources Limited (ASX: CFE) is a mineral exploration and development company with a diverse portfolio and exposure to cobalt, copper, iron ore, lithium, gold, uranium 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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Discussions with several potential project financiers have progressed as well as discussions with a major party for an offtake agreement for the cobalt hydroxide product (produced through a leach process).

The Company has also been approached by an Engineering, Procurement and Construction Management (**EPCM**) contractor that has offered to fund and build the Project, with the cost being repaid from production revenue. Discussions with this company are progressing with a firm costed proposal awaited.

Commenting on the progress so far, Chairman Tony Sage said "I am confident that financing and offtake agreements can be finalised in the very near future. I am also encouraged by the offer received for an EPCM contractor to fund the building of the leaching plant, which presents an alternative option to getting into production, so I look forward to receiving their proposal".

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Olaf Frederickson. Mr Frederickson is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 (the "JORC Code"). Mr Frederickson is a consultant to Cape Lambert Resources. Mr Frederickson consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

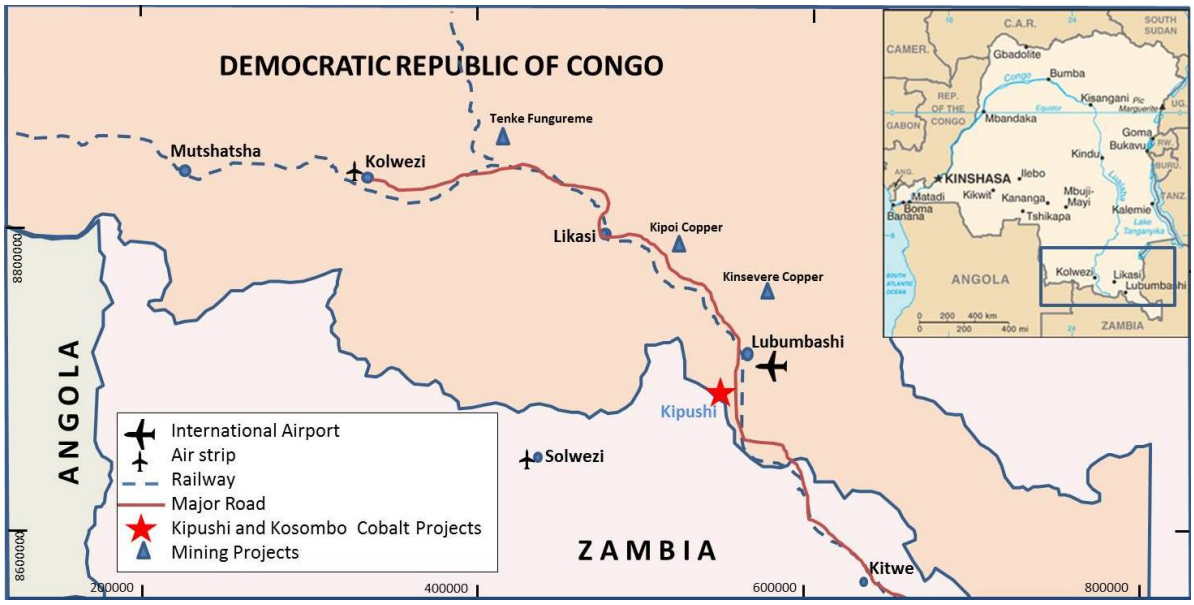

Figure 1: Kipushi location map

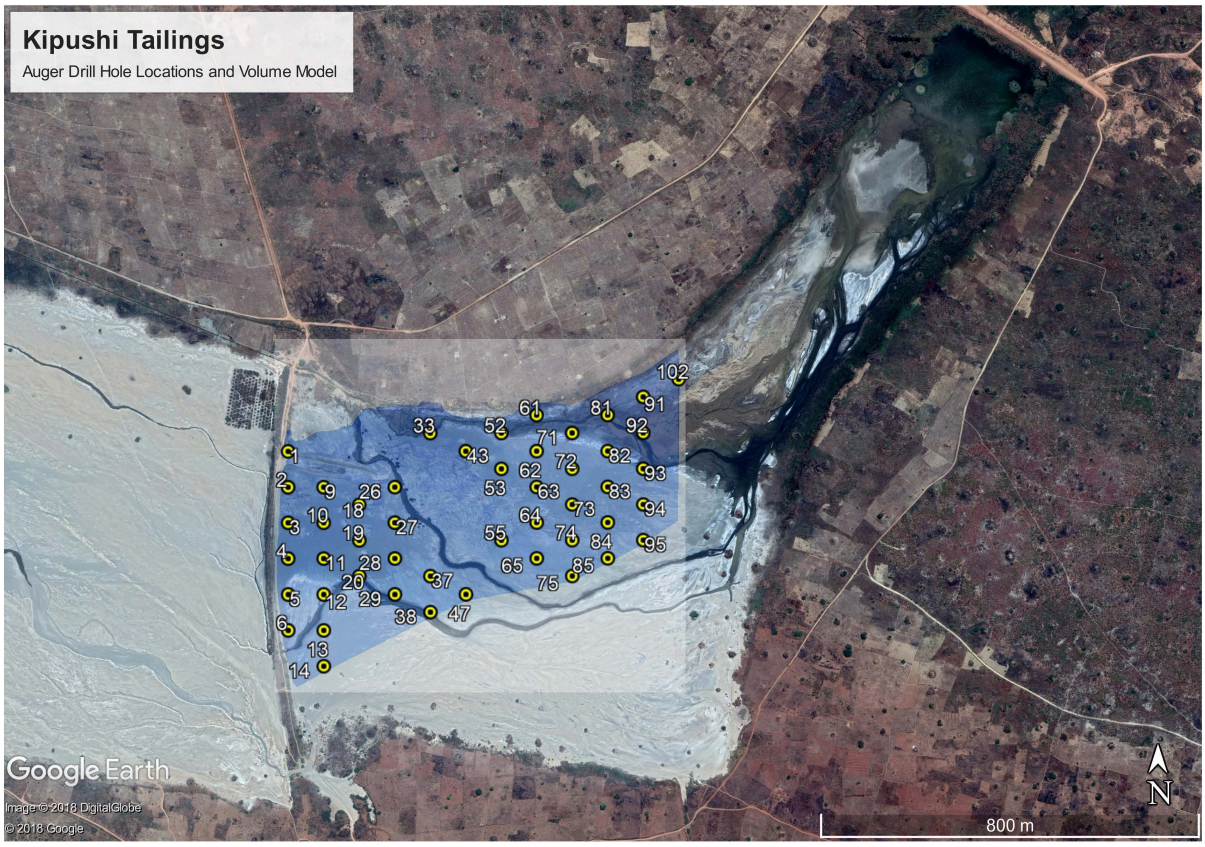

Figure 2: Drill Hole Locations overlain with volume model in blue.

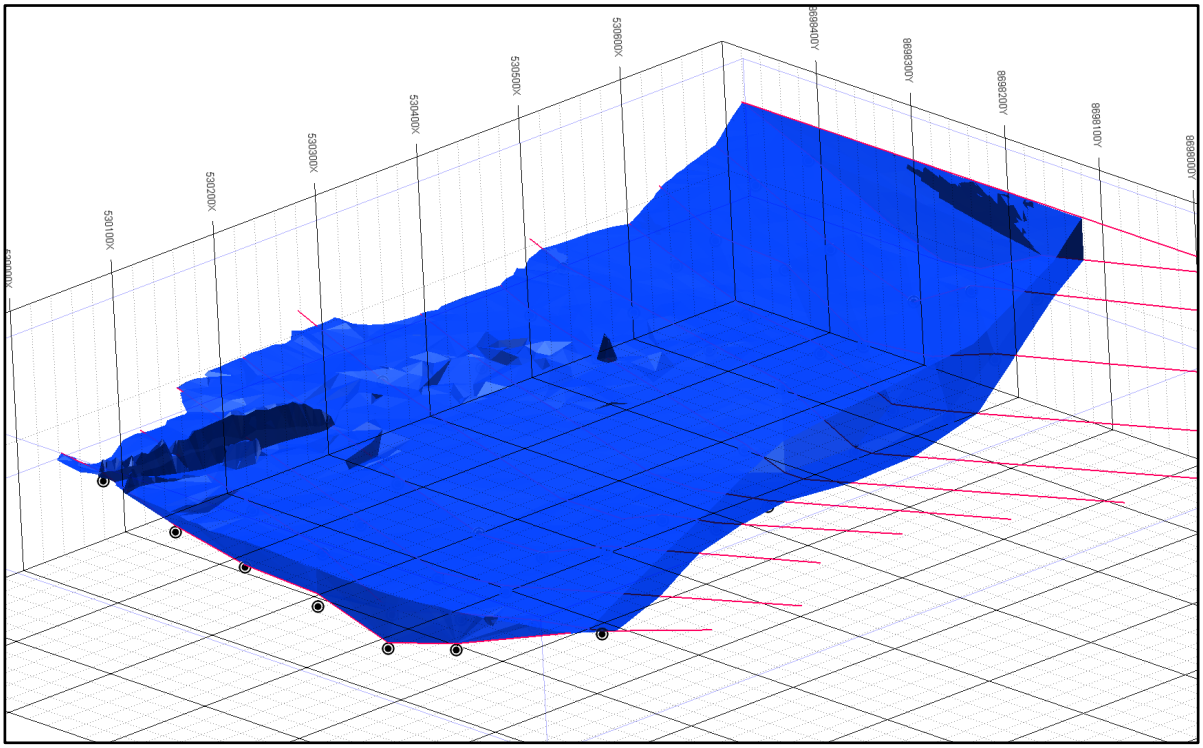

Figure 3: 3D image of volume model.

JORC Code, 2012 Edition – Table 1 Kipushi Tailings

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Auger drilling used to take vertical samples. • Samples of varying length taken downhole dependent on auger penetration. • Samples were collected in plastics and placed into calico bags. • Samples have been dried and sent to ALS for sample prep and analysis.
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).*	• Drilling conducted by auger with a shaft length of 1.4m and diameter of approximately 20 cm. • Dead stick technique employed.
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.*	• Sand sample removed manually from the auger flights and collected as a single sample for each length of auger penetration.
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.*	• Samples were logged for colour, grain size, moisture, clay content. • Logging was qualitative.

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples were partially wet but were competent to the touch. The material was in the form of stratigraphically layered non saturated tailings of fairly uniform consistency.
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.*	• Samples sent to ALS lab. • Results pending.
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.*	• No verification work has been conducted. • Test pits alongside some drilled holes have been used in place of twinned holes. • Results pending.
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.*	• Drill holes were located with handheld GPS.

Criteria	JORC Code explanation	Commentary
	• *Quality and adequacy of topographic control.*	
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.*	• Samples were taken according to auger penetration. • Drill holes were planned on a nominal 75m x 75m diamond grid. • Some holes were in accessible due to ground conditions • Samples were not composited.
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.*	• No particular geological structure is evident in the tailings
Sample security	• *The measures taken to ensure sample security.*	• Sample chain of custody was maintained by the geologist throughout delivery to their place of storage.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been done.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
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.*	• Work was conducted on PER 12347 in the Kipushi Tailings area of southern DRC. • The licence is reportedly held by state owned company Gecamines and is the subject of a rights agreement between Gecamines and Paragon SARL and a proposed joint venture agreement between Paragon SARL and Cape Lambert Resources. • Details of tenure are to be confirmed as part of the due diligence.
Exploration done by	• *Acknowledgment and appraisal of exploration by other parties.*	• No known exploration has been conducted on the tailings. • Historical plant records have been requested.

Criteria	JORC Code explanation	Commentary
other parties		
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Post processing tailings.
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.*	• Pending receipt of assay results.
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.*	• Results pending.
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').*	• Samples were taken vertically. • The base of the tailings was intersected in all but 1 holes.

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 attached location plan.
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.*	• N/A
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.*	• Additional drilling will be completed as required. • Further work to determine in-situ SG to be conducted shortly.