

30 November 2018

Elizabeth Harris
Senior Adviser, Issuers (Perth)
Via E-Mail: ListingsCompliancePerth@asx.com.au

Dear Elizabeth,

Response to ASX QUERY – APPENDIX 5B

We refer to your letter dated 27 November 2018 in relation to Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert** or the **Company**) Appendix 5B for the period ended 30 September 2018 and respond to each of your questions as follows:

1. *Does CFE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

The Company expects that it will continue to have negative operating cash flows in the near to medium term, as is customary for resource exploration entities.

2. *Has CFE taken any steps, or does it propose to take any steps, to raise further cash to funds its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The Company has entered into a loan facility during the quarter which has raised funds of US\$500k. These funds were received on 20 November 2018. The Company is currently investigating funding opportunities including offtake negotiations and debt financing in relation to its Kipushi Cobalt Copper Tailings Project. The Company also holds approximately \$6.8m of investments as at the date of this letter which can be liquidated to fund ongoing commitments. These are held in Australian Securities Exchange listed entities.

3. *Does CFE expect to be able to continue its operations and to meet its business objections and, if so, on what basis?*

The Board continues to monitor cash flows to ensure the Company remains positioned to achieve its business objectives on the basis of raising funds as disclosed in question 2 above.

4. *Please confirm that CFE is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.*

The Board confirms that it is in compliance with the Listing Rules, in particular Listing Rule 3.1. The Board confirms that there is no information that should have been given to ASX

about its financial condition in accordance with the Listing Rules that has not already been released to the market.

5. *Please confirm that CFE's responses to the questions above have been authorised and approved in accordance with the published continuous disclosure policy or otherwise by its board or an officer of CFE with delegated authority from the board to respond to ASX on disclosure matters.*

The Board confirms that its responses to the questions above have been authorised and approved by the Board of the Company.

Yours faithfully
Cape Lambert Resources Limited

A handwritten signature in black ink, appearing to read 'Tony Sage', written in a cursive style.

Tony Sage
Executive Chairman



27 November 2018

Ms Melissa Chapman
Company secretary
Cape Lambert Resources Limited
32 Harrogate Street
West Leederville WA 6007

By email: melissac@capelam.com.au

Dear Ms Chapman

Cape Lambert Limited ('CFE'): Appendix 5B Query

ASX refers to CFE's Appendix 5B quarterly report for the period ended 30 September 2018 lodged with ASX Market Announcements Platform on 31 October 2018 (the 'Appendix 5B').

ASX notes that CFE has reported:

- negative net operating cash flows for the quarter of \$2,698,000;
- cash at the end of the quarter of \$841,000; and
- estimated cash outflows for the next quarter of \$1,776,000.

It is possible to conclude, based on the information in the Appendix 5B that if CFE were to continue to expend cash at the rate indicated by the Appendix 5B, CFE may not have sufficient cash to continue funding its operations.

In view of that, ASX asks CFE to respond separately to each of the following questions and requests for information:

1. Does CFE expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CFE taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CFE expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CFE is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that CFE's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CFE with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Friday, 30 November 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CFE's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under

Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CFE's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CFE's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CFE's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CFE's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Elizabeth Harris
Principal Adviser, Listings Compliance, Perth