

Cape Lambert Secures A\$7.5m Funding to Fast-Track Development at the Kipushi Cobalt-Copper Tailings Project in the DRC

Australian resources and investment company, Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert** or the **Company**) is pleased to advise that it has executed a A\$7.5m finance facility to fast-track the development of the Kipushi Cobalt-Copper tailings project in the DRC. This comes on the back of recent key developments for the project including the completion of the engineering study by Minnovo Pty Ltd, design work for the leach residue storage facility awarded, tendering of the major equipment package, tendering of the concrete works as well as the commencement of drilling (refer ASX Announcements 20 August 2018 and 30 November 2018).

The A\$7.5m facility allows the Company to ensure the development is funded whilst retaining the flexibility with our negotiations for either an offtake for a strategic partner which may result in alternative funding, such as a cash injection into the project.

The facility has been entered into with MEF I, L.P. (**Magna** or **Investor**) for up to A\$7.5m by way of the issue of convertible securities in the Company. An initial amount of A\$0.75m is available for drawdown within 5 days, a further \$0.75m will be available for drawdown pending the Investors ability to trade the Company's shares on the Frankfurt exchange with a further A\$6m available in tranches upon the Company meeting key milestones relating to the Company's Kipushi Cobalt-Copper Tailings Project.

Full terms and conditions are outlined in Annexure A.

Tony Sage, Chairman, commented "securing the funding provides the Company an opportunity to fast-track the development of Kipushi" and "a huge advantage of this funding is all converted shares will not be sold on the ASX." He added "The funding allows us to continue development whilst still negotiating with potential strategic partners."

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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)
15,000,000 (\$0.03 exp 30 Jun 2021)
5,000,000 (\$0.05 exp 13 Dec 2020)
10,000,000 (\$0.075 exp 30 Jun 2019)

Board of Directors

Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Stefan Muller
Non-executive Director

Melissa Chapman
Company Secretary

Cape Lambert Contact

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Annexure A

- Cape Lambert will receive A\$0.75 million immediately with a further A\$6.75m available upon the Company meeting the following key milestones:
 - Tranche 2 A\$0.75 million upon the Investor notifying the Company that it is satisfied with its brokers ability to trade the shares on the Frankfurt exchange;
 - Tranche 3 A\$2.0 million upon the publication of a maiden JORC resources at the Kipushi cobalt-copper tailings project;
 - Tranche 4 A\$2.0 million upon the completion of a pre-feasibility study for a 1Mtpa leach/extraction plant at the Kipushi cobalt-copper tailings project; and
 - Tranche 5 A\$2.0 million has no specific milestone.

Subsequent tranches are conditional upon the Investor not having given an op-out notice (which may be given upon an event of default, reduced liquidity in the Company's shares, or the Company's daily VWAP being less than \$0.02 on any 5 trading days).

- The Company is under no obligation to drawdown subsequent tranches of the facility however a termination fee of 2% of the undrawn investment amount is payable (in shares, at the Company's election) if amounts are not drawn down when available.
- The Convertible Notes have a face value of A\$1.10 each (**Face Value**).
- The Convertible Notes are convertible at any time by the Investor at the lower of (a) A\$0.045; or (b) a 15% discount from the lowest VWAP over ten (10) days prior to the conversion date, provided that the conversion price shall not in any case be lower than A\$0.012 (**Floor Price**).
- The Convertible Notes bear no interest.
- The Convertible Notes have a maturity date of 12 months after their respective issue dates.
- Once drawn down, the Company will have the option to repay the Convertible Notes at 110% premium to Face Value if within 180 days of investment and then 115% thereafter.
- The Convertible Notes are secured against the Company's property other than its shares in Cauldron Energy Limited, FE Limited and European Lithium Limited.
- The Investor will receive a commitment fee of 4% of the investment amount at the funding of each tranche payable, at the Company's election, in shares (**Commitment Shares**).
- If necessary, the Company will seek shareholder approval to issue securities in accordance with the Convertible Notes facility.
- The Investor shall be subject to certain trading restrictions on shares received from the Company for the commitment fee or conversion of the Convertible Notes, which may be removed upon certain equity conditions or in the event of a default.

Tranche 1 is expected to be drawn down within 5 days of the facility being executed, with notes and Commitment Shares being issued without shareholder approval and using the Company's existing 15% and 10% capacities respectively.

For the purposes of Listing Rule 3.10.5A:

- Existing shareholders will be diluted by 0.15% as a result of the issue of Commitment Shares, and by a total of 6.54% as a result of the issue of securities (on a converted basis) under Tranche 1;
- Having considered various alternatives to raising funds, the Company's board considers that the facility with Magna provided sufficient funds to materially advance the Company's Kipushi Cobalt-Copper Tailings Project at the best possible price;
- All fees in relation to the facility are set out above.