

Funding Agreement with Timis Mining Completes

Key Points:

- **London Mining's Administrator PWC has announced that the sale of its Marampa Mine to Timis Mining has concluded.**
- **Cape Lambert will now receive US\$2/t royalty for 4 years from iron concentrate exported from Timis Mining's Marampa mine.**
- **Royalty will provide an income stream to Cape Lambert of potentially up to US\$56 million over 4 years with the first royalty cheque expected within the next 3 months.**

Australian resource and investment company, Cape Lambert Resources Limited (**ASX:CFE**) (**Cape Lambert** or the **Company**) is pleased to advise that the acquisition by Timis Mining Corporation SL Limited and Timis Mining Corporation Limited (collectively **Timis Mining**) of London Mining's Marampa Iron Ore Mine (**Mine**) from the administrator of London Mining PLC (**London Mining**) has successfully concluded.

Cape Lambert recently announced that it had entered in to a \$20 million funding agreement with Timis Mining (**Agreement**) to assist it with the acquisition of the Mine (refer ASX announcement dated 22 October 2014). The Agreement was divided into two parts, being:

- US\$8 million Bridging Finance repayable in 12 months and incurring interest of 3 month US LIBOR (London interbank offered rate) + 6%; and
- US\$12 million for purchase of a royalty (**Royalty Purchase**).

Pursuant to the Royalty Purchase, Cape Lambert will now receive US\$2 per tonne of iron concentrate exported from the Mine (**Royalty**), payable on a quarterly basis, which will commence at the next shipment of concentrate from the Mine. The Royalty is payable over a four year period providing an income stream to Cape Lambert of potentially up to \$US56 million, with the first payment expected within the next 3 months.

The Company also notes that Timis Mining has reached an agreement with African Minerals Limited (**AML**) for access to its rail and port infrastructure for 6mtpa of the Mine's iron concentrate, subject to completion of commercial terms and regulatory approvals (refer AML announcement released 3 November 2014). This agreement will allow the Mine to operate at a lower cost base and provide greater certainty for its continued successful operation.

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
626,686,586

Unlisted Options
500,000 (\$0.15 exp 30 Sept 2015)

Board of Directors
Tony Sage
Executive Chairman

Tim Turner
Non-executive Director

Jason Brewer
Non-executive Director

Ross Levin
Non-executive Director

Melissa Chapman
Company Secretary

Key Projects and Interests

Marampa Iron Ore Project
Pinnacle Group Assets

Cape Lambert Contact

Tony Sage
Executive Chairman

Eloise von Puttkammer
Investor Relations

Phone: +61 8 9380 9555
Email: info@capelam.com.au

Australian Enquiries

Professional Public Relations
David Tasker
Phone: +61 8 9388 0944
Mobile: +61 433 112 936
Email: david.tasker@ppr.com.au

UK Enquiries

Tavistock Communications
Emily Fenton / Jos Simson
Phone: +44 (0)207 920 3150
Mobile: +44 (0)7899 870 450

Under the terms of the funding Agreement, Timis Mining also has exclusive rights to purchase 100 million tonnes of oxide material from Cape Lambert's neighbouring Marampa Project, or a greater amount as determined by further drilling of Cape Lambert's other Sierra Leone Projects.

The price at which the oxide material will be purchased from Cape Lambert is expected to be in the range of US\$3 to US\$5 per metric tonne, potentially earning Cape Lambert between US\$300 million and US\$500 million over the life of the mine.

Commenting on the successful acquisition by Timis Mining of the Mine, Cape Lambert's Executive Chairman Tony Sage said:

"I am delighted that Timis Mining has concluded its acquisition of the adjacent London Mining Marampa Mine and that Cape Lambert has assisted in the process through the funding agreement, which represents a very good deal for the Company and its shareholders. The Mine is expected to produce between 5 to 7 million tonnes of iron concentrate per annum, which means a potential royalty income stream to Cape Lambert of between US\$10 - \$14 million per annum or up to \$56 million in total over the term of the royalty."

He also added "The future sale of oxide material from Cape Lambert's Marampa Project is a win-win for all stakeholders and will become a major income stream for the Company. With the recent approval of the mining licence for the Marampa Project, all of the pieces have now fallen in to place for the project to be developed and mined without any significant further cost to the Company."

In an announcement by the administrator of London Mining, Frank Timis, Chairman of the Timis Mining commented:

"I am pleased to have secured exclusive access to a further 100 million tonnes of weathered hematite iron ore through agreement with Cape Lambert Resources, allowing the current plant to process consistent quality material for the next decade, and deferring the capital expenditure that would have been required to access fresh ore at Marampa."

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman