

Loan Agreement

Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert** or the **Company**) is pleased to announce that it has entered into an \$2.5m loan facility with Plenkung Capital (Pte) Ltd (**Plenkung**), an investment entity focused on resource exploration and development. Cape Lambert's directors are, as a result of long term relationships that Tony Sage has with persons funding Plenkung and representations the representatives have made, satisfied that Plenkung has the capacity to perform its obligations under the loan facility. Plenkung is not a related party of Cape Lambert or have a substantial holding in the Company.

The material terms of the facility are as follows:

1. Plenkung (or its nominated entity) will lend the Company \$2m, with a face value of \$2.5m (giving an interest cost of \$500,000), as follows:
 - a. \$850,000 upon security being provided (see below).
 - b. \$700,000 upon shareholders approving resolutions 4 to 14 to be put at the Company's forthcoming annual general meeting (see the annexure to this announcement for a summary of the resolutions); and
 - c. \$450,000 upon a formal licence being issued for the Marampa exploration/mining project.

Due to timing on effecting security, approximately a half of the first tranche has been transferred with the remaining half expected on or before 10 January 2020.

2. The loan matures on 31 July 2020 (unless extended by agreement).
3. The Company has agreed to pay a fee of 6% of gross amounts received under the loan payable in cash or (subject to the Listing Rules and at Plenkung's discretion) shares at a deemed issue price of \$0.005 per share. The Company will also (subject to shareholder approval) issue attaching option exercisable at \$0.01 expiring 31 December 2022 equal to the number of shares issued or, if cash is paid, the number of shares that would have been issued.
4. Plenkung has the right to appoint a director to the Company (which at the time of this announcement is made, has not been exercised).
5. Annexed to this announcement are a list of the events of default. In addition, it is an event of default if a right to convert all amounts outstanding under the facility to shares (at an issue price of \$0.005 per share with a 1 for 1 attaching option exercisable at \$0.01 expiring 31 December 2022) is not approved by shareholders by 31 March 2020.
6. To secure its obligations to repay the loan, the Company has agreed to transfer 25 million shares (**EUR Shares**) issued by European Lithium Limited (**EUR**), with a current value of approximately \$2.5 million, that the Company holds to Plenkung or its nominated entity. Plenkung has agreed not to create any legal or beneficial interest in the EUR Shares, which will be returned to the Company upon it repaying all amounts owed to Plenkung in accordance with the terms of the facility. Whilst the Loan is outstanding, Cape Lambert has the right to instruct Plenkung how to vote the EUR Shares and, subject to paying all costs, exercising any entitlement issue made by EUR. Plenkung can sell the necessary number of EUR Shares to satisfy all outstanding amounts if the Company defaults on its obligations under the loan.



Funds received under the loan will be used to pay creditors (primarily for tax (\$260,000), existing financiers (Magna and Winance - \$100,000), legal and audit costs (\$75,000) and corporate costs) and working capital.

The Company will, in the event funds are not received under the loan, take steps to sell securities it holds to meet creditor claims and provide working capital.

The Company will seek shareholder approval for the right to convert (paragraph 5 above) in due course.

This announcement is authorised to be given to ASX by Tony Sage, the Company's Executive Director. Security holders and other interested parties can contact Mr Sage on +61 8 9380 9555 if they have any queries.

This announcement is intended to lift the trading halt requested on 2 January 2020.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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Events of default

1. Failure to pay: the Borrower fails to pay or repay any amount due by it under the loan;
2. non remediable failure: the Borrower fails to perform or observe any other material undertaking, obligation or agreement expressed or implied in any the loan and that failure is not, in the reasonable opinion of the Lender, remediable;
3. remediable failure: the failure described in clause 2 above is, in the reasonable opinion of the Lender, remediable, and the Borrower does not remedy the failure within 14 days, or a longer period determined by the Lender, after receipt by the Borrower of a notice from the Lender specifying the failure;
4. misrepresentation: any warranty, representation or statement by the Borrower is or becomes false, misleading or incorrect in a material respect when made or regarded as made by the Borrower under the loan;
5. receiver: a receiver, receiver and manager, official manager, trustee, administrator or similar official is appointed, or steps taken for such appointment, over any of the assets or undertaking of the Borrower;
6. insolvency: the Borrower is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
7. arrangements: the Borrower enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them otherwise than while solvent and with the prior written consent of the Lender;
8. administrator: an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Borrower;
9. winding up: an application or order is made for the winding up or dissolution of the Borrower, which application is not dismissed or withdrawn within 21 days or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Borrower otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Lender;
10. suspends payment: the Borrower suspends payment of its debts generally.

Upon the occurrence of an event of default the Lender may for so long as the event of default is continuing by written notice to the Borrower declare the Loan to be immediately due and payable to the Lender without the need for any further demand or notice to be given.

Resolutions at forthcoming AGM

1. Resolutions 4 and 5 – Ratification of prior issue of Winance Notes and approval that will allow Winance notes on issue to be converted to shares.
2. Resolutions 6 to 8 - Ratification of prior issue of Magna Notes and shares issued to Magna, and approval that will allow Winance notes on issue to be converted to shares.
3. Resolution 10 – issue of shares to First Investment Holdings Limited in satisfaction of debts.
4. Resolutions 10 to 12 – issue of shares to directors in satisfaction of fees and expenses owed to directors
5. Resolutions 13 and 14 - – issue of shares to creditors in satisfaction of debts for services provided.