

CAPE LAMBERT REACHES SETTLEMENT WITH ATO

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
632,227,857

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

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Key Points:

- Cape Lambert reaches settlement with the ATO regarding A\$96M Notice of Amended Assessment received in 2012;
- Cape Lambert to make a net final payment to the ATO of approximately A\$2.4M;
- Cape Lambert paid A\$33M to the ATO in 2012. The remaining liability of A\$79M owing under the Amended Assessment (including accrued interest) has been discharged by the net final payment of A\$2.4M under the Settlement Agreement;
- Following settlement Cape Lambert has no debt or contingent liabilities and now holds cash, receivables and listed securities of approximately A\$94M which includes unrestricted cash of A\$65M;
- Cape Lambert will have A\$62M in available carry forward losses to utilise against future taxable income; and
- Shareholder distribution being finalised by Board

Australian resources and investment company, Cape Lambert Resources Limited (ASX: CFE) (Cape Lambert or the Company) is pleased to advise that settlement has been reached with the Australian Tax Office (ATO) regarding a Notice of Amended Assessment and associated penalty notice (Amended Assessment) received by the Company in May 2012 (refer ASX announcement dated 18 May 2012).

The settlement, which has been executed in binding form by both parties, follows constructive dialogue between the parties over a long period of time, which culminated in a meeting where the settlement was agreed.

In 2012 the ATO assessed Cape Lambert as owing A\$96M including tax and penalties. In response, Cape Lambert lodged objections however paid a holding amount to the ATO of A\$33M under an arrangement for payment. This left a potential exposure to the ATO of a further A\$79M (an amount which includes interest on the portion of the unpaid A\$63M tax liability since 2012).

Under the terms of the settlement Cape Lambert will, on a without admission of liability basis, make a final net payment of approximately A\$2.4M to the ATO within the 42 day period following issue of the further amended assessment. This represents full and final settlement and removes the

potential A\$79M in payments to the ATO under the Amended Assessment issued in 2012.

Following this payment to the ATO, and having received cash of A\$51.6M in relation to the MCC settlement (refer ASX Announcement 14 July 2014), Cape Lambert will have cash, receivables and listed securities to the value of A\$94M which includes unrestricted cash of A\$65M. The Company will also have carry forward losses in its accounts of A\$62M.

Commenting on the resolution of this matter, Cape Lambert Executive Chairman, Mr Tony Sage, said, "We are pleased to finally bring this matter to a satisfactory resolution and commend our advisors, PwC and the ATO for finding a proactive way to resolve the dispute".

"With this now resolved Cape Lambert intends to shift its management focus to the Marampa Iron Ore Project in Sierra Leone, where it is looking to secure significant investment at project level, and its interest in the Mayoko Iron Ore Project Royalty, which it is looking to sell".

"The Cape Lambert Board, with the potential A\$79M in liabilities removed from its balance sheet and its cash position now certain, will meet in the coming days to finalise plans for a distribution to shareholders, details of which will be announced in the next week".

"The Company will be looking to capitalise on funding pressures within the resources sector through the evaluation and advancement of suitable investment opportunities that have been presented to it in recent months. The Company will also continue with its share buy-back which commenced earlier in the year", he added.

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman