

Cape Lambert finalises US\$20M Funding Agreement to Timis Mining Corporation

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

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Key Points:

- Cape Lambert negotiates US\$20 million financing agreement with Timis Mining to fund its acquisition of London Mining Marampa mine assets
- Funding agreement with Timis Mining includes:
 - US\$8 million 12 month bridging loan; and
 - US\$12 million royalty purchaseand is conditional upon Timis Mining securing the London Mining assets from the administrator
- Cape Lambert will receive US\$2/t royalty for 4 years from iron concentrate exported from Timis Mining Marampa mine
- Royalty to provide 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
- Timis Mining will have exclusive rights to mine and acquire 100Mt of oxide material from Cape Lambert's Sierra Leone Projects at a price of US\$3 to US\$5/t, potentially earning between US\$300 million and US\$500 million

Australian resource and investment company, Cape Lambert Resources Limited (ASX:CFE) (Cape Lambert or the Company) is pleased to advise that it has entered into a binding terms sheet with Timis Mining Corporation SL Limited and Timis Mining Corporation Limited (collectively Timis Mining) to provide financing of US\$20 million to assist Timis Mining with its acquisition of the Marampa Iron Ore Mine (Mine) in Sierra Leone from the administrator of London Mining PLC (London Mining) (Agreement).

The Agreement is divided into two parts including:

- (a) US\$8 million **Bridging Finance**; and
- (b) US\$12 million for purchase of a royalty (**Royalty Purchase**)

and is conditional upon Timis Mining securing the London Mining assets from the administrator.

Bridging Finance

The US\$8 million Bridging Finance is repayable in 12 months and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%.

The principal and interest will be repaid to Cape Lambert in one payment at the expiry of the 12 month loan period and can be extended by the parties on mutually agreed terms.

Royalty Purchase

Cape Lambert has negotiated the purchase of a royalty for US\$12 million with Timis Mining in exchange for a US\$2 per tonne of iron concentrate exported from the Mine (**Royalty**).

The Royalty is payable on a quarterly basis and will commence from the first shipment of concentrate from the Mine following the completion of the acquisition of the Mine by Timis Mining from the administrator of London Mining.

The Royalty will be payable over a four year period and in the event the Mine temporarily suspends production for a force majeure event, the Royalty period will be extended by the same period that the force majeure event continues.

Exclusive Rights to Acquire Cape Lambert's Oxidised Friable Hematite Ore (Oxide Material)

Cape Lambert has also negotiated the sale of oxide material from its Sierra Leone Projects to Timis Mining, which is located adjacent to the Mine. Under the terms of the Agreement, Timis Mining will have exclusive rights to purchase 100 million tonnes of oxide material, or such greater amount as defined by further drilling from 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 between US\$300 million and US\$500 million over the life of the mine.

A drilling campaign to increase the upside of Cape Lambert's oxide resources is planned to begin 12 months after Timis Mining commences mining at Cape Lambert's Sierra Leone Projects. This drilling campaign, together with any costs associated with mining operations, will be borne by Timis Mining and not Cape Lambert.

Rights to Match

Timis Mining may sell its interest in its Mine and Cape Lambert can sell its oxide material at any time during the period of this agreement. In the event that Timis Mining sells the mine, then it will use its reasonable endeavours to incorporate the sale of Cape Lambert's Sierra Leone Projects at the same time.

Should the mine be sold without a sale of Cape Lambert's Sierra Leone Projects, then the Royalty and Bridging Finance obligations continue with any new third party owner and the new third party owner will be obligated to purchase the oxide material on the same basis as agreed between the parties.

Should Cape Lambert sell its Sierra Leone Projects without a sale of Timis Mining's Mine, then the Royalty and Bridging Finance obligations continue with any new third party owner of Cape Lambert's Sierra Leone Projects and the new third party owner will be obligated to sell the oxide material to Timis Mining on the same basis as agreed between the parties.

Commenting on the funding agreement, Cape Lambert's Executive Chairman Tony Sage said:

"This funding agreement represents a very good deal for the Company and for its shareholders. The Timis Mining owned Marampa Mine is expected to produce between 5 to 7 million tonnes of iron concentrate per annum which means a potential 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 said "with the proposed income stream from the royalty agreement and sale of oxide material, Cape Lambert is contemplating continuing its long standing dividend policy, where appropriate, of returning any surplus cash to shareholders".

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman