



24 January 2020

Loan Facility

Cape Lambert Resources Limited (ASX: CFE) (**Cape Lambert or the Company**) is pleased to advise that it has entered into a \$2.2m loan facility with Winance (**Winance Loan**). The facility replaces the loan facility with Plenkung Capital (Pte) Limited (as announced on 6 January 2020), which Cape Lambert has terminated.

Funds received under the Winance Loan will be used to pay creditors (primarily for tax (\$260,000), existing financiers (Magna and Winance, \$100,000), legal and other costs (\$75,000) and corporate costs), working capital and (subject to the status of the license) the Marampa license.

The key terms of the Winance Loan facility are set out in Annexure A to this announcement.

Cape Lambert's Chairman, Mr Tony Sage, said "securing this funding provides the Company with a lot more flexibility without any of the additional conditions and future dilution which Plenkung facility had. We thank Winance for their expediency in this matter and this will most definitely complement our existing facility we already have with them."

Waqas Ibrahim, Director and CFO of Winance, stated: "Winance is immensely delighted to continue our relationship with Cape Lambert Resources Ltd. We are fully confident in the Company's strategy and management's ability to drive sustainable growth and fully benefit from synergies to bring their projects forward in parallel. Winance and Cape Lambert Resources Ltd share the same vision which lead to the expedited closure of this facility Agreement. Based on the valuation of the Company's exploration and development assets, ongoing projects and initiatives taken by the management to ensure positive externalities, we are optimistic about the future prospects of the Company."

The Company intends to repay the Winance Loan through a variety of initiatives, including potentially equity raisings, asset sales and longer term debt arrangements.

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

This announcement is intended to leave the trading halt requested on 22 January 2020

Yours faithfully
Cape Lambert Resources Limited

Tony Sage
Executive Chairman

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Annexure A

The Winance Loan is subject to the following material terms:

1. The loan was subject to certain conditions precedent customary for a facility of its nature and which have been satisfied, and net funds of approximately \$2 million have been received by Cape Lambert.
2. The loan is for a term of 6 months and accrues interest of 20% during that period.
3. Cape Lambert has paid introducer and facilitation fees of 9% of the loan amount.
4. The loan is secured by 30m shares held by Cape Lambert in European Lithium Limited (EUR).
5. The events of default are outlined below.

Events of default

1. Non payment – Cape Lambert or its subsidiary (each an Obligor) does not pay any amount payable by it at or before the due time on the due date and in the manner specified in any Finance Document.
2. Other obligations
 - a. An Obligor does not comply with any provision of the Finance Documents (other than non payment)) or with any condition of any waiver or consent by a Finance Party under or in connection with any Finance Document which the Obligors have accepted as a condition.
 - b. No Event of Default under paragraph (a) will occur if the failure to comply is, within the reasonable opinion of the Lender, capable of remedy and is remedied within 5 Business Days of the earlier of:
 - i. the Lender giving notice to the Borrower; and
 - ii. the Borrower becoming aware of the failure to comply.
3. Misrepresentation - Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
4. Cross default
 - a. Any Financial Indebtedness of any member of an Obligor is not paid when due nor within any originally applicable grace period.
 - b. Any Financial Indebtedness of any member of an Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default or review event (however described).
 - c. Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default or review event (however described).

- d. Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default or review event (however described).

5. Insolvency

- a. An Insolvency Event occurs in relation to an Obligor or EUR.
- b. A moratorium is declared in respect of any indebtedness of any Obligor.

6. Insolvency proceedings - Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- a. the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (by way of voluntary arrangement, deed of company arrangement, scheme of arrangement or otherwise) of any Obligor other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;
- b. a composition, compromise, assignment or arrangement with any creditor of any Obligor;
- c. the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of its assets; or
- d. enforcement of any Security Interest over any assets of any Obligor,

or any analogous procedure or step is taken in any jurisdiction.

7. Creditors' process - Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of an Obligor.

8. Ceasing business - The Obligors (taken as a whole) suspend or cease to carry on all or substantially all of their business.

9. Change of Control

- a. The Borrower ceases to directly Control the Guarantor.
- b. A single entity (or entities acting in concert) (whether directly or indirectly and whether individually or together) has or gains the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - i. cast, or control the casting of, at least 30% of the maximum number of votes that might be cast at a general meeting of the Borrower; and
 - ii. appoint or remove 2 directors or other equivalent officers of the Borrower,

or otherwise Control the Borrower.

- c. All or substantially all of the assets of an Obligor are sold, leased, transferred or otherwise disposed whether pursuant to a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary.

10. Compulsory acquisition - All or a substantial part of the assets or the shares or units of an Obligor are compulsorily acquired by order of an Authority or under law.

11. Repudiation - An Obligor or any applicable third party repudiates a Finance Document or evidences an intention to repudiate a Finance Document.
12. Capital reduction - Without the prior consent of the Lender, an Obligor or any issuer whose shares are subject to a Security Document:
 - a. reduces its capital (including a purchase of its shares or units or redemption of redeemable shares or units);
 - b. passes a resolution to reduce its capital or to authorise it to purchase its shares or units, or calls a meeting to consider any such resolution; or
 - c. applies to a court to call any such meeting or to sanction any such resolution or reduction.
13. Failure to comply with judgement - An Obligor fails to comply with a final judgement for a payment of an aggregate amount in excess of A\$500,000.
14. Material Adverse Effect - An event or circumstance, or series of events or circumstances taken together, occurs which has, or is reasonably likely to have, a Material Adverse Effect.
15. Security - Any Security Document or Security Interest is enforced or becomes enforceable against the property of an Obligor or ceases to have the ranking and priority it is expressed to have over the property which it is expressed to apply.
16. Failure to notify of intended administration - An Obligor fails to provide 2 business days' notice to the Lender of the intended administration of that Obligor.
17. Vitiating of Finance Documents - A provision of a Finance Document is or becomes or is claimed by a party other than a Finance Party to be wholly or partly invalid, void, voidable or unenforceable in any material respect.
18. Initial Marketable Securities
 - a. The "Holding Lock" applied to 30m EUR shares held by Dempsey Resources Pty Limited (a wholly owned subsidiary of Cape Lambert) (Initial Marketable Securities) is removed or modified without the prior written consent of the Lender.
 - b. The Initial Marketable Securities are suspended or removed from the ASX or subject to any trading halts or interruption.
 - c. The traded price listed for the Initial Marketable Securities on the ASX is less than \$0.07 per share.