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Cape Lambert wipes out ATO debt

Justin Niessner

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CAPE Lambert Resources' share price jumped 12% after settling a \$A79 million penalty with the Australian Taxation Office by paying \$2.4 million without admission of liability.

The net final payment closes a protracted negotiations process between the company and the ATO regarding a 2012 audit.

At the time, the ATO said Cape Lambert should have paid tax on contingent proceeds arising from a 2008 iron ore project sale to Metallurgical Corporation of China.

The ATO also said the company incorrectly recognised a tax deduction resulting from the acquisition of the CopperCo Group in 2009, rather than a later year.

The assessment made in 2012 found that Cape Lambert owned \$96 million in tax and penalties.

After considering an initial \$33 million payment from the company and interest on the unpaid portion of the penalty, Cape Lambert was deemed to owe \$79 million.

Settlement of the dispute with a small final payment has been welcomed by the company as an opportunity to turn its attention to project development ambitions.

"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 investment at project level, and its interest in the Mayoko iron ore project royalty, which it is looking to sell," Cape Lambert executive chairman Tony Sage said.

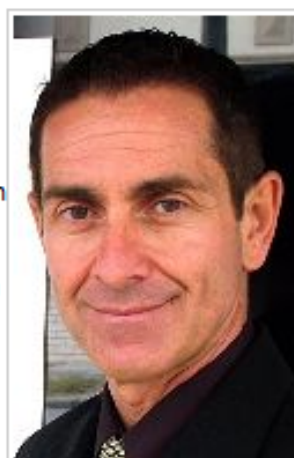
"The company will be looking to capitalise on funding pressures within the resources sector through the evaluation and advancement of suitable investment opportunities that have been presented to it in recent months.

"The company will also continue with its share buy-back which started earlier in the year."

The company has now eliminated its debt and contingent liabilities, and holds cash, receivables and listed securities of about \$94 million, with unrestricted cash of about \$65 million.

This total was supported last month with a \$51.6 million payment from MCC after the two companies settled a separate dispute related to the 2008 project sale.

Shares in Cape Lambert were last trading 12% higher at 14c.



Cape Lambert Iron Ore
executive chairman
Tony Sage.