



Cape Lambert Resources

Aug 1st 2014

Cape Lambert Resources reaches settlement with ATO

Cape Lambert Resources (ASX:CFE) will make a final payment of \$2.4 million to the Australian Taxation Office that discharges its remaining liability of \$79 million arising from an Amended Assessment received in 2012.

With the liability removed, it will now finalise plans for a distribution to shareholders and shift its management focus to the Marampa Iron Ore Project in Sierra Leone.

The company currently has cash and receivables of \$94 million, including unrestricted cash of \$65 million, after receiving \$51.6 million in relation to the Metallurgical Corporation of China settlement relating to the sale of the Cape Lambert magnetite iron ore project.

Following the settlement, the company has no debt or contingent liabilities. It will also have carry forward losses in its accounts of \$62 million.

"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," executive chairman Tony Safe said.

"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."

He added that Cape Lambert would look to capitalise on funding pressures within the resources sector by evaluating and advancing suitable investment opportunities.

It will also continue with its share buy-back which commenced earlier in the year

Settlement Details

The company had reached a settlement with the ATO after a constructive dialogue between the parties over a long period of time.

In 2012, the ATO assessed Cape Lambert as owing \$96 million including tax and penalties.

In response, the company lodged objections and paid a holding amount of \$33 million under an arrangement for payment.

This left a potential exposure to the ATO of a further \$79 million (an amount which includes interest on the portion of the unpaid \$63 million 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

Price: A\$0.135

Market Cap: A\$85.351M

1 Year Share Price Graph



Share Information

Code: CFE
Listing: ASX
Sector: General Mining
Website: www.capelam.com.au

Company Synopsis:

Cape Lambert (ASX:CFE) is an Australian based exploration and development company with interests in a geographically diverse portfolio of mineral assets and investments in several exploration and mining companies.

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of approximately \$2.4 million to the ATO.

This represents full and final settlement and removes the potential \$79 million in payments.

Analysis

The settlement with the ATO is significant for Cape Lambert Resources given that it removes the risk of the company having to pay \$79 million to settle its tax liability.

Rather the company will only have to pay \$2.4 million to discharge the remaining liability.

This also preserves its remaining cash and receivables of \$94 million, which the company will return at least part of to its shareholders. Plans will be made in the coming days for this distribution.

In addition, it allows the company to capitalise on funding pressures within the resources sector through suitable investment opportunities.

To top it off, the company has \$62 million in available carry forward losses to utilise against future taxable income.

The settlement adds to the settlement with Metallurgical Corporation of China over the final payment from the sale of the Cape Lambert magnetite iron ore project.

This was another good result with the company receiving \$51.6 million of the disputed \$80 million payment.

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