



# Cape Lambert Resources

Jul 14<sup>th</sup> 2014

## Cape Lambert Resources to bank \$51.6M from MCC settlement

Cape Lambert Resources (ASX:CFE) will bank \$51.6 million after reaching a settlement with Metallurgical Corporation of China (MCC) over the final payment from the sale of the Cape Lambert magnetite iron ore project.

Importantly for shareholders, the company's board will meet in two weeks to approve a dividend and/or return of capital.

This will ratchet up its cash, receivables and listed securities to an impressive cash pile of circa \$100 million and unrestricted cash to \$70 million.

It also increases its cash backing to 1.45x its current market cap. of circa \$49 million.

"The company is very happy to see a resolution of this matter," executive chairman Tony Sage said.

"This is a good outcome for all parties involved, I am grateful for the co-operation shown by MCC in reaching settlement."

MCC will receive the remaining \$30 million of the disputed \$80 million payment.

### Analysis

The outcome is significant as it puts to bed the dispute finally removing "litigation risk" overhanging the stock.

Importantly, it provides a bonanza for Cape Lambert shareholders, through an expected payment of a dividend and or a return of capital.

The onset of cash also serves to highlight the current mis-pricing of the stock at \$0.074 and market cap of \$49 million versus the (unrestricted) cash level of \$70 million, equal to \$0.104 per share.

Add in a US\$1/t royalty on the Mayoko iron ore project which could be producing 5Mtpa as early as second half of 2015 and the under-valuation becomes even more evident. Cape Lambert has indicated its intention to sell the royalty, which could inject US\$30-US\$50 million.

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**Price:** A\$0.074

**Market Cap:** A\$47.044M

### 1 Year Share Price Graph



### Share Information

**Code:** CFE

**Listing:** ASX

**Sector:** General Mining

**Website:**  
[www.capelam.com.au/irm/content/home.html](http://www.capelam.com.au/irm/content/home.html)

### 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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