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Publication: The West Australian

Page: Online

Date: 15th July 2014

Cape Lambert in \$52m settlement

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July 15, 2014, 7:33 am

Share     



Tony Sage. Picture: Cheyne Tillier-Daly/The West Australian.

Shares in Tony Sage's Cape Lambert Resources are expected to surge this morning after the company negotiated a settlement in its long-running dispute with China's MCC, leaving it cashed up in a depressed resources market.

At a 7.4½ closing price yesterday, Cape Lambert was valued at \$49.2 million. Its deal with MCC will deliver it \$51.6 million, taking its total cash holdings to about \$70 million, the company said.

The settlement is the culmination of a four-year dispute over the final \$80 million payment of the 2008 deal which saw MCC agree to pay \$400 million for Cape Lambert's namesake Pilbara magnetite project.

The top-of-the-market deal was a factor in MCC's ignominious exit from the State's mining scene, with the Chinese engineering major flagging more than \$2 billion in losses from its WA foray. That included writedowns on the project buy and losses caused by the engineering problems at CITIC Pacific's Sino Iron magnetite project.

Cape Lambert said its board planned to meet within a fortnight to discuss a capital return to shareholders after the partial victory.

But how much remains in the Cape Lambert kitty will partly depend on negotiations with the Australian Tax Office over a related dispute.

The ATO hit Cape Lambert with a \$96 million claim in 2012 over the MCC payments, including for \$66.9 million in back taxes and \$28.8 million in penalties.

It is understood the dispute partly related to the final \$80 million Cape Lambert claimed MCC had failed to pay.

Cape Lambert paid \$33.3 million to the ATO in late 2012 as an interim arrangement pending resolution of the disputed amount. The matter is currently before the Federal Court.