



LEMARNE CORPORATION LIMITED
A.C.N. 004 834 584

August 18 2015

ASX Announcement

Proposed Acquisitions

Lemarne Corporation Limited ("**Lemarne**") is pleased to announce it has signed two non-binding Heads of Agreements.

Lemarne has signed a Heads of Agreement with Central Kimberley Diamonds ("**CKD**") for the acquisition of CKD's 74% shareholding in Urafiki Gems Pty Ltd ("**Urafiki**"), a company incorporated in South Africa ("**CKD Heads of Agreement**") and a heads of agreement with Unique Sapphires Pty Ltd ("**Unique**") pursuant to which Lemarne, subject to securing funding for Unique, will be granted a 15% interest in Unique ("**Sapphire Heads of Agreement**"). Unique is a company owned by Yeoryios Markos, the current Chairman of Lemarne.

CKD Heads of Agreement

CKD holds 74% in Urafiki Gems Pty Ltd which is 100% owner of the issued share capital in Fidulex Diamond Holdings Pty Ltd, who is the owner of the Palmietfontein Diamond Project in South Africa ("**the Project**"). Accordingly, Lemarne will acquire an interest in the Project.

The Project is centered on a diamondiferous pipe discovered in 1925 in the district of Mankwe in the North West Province of South Africa, approximately 180 kilometers from Johannesburg, South Africa. The surrounding geological area is host to a number of diamond mines, including De Beers' Jwaneng Mine and the Cullinan Mine (formerly the Premier Mine) which produced the 3,106 carat Cullinan Diamond.

The consideration for the purchase of the 74% shareholding of Urafiki is \$4,100,000 to be satisfied by the issue of 20,000,000 fully paid ordinary shares in Lemarne at an issue price of \$0.20 and the payment of \$100,000 by Lemarne.



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Sapphire Heads of Agreement

The Heads of Agreement with Unique gives Lemarne the option to be granted an interest in Unique.

Unique is a precious stones holding entity with a large holding of high grade, gem quality corundum rough material in its raw and natural form.

The quantity of sapphire corundum held by Unique has been stockpiled for a period of over 15 years. During this time the world has experienced a shortage of high quality gem material as evidenced by the quarterly US Gem Guide, which regularly refers to a shortage of new stock and rising values.

A substantial portion of the stock held by Unique was originally sourced from the "Subera" mine to the east of the township of Sapphire in northwest central Queensland. The mine is considered to be the largest sapphire mine in the world and production and quality from this mine has been significant in recent years.

Unique's strategy will be to process the stock from the currently held rough form to finished product ready for sale to international and domestic markets via traditional wholesaler distribution channels.

A comprehensive business plan has been developed by Unique that encompasses the following key elements and milestones.

- Processing: Commence processing and cutting at start up through domestic external finishing facilities.
- Sales: Establish sales and marketing distribution channels via international and domestic markets
- Service: Develop and build internal service finishing facility (lapidary) for cutting, polishing and treating gemstones.
- Mining and Exploration: Acquire designated mining leases with a view to commence exploration production for the extraction of further rough material.

The stock on hand equates to approximately 6 years of marketable trading activity and is described as a very rare collection of high-grade gem quality material unavailable in today's market and highly sought after throughout the world. All necessary technical and commercial expertise will be available at commencement of operations.



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The term of the option agreement will be for a period of 2 years from relisting of Lemarne, with Lemarne required to secure funding of up to \$5,000,000 for Unique, in return for which Unique will grant Lemarne a 15% interest in Unique. Lemarne will issue 10,000,000 fully paid ordinary shares to Unique at an issue price of \$A0.20 as payment of an option fee.

Conditions of Proposed Transactions

Completion of the proposed transactions are both conditional on the satisfaction or waiver by Lemarne (if applicable) of the following conditions:

1. Lemarne completing due diligence investigations and being satisfied with the outcome of those investigations.
2. Lemarne and CKD and Unique entering into formal transaction documents that adequately document the proposed transactions on terms satisfactory to the parties.
3. All parties obtaining relevant shareholder approval necessary to facilitate the transactions.
4. Lemarne obtaining an opinion from an Independent Expert that the proposed transactions are fair and reasonable and in the best interests of its shareholders.
5. Lemarne complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and obtaining written conditional approval from the ASX for the re quotation of its securities on terms satisfactory to Lemarne.
6. Lemarne obtaining all regulatory and other approvals in respect of the proposed transactions on terms satisfactory to Lemarne.
7. The parties obtaining tax and structuring advice on the structure of the proposed transactions, which is satisfactory to all parties.

Change of Activities

The completion of the proposed transactions will constitute a change to the principal activities of Lemarne, and accordingly Lemarne will be required to:

1. Comply with the requirements of Chapter 11 of the ASX Listing Rules;



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2. Obtain shareholder approval for the proposed transactions; and
3. Issue a prospectus to raise a minimum of \$2,000,000 and otherwise satisfy the listing requirements of Chapters 1 and 2 of the ASX Listing Rules as though Lemarne was undertaking an initial public offering.

Financial Position of Entity Post Transaction

Lemarne is currently preparing audited financial statements for the Financial Year ending 30 June 2015.

Lemarne will prepare a pro forma balance sheet of the entity post transaction once the latest audited accounts are received.

Purposes of funds raised

Funds from the capital raising under the prospectus will be used to further explore the Palmietfontein asset and complete the application to convert the license from an exploration permit to a mining permit, further evaluate Unique, pay the costs of the offer and be used for working capital.

Pre Emptive Capital Raising

Lemarne has raised \$150,000 by the way of a convertible note to provide funding to facilitate the costs of the offer and the relisting.

The convertible note will be repaid on the completion of the relisting of Lemarne by the issue of 5,000,000 ordinary shares in Lemarne to the noteholder.

Pro Forma Capital Structure

Lemarne Corporation Limited		%	% (Post IPO)
Shares on issue	8,606,814	19.73	16.05
Pre-Emptive Capital Raising	5,000,000	11.46	9.33
Vendor Shares – Diamond	20,000,000	45.86	37.30
Vendor Shares – Sapphires	10,000,000	22.95	18.66
Total (Post Transaction)	43,606,814		



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Capital Raising Shares 10,000,000 18.66

Shares Issued from Capital Raising (\$2m @ 20 cents)

Total Shares Issue **53,606,814**

Proposed Timetable

Item	Subject	Date
1	Announcement of Proposed Transaction	18 August 2015
2	Appointment of Expert	19 August 2015
3	Completion of due diligence	31 August 2015
4	Completion of Pre-emptive capital raising	14 August 2015
5	Receipt of Expert Report	1 September 2015
6	Dispatch of Notice of Meeting	14 September 2015
7	Shareholder Meeting	16 October 2015
8	Completion of Prospectus	16 November 2015
9	Last day of Prospectus fund raising	1 December 2015
10	Issue of fund raising shares	10 December 2015
11	Despatch of notices to new shareholders	17 December 2015

The above timetable is indicative only and is subject to changes without notice.

Paul Delosa

Director/Secretary

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