

#### CAPITAL STRUCTURE

Shares on Issue: 200.5m

Unlisted Options: 0.5m

Market Cap: \$15.04m  
(as at 30 September 2014)

[Click here](#) for latest share price (ASX: LMR)



#### CASH ON HAND

\$15.04m  
(as at 30 September 2014)

#### CORPORATE DIRECTORY

Mr Anthony Viljoen  
CEO, Executive Director

Mr Ryan Rockwood  
Executive Director

Mr Fortune Mojapelo  
Non-Executive Director

Ms Shannon Coates  
Non-Executive Director &  
Company Secretary

#### CONTACT DETAILS

##### Principal and Registered Offices

Suite 1 Ground Floor, 83 Havelock Street  
West Perth WA 6005

Telephone: +61 8 9486 4768

Facsimile: +61 8 9322 5230

#### WEBSITE

[www.lemurresources.com](http://www.lemurresources.com)

#### EMAIL

[enquiries@lemurresources.com](mailto:enquiries@lemurresources.com)

29 October 2014

## Quarterly Report for the period ended 30 September 2014

### Highlights during the quarter include:

The Company continues to follow its three-pronged strategy to realise the value of the Company assets.

#### Imaloto Coal Project and Extension (99%)

Advancement of its planned flagship Imaloto coal mine and 3 x 15 MW coal fired power plant project in Madagascar.

- Coal Mineral Resource upgrade to JORC 2012. Resource stands at 135.7 million GTIS, with over 90% in the measured and indicated categories; and
- On-going discussions with the various Madagascan Ministries in relation the proposed 3 x 15 MW Imaloto coal fired power licence. Trinity International LLP appointed to assist the Jirama Power Purchasing Agreement.

#### Additional Asset acquisition

To use its cash balance to acquire one or more value accretive assets. The profile of assets being sought may be either those that are in production generating cash flows, or greenfield with significant exploration upside and favourable cost curve positioning.

- In line with its previously disclosed strategy, the Company is currently evaluating gold and coal projects in Africa for potential acquisition.

#### Geoservices Equipment

Utilise the geoservices equipment and geological capabilities in Africa, with a relative bias towards east Africa to either generate cash flow for Lemur or earn into attractive exploration projects in the region.

- Drill rigs refurbishment commenced and manager hired for Pan African Drilling to utilise the drill rigs by providing independent contract drilling services.

#### Corporate

- Cash on hand at 30 September 2014 totalled \$15.04 million (~7.5 cents per share **the Company continues to trade at a significant discount to its cash holding**); and
- Bushveld Minerals Limited increased its interest in Lemur to 57.21%.

Lemur Resources Limited (**Lemur** or the **Company**) provides the following update on key activities undertaken by the Company during the quarter ended 30 September 2014.

## **Imaloto Coal Project and Extension (99%)**

### **Upgrade to JORC 2012**

During the quarter, no physical exploration activity was undertaken by the Company on its Imaloto Coal Project in Madagascar, however the Company upgraded the Mineral Resource for its Imaloto Project, previously reported in accordance with the JORC 2004 Code, in compliance with the JORC 2012 Code. On 29 July 2014, the Company announced to the ASX the Mineral Resource (JORC 2012) of 135.7 million GTIS, over 90% of which is in the measured and indicated category.

As previously announced, the scoping study and optimisation have demonstrated the positive economics and viability of the proposed Imaloto coal mine.

### **SCOPING STUDY PARAMETERS – CAUTIONARY STATEMENT**

The scoping study referred to in this announcement was first released to ASX on 26 September 2013. It:

- is based on lower-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised. There is a low level of geological confidence associated with mineral resources and there is no certainty that the production target itself will be realised;
- contains scoping study results and production targets which are preliminary in nature. The Life of Mine (“LOM”) Run of Mine (“ROM”) production target of 21 million tonnes is based on the exploitation of the Measured and Indicated portions only of the JORC compliant resource. The Measured and Indicated portions represent 91% of the resource equating to a total of 123 million tonnes;
- contains outputs relating to 100% of the Imaloto Project; and
- contains cash flows which, unless otherwise stated, are in US dollars which are undiscounted and are not subject to inflation/escalation factors and all years are calendar years.

### **Independent Power Producer license**

The Company commenced discussions with the newly created Ministry of Strategic Resources, the Ministry of Energy and Jiro Sy Rano Malagasy (“Jirama”) the state owned electricity company, in relation to the proposed Imaloto Independent Power Producer (“IPP”) licence. The IPP licence will give Lemur the right to build, own and operate a coal-fired power plant of 3 x 15MW within 10km of its Imaloto Project. A draft Heads of Terms containing the basis for a Power Purchasing Agreement (“PPA”) and Implementation Agreement (“IA”) has been submitted to the aforementioned authorities for review.

The Company has now retained the services of Trinity International LLP (“Trinity”) to assist with the IPP. Trinity is a London and Perth based niche law firm with an experience base of over 500 transactions in Africa with a strong focus on the power sector. Importantly, Trinity has Madagascar specific experience.

The Company continued its engagement with engineering and environmental service providers during the quarter to advance the IPP. It is anticipated that these service providers will be formally engaged upon receipt by the Company of the IPP licence.

## **Madagascar Chamber of Mines**

Lemur was a participant in the briefing between the Madagascar Chamber of Mines and the Australian Mining Companies held in Antananarivo on 13 September 2014. The briefing was attended by Australian Minister for Foreign Affairs, the Hon Julie Bishop MP and the Madagascar Minister of Strategic Resources, Mr Joéli Valérien Lalaharisaina, and their respective delegations. Key issues raised by Lemur at the forum included the timing for exploration permit renewals and transfers, coordination of regional coal evacuation infrastructure development (road, rail, port), issue of the Imaloto IPP licence and progress of the related PPA with Jirama. Other topics discussed at the round table included the proposed change to mining royalties and the role of the (to be established) Madagascar state owned mining company.

## **Investment Promotion and Protection Agreement**

Coal Mining Madagascar SARL (Madagascar) which holds the Imaloto Coal Project tenements held a shareholders meeting with the objective of affecting the transfer of all shares from its 99% shareholder Coal of Madagascar Limited (Guernsey) ("CoM") to Lemur Investments Limited (Mauritius) ("LMI"). Both CoM and LMI are 100% owned subsidiaries of the Company. The rationale for the transfer is that an investment promotion and protection agreement ("IPPA") is in place between Mauritius and Madagascar that also provides for legal remedies and protections in Mauritius of the Company's Madagascar assets. The IPPA is looked upon favourably by financing institutions and will be of benefit to the Company at the time of sourcing construction funding for the mine or power plant.

## **Permit 4578**

As previously advised on 16 April 2014, the Company reached a positive resolution in relation to the legal claim in a Tulear court case on permit 4578 which declared null and void various historical sale agreements, which ultimately resulted in Lemur being granted permit 4578. An "*Extrait de Plumitif*", an extract or summary of the Tulear court judgment that includes all relevant and important points in the judgement has been issued. However, whilst the *Extrait de Plumitif* constitutes sufficient evidence that Lemur has won the case, the original copy of the full judgement is yet to be issued. Once issued, Ms Rahajasoamampionona Ramiamanana (the plaintiff) has 30 days to lodge an appeal against the Tulear court's decision following which the court decision will be final. The plaintiff will also be liable for any court fees associated with the claim if the court decision becomes final.

The Company is still waiting on the ruling by the Antananarivo court and expects to receive this soon. The plaintiff approached the Antananarivo court for a temporary enforcement of the original (now overturned) judgement in Tulear regarding permit 4578. However, this was not the normal legal process as the court case was still in progress in Tulear. Furthermore, the Company has recently lodged with the Antananarivo court the "*Extrait de Plumitif*" from the Tulear court cancelling the original judgement withdrawing permit 4578. The Company and its legal advisers remain positive on the outcome of the Antananarivo ruling in its favour.

## **Marketing**

The Company continues to actively promote itself to existing and new investors. During the quarter the Company was featured in the Madagascar business magazine ROI's September edition. Further, Lemur was a participant in the Africa Down Under conference in Perth.

## **Return of Marc Ravalomanana**

The Company notes the return of the past President, Marc Ravalomanana, to the country and is confident that all parties will work together to maintain social and commercial cohesion in the country.

## **Additional Asset Acquisition**

The Company engaged the services of VM Investment Company (“VMI”) to provide technical consulting and services in relation to project evaluation. The key technical people from VMI are Professor Richard Viljoen and Professor Morris Viljoen who between them have over 60 years in the mining industry. Notable past experience includes the identification and development of several significant mines across Africa. VMI also has in-house geological, logistics and GIS capabilities that enable Lemur to review and document the numerous opportunities that the Company is presented with and originates. During the quarter, the Company focused on the evaluation of gold and coal projects in Africa, due diligence remains ongoing.

## **Geoservices Equipment**

The Company’s drilling and exploration entity, Pan African Drilling (a wholly owned subsidiary) relocated its geoservices equipment to a secure compound in Kapoeta, in South Sudan. It is the intention for Pan African Drilling to operate as a stand-alone contract geoservices business servicing the East African region. During the quarter, the exercise of regular maintenance of the equipment proceeded. The Company contracted Mr Derek Reeves (a geologist and logistics specialist) to coordinate the technical and operational establishment of the drilling company. Mr Reeves initiated and ran the Company's drilling activity at the Imaloto Project and has intimate operational knowledge of the equipment and its capabilities. The Company is currently reviewing projects that it can tender for with respect to drilling programs in the East African region.

## **Corporate**

### **Cash Position**

As at 30 September 2014, Lemur had \$15.04 million cash on hand and no debt. The cash backing per share is ~7.5 cents. A copy of the Company’s Mining Exploration Entity Quarterly Report (Appendix 5B) in accordance with ASX Listing Rule 5.3 is attached.

### **Bushveld Minerals**

On 21 August 2014, Bushveld Minerals Limited (“Bushveld”) the Company’s controlling shareholder announced that it had agreed to increase its interest in Lemur from 52.22% to 57.21% through the acquisition of 10 million Lemur shares from certain shareholders, including the Azure Resources Fund.

The increase in holdings by Bushveld is confirmation of the support by the major shareholder for the strategy being pursued by Lemur.

For further information see [www.lemurresources.com](http://www.lemurresources.com)

### **About Lemur Resources Limited**

Lemur Resources Limited is focused on the development of the Company’s significant coal assets in Madagascar. The Company is planning to develop a thermal coal mine at its 99% owned Imaloto Coal Project, located in the Imaloto Coal Basin in Madagascar, which currently has a resource of 135.7 million GTIS of which 90.7% is measured and indicated (91.6mt measured and 31.5mt indicated). Lemur’s Board and management have significant experience in developing mining projects in Africa. The Company listed on the ASX in August 2011.

## Competent Persons Statement

The information in this Report that relates to Mineral Resources was released to ASX on 29 July 2014 (*Coal Mineral Resource Updated to JORC 2012*) and is based on information compiled by Mr Johan Erasmus. Mr Erasmus is a Qualified Geologist (Bachelor of Science - Geology and Chemistry, Bachelor of Science (Hons.) – Geology – University of Port Elizabeth – 1989, 1990) and is also a Professional Natural Scientist (Pr.Sci. Nat.), registered with the South African Council for Natural Scientific Professions, a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time. Mr Erasmus is a consultant to the Company and the owner of Sumsare Consulting CC. Mr Erasmus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that material affects the information as announced on 29 July 2014. All material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

## Forward Looking Statements

*This announcement contains certain forward looking statements. The words "expect", "forecast", "should", "projected", "could", "may", "predict", "plan" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings, cash flow costs and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.*

*Forward looking statements are provided as a general guide only and should not be relied on as a guarantee of future performance. Forward looking statements may be affected by a range of variables that could cause actual results or trends to differ materially. These variations, if materially adverse, may affect the timing or the feasibility of the development of the Imaloto Coal Project.*

*The Company believes it has a reasonable basis for making the forward-looking statements in this announcement, including with respect to any production targets, based on the information contained in this announcement and in particular:*

- *The LoM ROM production target of 21 million tonnes is based on the exploitation of the Measured and Indicated portions only of the JORC compliant resource. The Measured and Indicated portions represent 91% of the resource equating to a total of 123 million tonnes;*
- *JORC 2012 compliant Resources Statement released on 29 July 2014;*
- *Independent scoping studies which addressed the critical areas including the determination of mining inventory, mine design and scheduling, assay test work, and industry specific operating and capital cost data; and*
- *Independently prepared financial model and the key assumption contained therein relating to the commodity price and exchange rate forecasts.*

## Mining Tenements

Mining tenements held at the end of the quarter			
Permit number	Project name	Country held	Beneficial interest
3196	Imaloto	Madagascar	99%
4578	Imaloto	Madagascar	99%
12653	Imaloto	Madagascar	99%
27163	Imaloto	Madagascar	99%
26904	Imaloto	Madagascar	99%
31892	Ianapera	Madagascar	99%
31808	Sakaraha	Madagascar	99%
<p>No mining tenements were acquired or disposed of during the quarter.</p> <p>No exploration, mining production or development activities took place in respect of the Company's mining tenements during the quarter.</p> <p>The Company holds no beneficial percentage interests through farm-in or farm-out agreements at the end of the quarter, nor did the Company acquire or dispose of any beneficial percentage interests in farm-in or farm-out agreements during the quarter.</p>			

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

Lemur Resources Limited

ABN

53 147 241 361

Quarter ended ("current quarter")

30 September 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 Months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(53)	(233)
	(b) development	(27)	(27)
	(c) production	-	-
	(d) administration	(245)	(906)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	135	422
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other:		
	- Costs associated with contract drilling	(53)	(258)
<b>Net Operating Cash Flows</b>		<b>(243)</b>	<b>(1,002)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payments for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other:		
	- Acquisition due diligence	(91)	(91)
<b>Net investing cash flows</b>		<b>(91)</b>	<b>(91)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(334)</b>	<b>(1,093)</b>

1.13	Total operating and investing cash flows (brought forward)	<b>(334)</b>	<b>(1,093)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Fund raising costs	-	-
1.20	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
	<b>Net increase (decrease) in cash held</b>	<b>(334)</b>	<b>(1,093)</b>
1.20	Cash at beginning of quarter/year to date	15,379	16,138
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>15,045</b>	<b>15,045</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	256
1.24	Aggregate amount of loans to the parties included in item 1.10	-

### 1.25 Explanation necessary for an understanding of the transactions

<u>\$A'000</u>	
178	Director fee's and bonus's
51	South African office lease payments and technical consultancy fees paid to VM Investment Company (Pty) Ltd of which Mr Anthony Viljoen and Fortune Mojapelo are both directors and shareholders.
27	Company secretarial and management consultancy fees paid to Evolution Corporate, of which Ms Shannon Coates is a director and shareholder.

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a
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#### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

n/a
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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	50
4.3 Production	-
4.4 Administration (net of interest revenue)	150
4.5 Other	
- Costs associated with project due diligence	50
- Costs associated with contract drilling	50
<b>Total</b>	<b>350</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	225	131
5.2 Deposits at call	14,820	15,570
5.3 Bank overdraft	-	-
5.4 Other (USD account)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>15,045</b>	<b>15,701</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	200,500,001	200,500,001	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow			
7.5	<b>*Convertible debt securities</b> <i>(description)</i>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7 <b>Options</b>	500,000	nil – unlisted options	<u>Exercise price</u> 500,000 exercisable at 15 cents each	<u>Expiry date</u> 15 Nov 2017
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

*R. Rockwood*

Executive Director

Date: 29/10/2014

Print name:

Ryan Rockwood

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
  
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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