

CAPITAL STRUCTURE

Shares on Issue: 181m

Unlisted Options: 0.5m

Market Cap: \$10.63 m
(as at 31 May 2015)

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



CASH ON HAND

\$12.63m
(as at 31 May 2015)

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

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30 June 2015

Quarterly Report for the period ended 31 May 2015

During the quarter ended 31 May 2015, the Company continued its three-pronged strategy to realise the value from the Company's assets.

Highlights during the period include:

Imaloto Coal Project and Extension (99%)

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

- Continued discussions with Jirama and the Ministry of Energy in relation to the proposed Independent Power Producer ("IPP") licence; and
- Advancement of the technical aspects of the IPP with the engagement of Aurecon Engineering of South Africa.

Zaaipplaats Acquisition

- Acquisition of the Zaaipplaats tin project in Limpopo, South Africa containing a tin tailings dump and saleable sand; and
- Significant potential resources with potential for early, low cost production.

Corporate

- Buyback completed with 19,250,000 shares purchased for \$929,984;
- Bushveld Minerals Limited announced an off-market takeover offer for Lemur of \$0.06 per share; and
- Cash on hand at 31 May 2015 totalled approximately \$12.63 million.

Lemur Resources Limited (**Lemur** or the **Company**) provides the following update on key activities undertaken by the Company during the quarter ended 31 May 2015.

Imaloto Coal Project and Extension (99%)

Independent Power Producer license

The Company continued its meetings with the Ministry of Energy (“MoE”) and Jiro Sy Rano Malagasy (“Jirama”) the Madagascar state owned electricity company, in relation to the proposed Imaloto 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.

As announced 30 January 2015, drafts of the Power Purchasing Agreement (“PPA”) and Implementation Agreement (“IA” - power production & sale concession agreement) were submitted to Jirama and the MoE respectively for review. Discussions on the PPA have progressed well with technical, legal and commercial personnel at Jirama.

During the quarter, the Company met with the newly appointed Minister of Energy. The Company also appointed Aurecon Engineering of South Africa to confirm certain technical aspects of the project prior to finalising the terms of the PPA. Aurecon has wide experience across a number of power projects in Africa.

Zaaiplaats Tin Project Acquisition

On 17 March 2015 Lemur announced it had executed a binding agreement to acquire 99.1% of Zaaiplaats Mining Proprietary Limited, a company incorporated in South Africa and the registered owner of the Zaaiplaats tin project in the Limpopo Province of South Africa (“Zaaiplaats Project”) for a total consideration of R2,500,000 (approximately A\$276,000). Existing tailings dams on the Zaaiplaats Project have an intrinsic value and potentially contain recoverable grades of tin. Additionally, there is potential to sell sand and other aggregates from non-tin bearing zones on the Zaaiplaats Project property, with various options currently being considered, providing a low cost entry point into production and a potential source of immediate revenue for the Company.

As previously announced, the Company has engaged the services of VM Investment Company (“VMI”) to provide technical consulting and services in relation to project evaluation. VMI and the Company will continue to evaluate additional projects for Lemur.

Permit 4578

On 19 November 2014, Lemur received the original copy of the full judgement from the Tulear court in relation to the legal claim on its permit 4578 mining licence which declared null and void various historical sale agreements, which ultimately resulted in Lemur being granted permit 4578. The Tulear court cancelled the original judgement withdrawing permit 4578.

Ms Rahajasoamampionona Ramiaramanana (the plaintiff) had 30 days to lodge an appeal against the Tulear court’s decision following which the court decision will be final. An appeal was lodged within the requisite timeframe. The Tulear court has advised that the matter will be re-convened at the end of June or early July, at which stage the plaintiff will be required to file submissions in support of the appeal.

The Company’s legal advisers, John W Ffooks & Co., have re-iterated to the Company that, in their view, the claim is ill-founded. However, there can be no guarantee that the appeal will not be successful.

The Company is still waiting on the ruling by the Antananarivo court. The plaintiff approached the Antananarivo court for a temporary enforcement of the original (now over-turned) judgement in Tulear

regarding permit 4578. The Company and its legal advisers remain positive on the outcome of the Antananarivo ruling in its favour.

Potential Vanadium Project Acquisition

During the period, Lemur was engaged in discussions with a South African company with respect to a potential acquisition of a vanadium project in South Africa ("Project"). The Project comprises three greenfields properties in the North West province of South Africa which are prospective for vanadium. The Project is located in close proximity to the Vametco operations owned by Evraz Group Limited and less than 150km from Evraz Highveld Steel & Vanadium.

As announced 19 June 2015, negotiations are preliminary and incomplete, and there is no guarantee that acquisition of the Project will eventuate, however Lemur provided an update to shareholders to provide information on the potential future direction of the Company that may be relevant to their decision to accept or reject the off-market takeover offer by Bushveld Minerals Limited.

The South African company is not a related party of Lemur or Bushveld Minerals Limited. Lemur entered into a loan agreement ("Agreement") with the company, pursuant to which Lemur loaned R2million (A\$213,000) to the company to provide immediate working capital ("Loan").

Pursuant to the Agreement, and to facilitate negotiations on the potential acquisition of the Project, Lemur and the South African company agreed to engage an independent expert to assist with an independent valuation of and help develop an appropriate transaction framework for the Project. As at the date of this announcement the valuation exercise was yet to be completed.

In the event the proposed acquisition proceeds, the Loan will be offset against any agreed purchase price. If, however, the parties do not agree terms, the South African company will have 60 days to repay the Loan and interest, calculated at the publicly quoted prime overdraft rate from time to time of Standard Bank of South Africa Limited.

Security for the Loan is, at Lemur's discretion, 5% of any revenues generated from the sale of any ore/concentrate or any other product from the Project; or 5% of any proceeds from the sale of the Project to a third party (subject to Lemur having a first right of refusal on any proposed sale of the Project to a third party).

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. South Sudan has recently instituted its mining regulations and it is expected that activity in the mining section will increase. It is the intention for Pan African Drilling to operate as a stand-alone contract geoservices business servicing the East African region.

During the period, the Company continued to review projects that it can tender for with respect to drilling programs in the East African region and seek to realise value from its existing equipment.

Corporate

Buy Back

On 15 May 2015, Lemur announced that it had completed its on-market share buyback. A total of 19,250,000 shares were bought back for a total consideration of A\$929,984.

Cash Position

As at 31 May 2015, Lemur had \$12.63 million cash on hand and no debt. The cash backing per share is approximately A\$0.073. A copy of the Company's Mining Exploration Entity Quarterly Report (Appendix 5B) in accordance with ASX Listing Rule 5.3 is attached.

Bushveld Bid

On 21 May 2015, Bushveld Minerals Limited (AIM:BMN) ("Bushveld") announced its intention to make an off-market takeover offer of A\$0.06 per share for all of the ordinary shares in Lemur not currently held by Bushveld ("Offer"), valuing Lemur at approximately A\$10.875 million.

Further to the announcement on 21 May 2015, Bushveld lodged its Bidder's Statement on 29 May 2015 and despatched this to Lemur shareholders on 12 June 2015.

The Lemur Board established an Independent Board Committee ("IBC") consisting of Mr Ryan Rockwood and Ms Shannon Coates ("Independent Directors") to respond to the Offer. BDO Corporate Finance (WA) Pty Ltd was appointed as the Independent Expert and Gilbert + Tobin Lawyers as legal advisers to the IBC.

Lemur Directors Mr Anthony Viljoen and Mr Fortune Mojapelo are also Directors of Bushveld and will have no involvement in the IBC or the consideration of the Offer.

Post the period, on 19 June 2015, the IBC advised shareholders that following careful consideration of the Offer and the Independent Expert's Report, their recommendation was to ACCEPT the Offer, in the absence of a superior proposal. The key reasons for their recommendation were:

- The Independent Expert considers the Offer is **not fair but reasonable**, notwithstanding that the Offer price is below the Independent Expert's preferred valuation of A\$0.171 per Lemur share;
- The Offer provides certainty of cash consideration and a premium to recent trading;
- The Offer removes risks associated with holding shares in Lemur although Shareholders will be unable to benefit from the potential future upside in Lemur;
- The Independent Directors consider a superior proposal is unlikely as Bushveld held a 63.56% (which increased to 72.90%, as announced 30 June 2015) relevant interest in Lemur and shareholders holding a further 10% of the issued capital have advised Bushveld they intend to accept the Offer, in the absence of a superior proposal; and
- There are risks to remaining a minority shareholder in Lemur including potential delisting from ASX.

On 26 June 2015, Lemur despatched its Target's Statement to Lemur shareholders.

For further information see 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")*

31 May 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (14 Months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(41)	(41)
	(b) development (IPP)	(28)	(28)
	(c) production	-	-
	(d) administration	(359)	(359)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	104	104
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other:		
	- Costs associated with contract drilling	(31)	(31)
Net Operating Cash Flows		(355)	(355)
Cash flows related to investing activities			
1.8	Payments for purchases of:		
	(a) prospects	-	-
	(b) equity investments (Zaaipplaats)	(268)	(268)
	(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:		
	- Project evaluation	(40)	(40)
Net investing cash flows		(308)	(308)
1.13	Total operating and investing cash flows (carried forward)	(663)	(663)

1.13	Total operating and investing cash flows (brought forward)	(663)	(663)
	Cash flows related to financing activities		
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:		
	- Share buy back	(781)	(781)
	- Loans provided to 3 rd party	(213)	(213)
	Net financing cash flows	(994)	(994)
	Net increase (decrease) in cash held	(1,657)	(1,657)
1.20	Cash at beginning of quarter/year to date	14,290	14,290
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	12,633	12,633

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	162
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

\$A'000

129	Director fee's
21	South African office lease payments paid to VM Investment Company (Pty) Ltd of which Mr Anthony Viljoen and Fortune Mojapelo are both directors and shareholders.
12	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

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

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	-
4.2 Development	50
4.3 Production	-
4.4 Administration (net of interest revenue)	400
4.5 Other	
- Project due diligence	50
- Corporate acquisition	400
Total	900

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	4,613	370
5.2 Deposits at call	8,020	13,920
5.3 Bank overdraft	-	-
5.4 Other (USD account)	-	-
Total: cash at end of quarter (item 1.22)	12,633	14,290

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	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	180,250,001	180,250,001	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow	(14,945,485)		
7.5	*Convertible debt securities (description)			
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	Options	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	Debentures (totals only)				
7.12	Unsecured notes (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

Date: 30 June 2015
Executive Director

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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