Lamboo Resources is an Australian exploration company focusing on substantial flake graphite assets located in the East Kimberley

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DRILLING UPDATE – McINTOSH PROJECT

Initial target drilling has delivered significant flake graphite.

Highlights

- **Previously announced visual flake graphite has been confirmed and extends from surface to vertical depths of at least 150 m at Target 1 and in excess of 200 m at Target 2.**
- **Flake graphite remains open at depth at Targets 1 and 2 with samples up to 8.5 vol% graphite (est.) over 46 m from 38 m in Target 1 and 9 vol% graphite (est.) over 11 m from 17 m in Target 2 (refer Sample Assay Methodology).**
- **Phase 1 RC and diamond drilling programs completed at Targets 1, 2 and 3.**
- **Initial exploration target(*) estimated.**

Phase 1 of the drilling program has now been completed at Targets 1, 2 and 3 with a total of 77 RC drill holes and 12 RC drill hole pre-collars drilled for a total metreage of 9518 m. A total of 2681.5m of diamond drilling has been completed.

Assays have now been received from Targets 1 and 2 in RC drill holes showing consistently strong visual flake graphite. Target 1 shows excellent geological continuity with a true width of up to 30 m, a vertical depth of at least 150 m and a drilled strike length of 350 m. The target graphitic schist remains open at depth. Limited assays have been received from Targets 2 and 3. A total of 1,614 of the 3,367 RC drill hole sample assays have been received to date. Assaying of split diamond drill core should be completed by early next quarter and will represent an additional 300 to 400 sample results. This information will be released to market in due course.

Targets 1, 2 and 3 form part of the aggregate >10 km strike length of the interpreted graphite schist over widths up to 70 m within the McIntosh Project (Figure 1). Drilling of Target 1 to date represents approximately 10% of the graphite schist horizon as indicated by the airborne geophysical electromagnetic (EM) survey (refer Figure 2).

An initial exploration target(*) of 5 to 6 M tonnes to a depth of 200 m, strike length of 350 m, estimated true width of 30 m and grading between 7 and 9 vol% graphite (5 and 6 TGC% - refer Sample Assay Methodology) has now been estimated. Further drilling is planned to test the entire length of the geophysical EM anomaly at Target 1 (Figure 2) and potentially increase this target in the second quarter of next year (at the end of the annual "wet" season).

Significant RC drill hole intervals from Target 1 have been estimated as volume% of flake graphite based on the TGC% (Total Graphite Carbon) value (refer Sample Assay Methodology – Table 1) and include;

- 72m with 7.9 vol% (est) or 5.67 wt% TGC from 0 m in Target 1 080,
- 72 m with 7.2 vol% (est) or 5.16 wt% TGC from 111 m in Target 1 087
- 20 m with 9 vol% (est) or 6.29 wt% TGC from 18 m in Target 1 079
- 46 m with 8.5 vol% (est) or 5.36 wt% TGC from 38 m in Target 1 074
- 17 m with 8.7 vol% (est) or 6.11 wt% TGC from 37 m in Target 1 077, and
- 39 m with 7 vol% (est) or 5.0 wt% TGC from 40 m in Target 1 081.

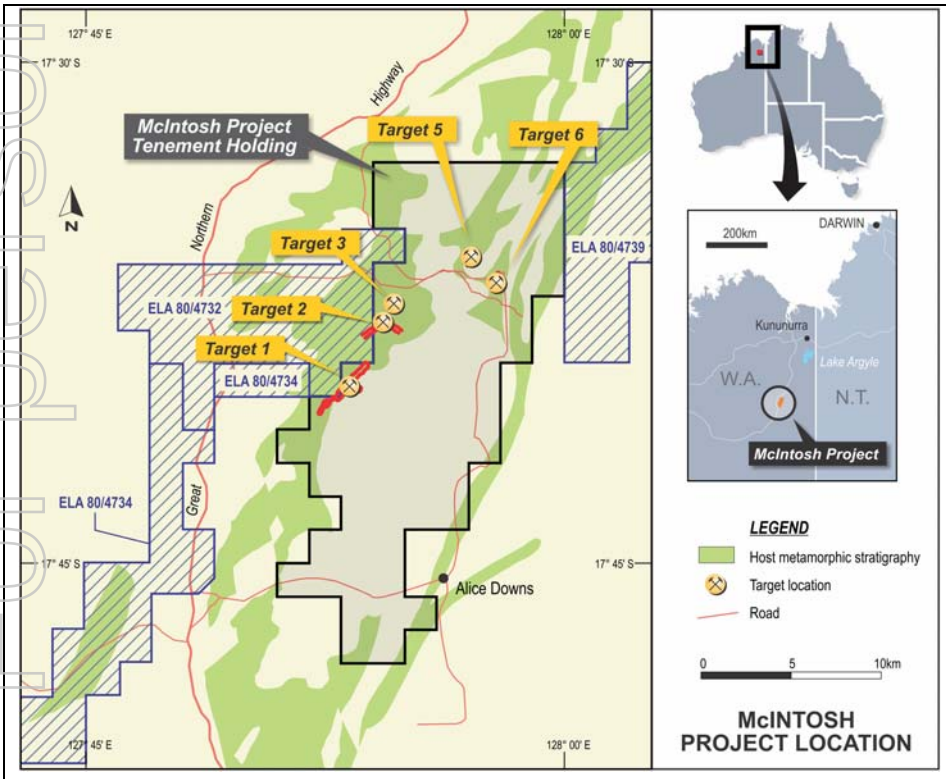

Figure 1 Location of flake graphite Target areas in the McIntosh Project.

Lamboo ELApplications–hatched

* *This targeted tonnage and grade is conceptual in nature and there has been insufficient work to define a Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Sample Assay Methodology

To ensure a more accurate understanding of the flake graphite potential of the target areas samples have been analysed for both inorganic graphitic carbon (C), which has no commercial value, and total graphitic carbon (TGC). The process which is generally considered to be the most accurate method of analysis for graphite involves an acid leach to remove carbonates (and associated C in carbonates) and is then roasted up to 450^0C to remove organic, non graphitic carbon. The resulting sample is analysed for 'Total Carbon', 'Total Graphitic Carbon' (TGC) and 'Total Sulphur' in a 'Leco Furnace'.

McIntosh graphite mineralisation is showing to have a high sulphide content with up to 28 volume% pyrrhotite confirmed by microscope - mineragraphic analysis (refer photomicrographs – Plates 6A and 6B). The high sulphide component can be removed by simple metallurgical processes but has the effect of increasing the specific gravity (SG) of the sulphidic graphitic mineralisation.

Table 1 Targets 1 and 2 drill hole intercepts

Drill Hole	From (m)	To (m)	Interval (m)	Total Graphite Carbon wt%	Total Carbon wt%	Total Sulphur wt%	Est. graphite content (vol %) using 1.4x factor
Target 1 073	27	47	20	5.1	5.19	4.47	**7.1%**
Target 1 074	33	87	54	4.93	5.21	4.76	**6.9%**
Incl	38	84	46	5.36	5.61	4.72	**8.5%**
Target 1 077	37	54	17	6.11	5.94	4.32	**8.7%**
Target 1 079	8	39	31	5.18	6.1	1.66	**8.4%**
Incl	18	38	20	6.29	6.72	2.46	**9%**
Target 1 080	0	72	72	5.67	6.03	2.98	**7.9%**
Target 1 081	40	79	39	5.0	5.32	4.07	**7%**
Target 1 086	60	99	39	4.32	5.44	3.1	**8.8%**
Target 1 087	111	183	72	5.16	5.52	4.47	**7.2%**
Target 2 040	17	28	11	6.4	7.4	5.7	**9%**
Target 2 039	7	18	11	6.3	7	1.8	**8.8%**
	22	25	3	7.4	9.1	5.9	**10.4%**
Target 2 038	46	51	5	6.1	6.7	8.2	**8.5%**

Table 1 shows the 'Total Graphitic Carbon', 'Total Carbon' and 'Total Sulphur' assays for initial batches of analyses from RC holes at Targets 1 and 2.

An upgrade factor of x1.4 has been applied to provide an estimate of graphite volume% which better represents the economic potential of the McIntosh flake graphite target. The reason for the application

of this upgrade factor can explained by noting that a cubic metre of sulphidic graphitic mineralisation (with an approximate SG of 3) will be heavier than a cubic metre of flake graphite in a silicate host (with an approximate SG of 2.2) by an estimated factor of 1.4 times. This increases the amount of flake graphite contained in the McIntosh sulphidic samples compared with same volume of a silicate host containing flake graphite.

The estimated amount of graphite as a volume% has been calculated after applying the upgrade factor and is considered to more closely approximate graphite C values in deposits with none or little associated sulphides.

In addition, the high sulphide contents coupled with the very small amount of sample size analysed (0.1 g per sample assay by ALS laboratories) may subdue the 'Total Carbon' (TC) and 'Total Graphitic Carbon' (TGC) assays. Further assays and QA/QC protocols are being carried out to ensure the quality of the graphite analyses as part of the development of a JORC resource.

Target 1 Summary

Work carried out under the drilling program commenced in September bodes well for the future development of the McIntosh Project. Key points to note from the work done to date are as follows:

- Drilling at Target 1 has tested only 10% of the associated strong aerial electromagnetic (EM) anomaly directly related to graphite mineralisation and extends over a strike length of 3.7 km (Figure 2). This is part of the >10km aggregated strike length referred to above.

- Two graphitic horizons occur over a width of approximately 70 m. RC drilling has achieved downhole flake graphite widths of up to 80 m from 110 m in drill hole Target 1 087 and 50 m from 55 m in drill hole Target 1 086. See TGC assays (Table 1).

- Flake graphite has been confirmed from the surface to a depth of 50 m in the vertical metallurgical hole – Target 1 089 (Figures 4A and 4B) and has been shown to extend to a depth in excess of 150 m (ie open at depth) in the inclined hole – Target 1 087. This has major implications for lowering waste to ore ratios and reducing potential mining costs.

- The drill hole section containing drill holes Target 1 074 and Target 1 080 (Figure 3) shows that the graphite schist horizon correlates with the surface geological mapping where the graphite schist horizon has been traced over a strike length of at least 1km (Figure 2). The graphitic schist target remains open at depth (refer Figure 3).

- The northern portion of Target 1 has been extensively drilled (refer Figure 2) with the graphite schist remaining open to the south and extending into ELA 80/4732 to the north. ELA 80/4732 represents a Lamboo Resources tenement application.

- Rapid RC and diamond drill hole penetration of the graphitic schist horizons at Target 1 support the potential ease of mining and beneficiation of the graphitic schist. As part of the ongoing metallurgical assessment, a portion of the larger diameter (HQ) metallurgical hole at Target 1 - diamond drill hole Target 1 089 (Figure 5), has been delivered to SGS – Lakefield Oretest in Perth for metallurgical testwork including grind determination, flotation tests and SG determinations with results expected before the end of the year.

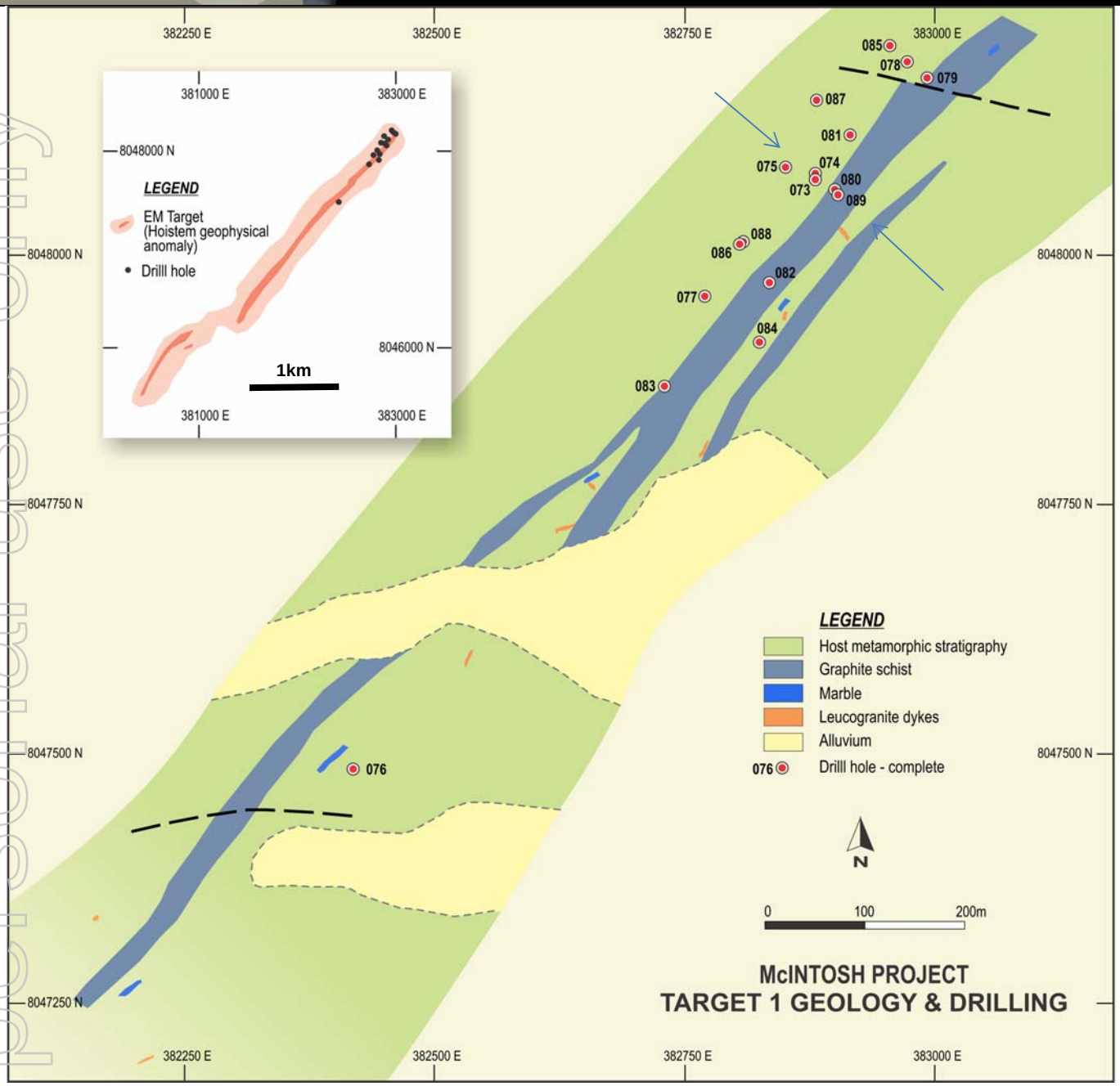

Figure 2 Target 1 interpreted geology showing drill hole collar positions. Arrows indicate drill hole section Target 1 074 – Target 1 089 (refer Figure 3). Inset shows Target 1 drilling to date in relation to the aerial EM anomaly extending over a strike length of 3.7 km.

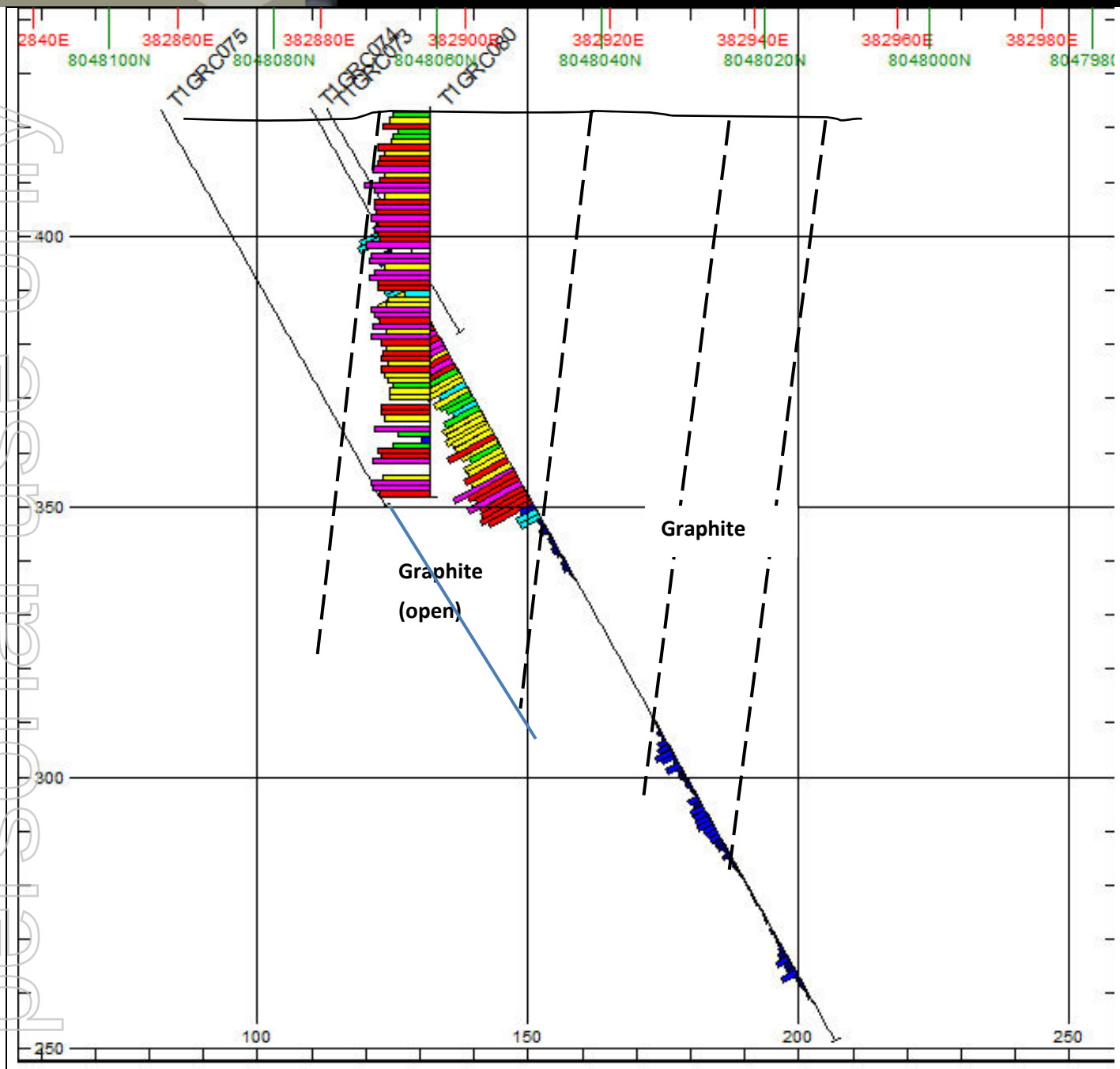

Figure 3 Drill hole Section Target 1 074 and 080 showing TGC% intercepts. Drill hole Target 1 075 represents an RC pre-collar to diamond drill hole (blue line results TBA). Graphite assays - yellow - 4.5 - 5.5 TGC%, red - 5.5 – 6.5 TGC%, magenta > 6.5 TGC%. Additional drill hole assays are pending.

Figure 4A Drill hole Target 1 089 drill hole sump showing the black sludge resulting from drilling the strong graphite schist from surface.

Figure 4B Rock chip sample dug from the shallow sump showing that the graphite schist extends to the surface at Target 1.

Figure 5 Drill hole Target 1 089 33.37 – 37.34 m showing strong visual graphite

PETROGRAPHIC ANALYSIS – STRONG FLAKE GRAPHITE CONFIRMED

Petrographic analysis of core samples from Target 2 confirm that sulphides (pyrrhotite) are interlayered with flake graphite and have the beneficial effect of helping to separate graphite flakes during processing (refer Figures 6A and 6B). Flake graphite is typically concentrated as aggregates that parallel layers within the host rock (ie schistosity) rather than being potentially locked within quartz and feldspar as individual flakes. The latter style of mineralised host is typical of many flake graphite deposits and can

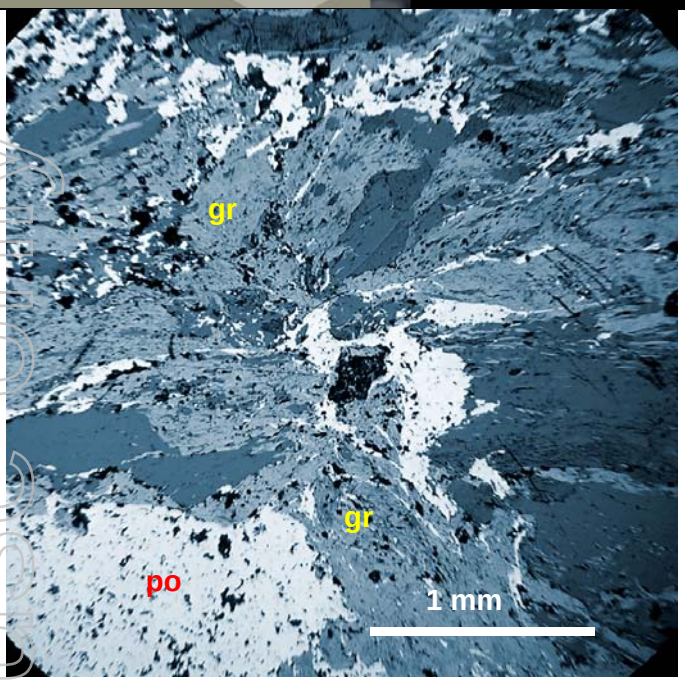

Figure 6A: Target 2 core showing clumps of flake graphite (gr) interlayered with sulphides (pyrrhotite-po) – Sample Target 2 003 – 3. Plane polarised reflected light. Field of view – 3 mm.

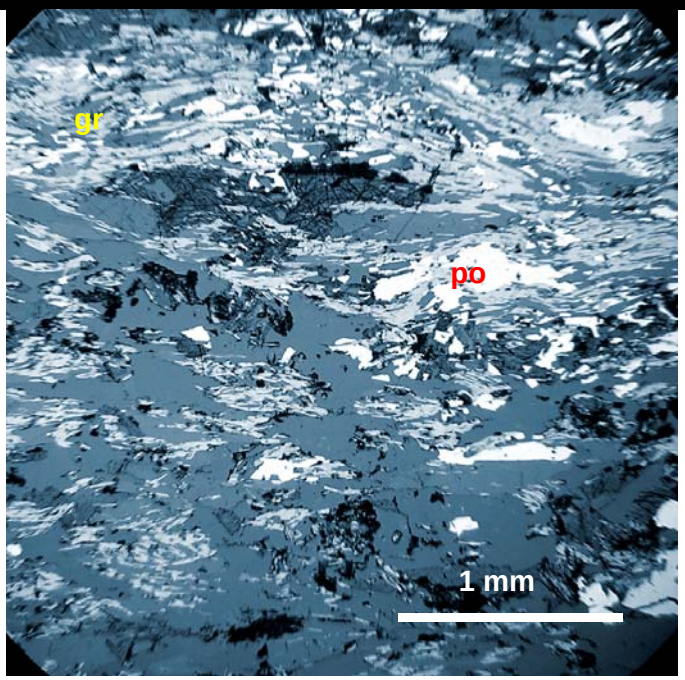

Figure 6B: Target 2 core showing another view of graphite (gr) lenses paralleling a schistosity and locally interlayered with sulphides (pyrrhotite – po)– Sample Target 2 003 – 5. Plane polarised reflected light. Field of view – 3 mm.

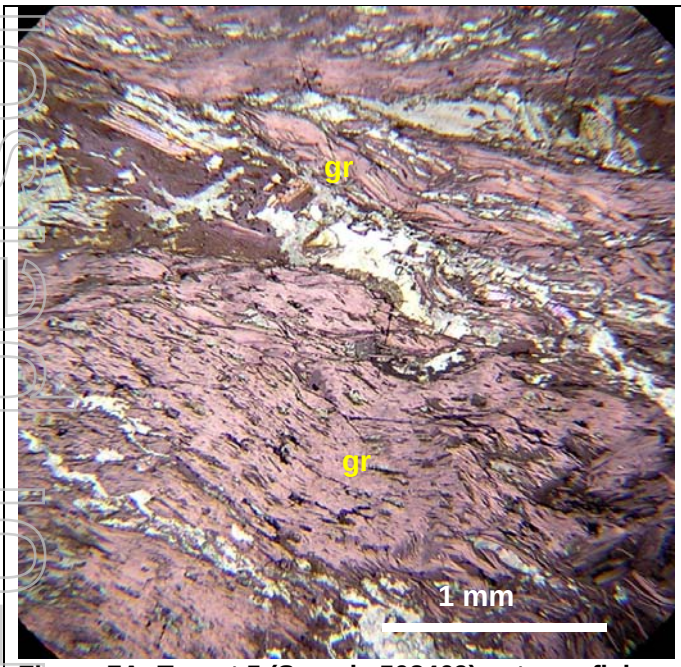

Figure 7A: Target 5 (Sample 508469) - strong flake graphite (gr) aggregates or "clumps" occurring in a graphitic schist host. Crossed polars. Field of view – 3 mm.

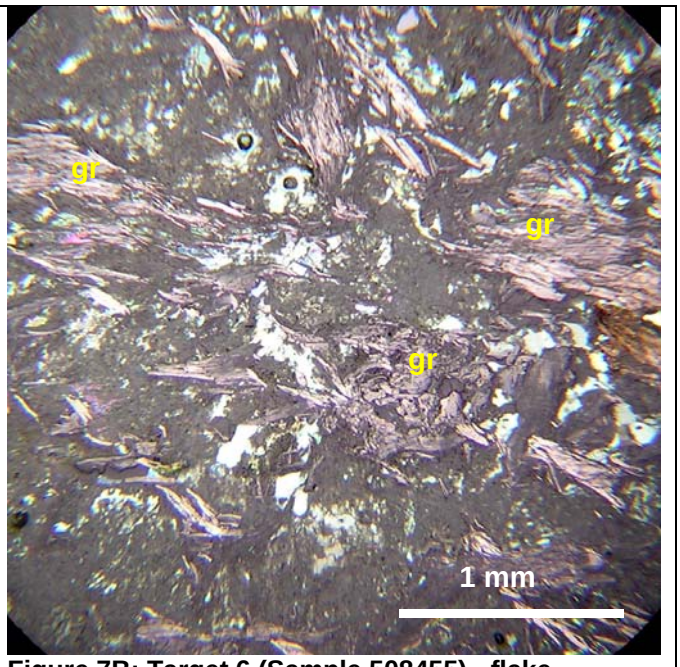

Figure 7B: Target 6 (Sample 508455) - flake graphite (gr) "clumps" occurring in a graphitic schist host. Crossed polars. Field of view – 3 mm.

substantially add to mining and milling costs. Crushing of this material can also reduce flake size and integrity. This does not appear to be problem for the McIntosh style of graphite mineralisation.

Surface rock chip samples from Targets 5 and 6 have confirmed the presence of strong flake graphite (refer Figures 7A and 7B). Again, the graphite typically occurs as clumps of coarser flake graphite that should be amenable to beneficiation. Ground geophysical (induced polarisation or IP) surveying and airborne EM has shown that the graphitic schist horizons at Targets 5 and 6 extend over an aggregate strike length of 2 km (Figure 1).

Dr Craig Rugless

Technical Director

Competent Persons Statement

Information in this "ASX Announcement" relating to Exploration Results and geological data has been compiled by the Technical Director of Lamboo Resources Ltd, Dr Craig S. Rugless who is a Member of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute Geoscientists. He has sufficient experience that is relevant to the types of deposits being explored for and qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2004 Edition).