



ASX ANNOUNCEMENT

LAMBOO RESOURCES Limited

ABN 27 099 098 192

ASX: LMB

CORPORATE OFFICE

Level 7, Christie Offices, 320
Adelaide Street
Brisbane QLD 4000

OPERATIONS OFFICE

Unit 2, 7 Packard Street
Joondalup WA 6027
Telephone: +61 7 9301 1047

CONTACT

Richard Trevillion
Chief Executive Officer
richard@lambooresources.com.au
0412 307 087

Ken Banks
Investor Relations
kbanks@bigpond.net.au
0402 079 999

18th September 2014

HENGDA COMMERCIAL UPDATE

- **Further due diligence confirms China Sciences Hengda Graphite Co Ltd (“Hengda”) is currently a profitable technology led supplier of flake graphite products.**
- **Hengda’s revenues in YTD 2014 have increased by 170% from the same period in 2013 as a result of re-capitalising and upgrading the plant to facilitate the growth in the lithium ion battery industry.**
- **Hengda supply flake graphite materials to the leading technology and electric vehicle (EV) companies in China.** Some customer profiles are included in this announcement.
- **The merged entity Lamboo/Hengda has the capacity to elevate the customer profiles further and generate new customers with the extra supply capacity generated from Lamboo’s flake graphite.**

Lamboo Resources Limited (ASX: LMB) is pleased to update shareholders on the strength of the customer profile of Hengda. Apart from owning graphite resources in China, Hengda is an R&D led processor and supplier of high purity flake graphite products focusing on technology led applications such as lithium ion batteries, nuclear technologies and grapheme. Hengda’s R&D partnership with leading universities in China enables it to develop and own those advanced graphite processing technologies in a cost-efficient way.

Richard Trevillion, CEO Lamboo Resources said:

“Hengda invested heavily in new facilities to supply the growing electric vehicle and green energy markets in China and globally. This investment is rapidly being rewarded with increased customer numbers and a shift to the higher margin technology based flake graphite products.

The merger with Hengda will give Lamboo shareholders a unique opportunity to benefit from the extraordinary growth and tremendous investment in the green energy and new technology sectors.”

Mr Wang Fengjun (Mr. Wang), Chairman and current major shareholder of Hengda, is an experienced and well-connected entrepreneur in the graphite industry in China. Apart from his business interest in Hengda, Mr Wang also is the rotating chairman of Graphite Industry Professional Committee of China Non-metallic Minerals Industry Association and carries positions in various academic associations related to mining, graphite technology and advanced battery materials areas in Yichang City and Hubei Province of China. His connection and knowledge will contribute to the continuous business growth and technological development of the combined group in China.

Amongst Hengda's growing customer base, the following highlight the strength and depth of the emerging high technology business:

Spherical graphite customers including anode materials

- Qingdao GR-Taida Carbon Co., Ltd. (website: <http://www.gr-taida.com/>). This company has business collaboration with Mitsubishi Chemical and Meiwa Corporation of Japan. Most of this company's products are exported.
- BTR New Energy Materials Inc. (website: www.btrchina.com): Based in Shenzhen, BTR is one of the leading anode material manufacturers in the world. It supplies to BYD (China's Largest Electric Vehicle Company) and Tianjin Lishen Battery in China and also Samsung and LG in Korea.
- Changsha Hairong New Material Co., Ltd. (website: <http://changshahairong.battery.com.cn>): Based in Changsha Hunan, it sells graphite products (including anode materials) both locally and to overseas markets.

Graphite sealing materials for nuclear generation

- Hengda confirms it sells graphite sealing materials for nuclear power generation through trading companies in the US and India. One of the end customers is SGL Group (website: www.sglgroup.com).

Other graphite products

- Hubei Fertilizer, a subsidiary of Sinopec, (website: www.sinopec.com), one of the largest state-owned petroleum giants in China.
- WISCO International Economic & Trading Co., Ltd., a subsidiary of Wuhan Iron and Steel Company (website: www.wisco.com.cn), a Hubei based state-owned enterprise and its shares are listed on Shanghai Stock Exchange.
- China Yangtze Power Co. Ltd. (website: www.cypc.com.cn/), the largest listed hydro power generation company in China.



Hengda management state they consistently receive enquiries and orders from new customers, primarily due to the Hengda's reputation for providing high quality graphite in the China market. Hengda's top 10 customers were found to contribute around 40% of Hengda's total sales in FY2013, with nine domestic customers and one overseas customer within the top 10 customers. Hengda management advised that there is no reliance on any one customer.

Hengda's management have stated that revenues for FY 2014 have exceeded FY 2013 significantly. This is primarily a result of increased demand for processed flake graphite from the green energy industry and electric vehicles. Hengda sought to capitalize on this growth by expanding its facilities in FY 2012 and FY 2013. The company expects this growth trend to increase substantially and for profitability to continue.

Valuation of Hengda Clarification

As a result of shareholder queries it has come to the attention of Lamboo's Board that the independent valuation report summary by Roma quoted in the ASX release dated 9th September, 2014 may have been misinterpreted.

In Roma's calculation, the enterprise value is USD271mn and the net debt is RMB305mn (c.USD48mn). This results in an equity value (before a marketability discount of 16.1%) of RMB1370mn (c.USD222mn). Roma applies the marketability discount to give the final equity value of RMB1149mn (c.USD186mn).

Additional Information Shareholder's Meeting

A Notice of Meeting is currently being prepared to convene a Shareholders' Meeting planned to seek approval of planned merger. The Notice of Meeting will include an Explanatory Memorandum that will provide shareholders with detailed additional information on Hengda and the transaction.

The Company will provide further updates as additional relevant information is received and as the transaction progresses towards shareholder approval and completion. In the meantime, shareholders are encouraged to view the Hengda corporate video available at the Lamboo Resources Website using the following link:

http://lambooresources.com.au/Corp_Videos.htm