



## ASX ANNOUNCEMENT

### LAMBOO RESOURCES Limited

ABN 27 099 098 192

ASX: LMB

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## QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 JUNE 2014

### HIGHLIGHTS:

- Lamboo announced the intention to merge with China Sciences Hengda Graphite Group (Hengda), following earlier off-take agreement reached with Hengda.
- Best graphite grades and widths from RC drilling confirmed the potential of Targets 5 and 6 at the McIntosh Project.
- Successful trial of McIntosh bulk sample.
- Significant thick intersections of flake graphite encountered during drilling at the Geuman Graphite Project, South Korea.

### Corporate:

- Subsequent to the end of the quarter, completion of a capital raising of \$2,200,500 by the placement of 2,445,000 shares at 90c to pay refundable deposit to secure exclusivity with Hengda during due diligence.
- Restructure of W.A operations.



## **Proposed Merger with China Sciences Hengda (Announced 7<sup>th</sup> July 2014)**

A binding framework agreement, subject to due diligence, was signed to merge up to 100% of the issued capital of China Sciences Hengda Graphite Co, Ltd (Hengda), a graphite mining, processing and products company with Lamboo Resources with the combined entity to be listed on the ASX.

### **Key Terms of the Agreement**

Under the terms of the Agreement, Lamboo, Mr Wang (Hengda Chairman and 54% shareholder) and Hengda have agreed the following:

The merger price for 100% of Hengda values Hengda at US\$150 million and consists of a proposed payment as follows:

**Part 1:** Lamboo scrip to the value of US\$75 million. The scrip is based on issue price of \$0.848 per Lamboo share. This has been calculated being the average closing price of Lamboo shares since the announcement of the McIntosh scoping study on 24 June 2014 to the date of the framework agreement.

**Part 2:** Lamboo scrip to the value of US\$75 million or Lamboo has the option with respect to the prevailing share price at the time of the completed transaction a cash payment of up to US\$75 million. The cash payment will be subject to Lamboo share price and strategic investor interest. If Lamboo elects to pay in scrip. The scrip is based on issue price of \$0.848 per Lamboo share. This has been calculated being the average closing price of Lamboo shares since the announcement of the McIntosh scoping study on 24 June 2014.

The issue of scrip will be subject to an escrow period. The proposed merger provides a strong platform for the Group to develop into a significant integrated high-quality graphite producer.

### **Conditions Precedent**

The transaction is subject to various conditions precedent, including:

- Hengda being determined by a third party value to have a value of at least US\$150,000,000;
- Various regulatory approvals and documentation for Hengda and its shareholders;
- Legal, financial and technical due diligence investigations to be undertaken by the parties, and the parties to be satisfied with the outcome of that due diligence; and
- All necessary approvals are obtained (including but not limited to Lamboo shareholder approval).

### **Due Diligence**

Lamboo has engaged advisors to complete financial and legal due diligence on Hengda under the conditions precedent for the Agreement with financial due diligence under way and proposals from appropriately qualified local legal and technical advisors have been accepted.

The Company will shortly provide an update to the market as due diligence progresses and will advise on likely timing of completion of remaining Conditions Precedent and the completion of the transaction

### Off Take Agreement signed with Hengda (Announced 18<sup>th</sup> June 2014)

During the period Lamboo announced that it has entered into a binding agreement to supply flake graphite to its Chinese partner China Sciences Hengda Graphite Co Ltd.

Lamboo and Hengda have agreed:

- Lamboo will supply 50,000 tpa of flake graphite concentrate grading at least 90% TGC;
- Graphite concentrate price at market values, but at a floor price of no less than US\$2,000 per tonne;
- Supply of graphite concentrate to commence at least one month from commencement of production, with delivery to Hengda's plant in China; and
- The initial term of the Supply Agreement is from commencement of production to 31 December 2018.

### Best Graphite Grades and Widths at McIntosh (Announced 3<sup>rd</sup> June 2014)

The Company completed a RC drilling at Targets 5 and 6 at its McIntosh Graphite Project that intersected significant new wide zones of strong flake graphite mineralisation. Stratigraphy suggests the true widths of the flake graphitic unit is in the order of 80m to 100m. Table 3 and 4 below list the Target 5 and 6 RC Drill Hole Intercepts from the program.

**Table 3: Target 5 RC drill hole Intercepts**

Drill Hole	Collar GDA East	Co-ords GDA North	From (m)	To (m)	Interval (m)	TGC%	Total C%	Total S%
T5GRC141* Dip – 60° Az -307° EOH – 42m	389066	8054413	<b>13</b>	<b>25*</b>	<b>12</b>	<b>3.92</b>	<b>4.67</b>	<b>0.17</b>
T5GRC142 Dip – 60° Az -307° EOH – 117m	389076	8054396	45	65	20	2.65	2.97	2.91
T5GRC143 Dip – 60° Az -317° EOH – 96m	389049	8054349	<b>45</b> 65	<b>50</b> 71	<b>5</b> 6	<b>3.78</b> 2.72	<b>4.04</b> 2.95	<b>5.7</b> 3.25
T5GRC144 Dip – 60° Az -310° EOH – 108m	388980	8054287	33 52	39 59	6 7	1.87 2.99	2.08 3.14	2.08 2.61
T5GRC145 Dip – 60° Az -310° EOH – 108m	388927	8054206	63 77 <b>85</b>	71 79 <b>95</b>	8 2 <b>10</b>	3.11 2.8 <b>4.14</b>	3.24 2.9 <b>4.32</b>	1.44 5.55 <b>3.98</b>
T5GRC146 Dip – 60° Az -307° EOH – 132m	388889	8054162	49 93 120	85 115 123	36 22 3	2.64 3.09 3.37	2.81 3.26 3.57	4.42 6.21 4.87
T5GRC148 Dip – 60° Az -307° EOH – 78m	388830	8054087 incl	<b>32</b> <b>42</b>	<b>56</b> <b>54</b>	<b>24</b> <b>12</b>	<b>3.94</b> <b>5.2</b>	<b>4.07</b> <b>5.33</b>	<b>3.72</b> <b>3.68</b>
T5GRC149 Dip – 60° Az -307° EOH – 78m	388787	8054034	<b>44</b>	<b>57</b>	<b>13</b>	<b>4.32</b>	<b>4.58</b>	<b>4.22</b>
T5GRC151 Dip – 60° Az -280° EOH – 84m	389216	8054498	16	19	3	1.97	2.21	0.07
T5GRC152 Dip – 60° Az -280° EOH – 90m	389223	8054541	<b>14</b>	<b>20</b>	<b>6</b>	<b>4.18</b>	<b>5.57</b>	<b>0.15</b>

Drill Hole	Collar GDA East	Co-ords GDA North	From (m)	To (m)	Interval (m)	TGC%	Total C%	Total S%
T5GRC153 Dip – 60° Az -290° EOH – 72m	389230	8054646	9	20	11	2.12	2.93	2.1
T5GRC154 Dip – 60° Az -273° EOH – 60m	389247	8054731 incl	20 <b>28</b>	37 <b>31</b>	17 <b>3</b>	2.86 <b>5.98</b>	3.01 <b>6.1</b>	3.71 <b>5.48</b>
T5GRC155 Dip – 60° Az -273° EOH – 66m	389258	8054807	24	36	12	2.9	3.2	4.42
T5GRC157 Dip – 60° Az -087° EOH – 144m	389176	8054483 incl	<b>55</b> <b>89</b> <b>105</b> 127	<b>82</b> <b>118</b> <b>116</b> 129	<b>27</b> <b>29</b> <b>11</b> 2	<b>3.47</b> <b>3.83</b> <b>4.55</b> 2.15	<b>3.72</b> <b>4</b> <b>4.67</b> 2.3	<b>4.73</b> <b>4.11</b> <b>3.94</b> 3.65
T5GRC158 Dip – 60° Az -307° EOH – 78m	388754	8053993	45	57	12	1.86	2	2.56

\*Pre – collar.

Note – intercepts calculated using a 2% Total Graphitic Carbon (TGC) lower cut and maximum interval of 4m internal dilution.

**Table 4: Target 6 RC drill hole Intercepts**

Drill Hole	Collar GDA East	Co-ords GDA North	From (m)	To (m)	Interval (m)	TGC%	Total C%	Total S%
T6GRC159 Dip – 60° Az -070° EOH – 126m	38994 2	8052589 incl	7 <b>37</b> <b>82</b>	22 <b>108</b> <b>99</b>	15 <b>71</b> <b>17</b>	3.07 <b>4.79</b> <b>9.15</b>	3.41 <b>4.97</b> <b>9.44</b>	1.77 <b>4.25</b> <b>3.38</b>
T6GRC161 Dip – 60° Az -073° EOH – 162m	38989 9	8052621 incl	15 31 <b>55</b> <b>109</b> <b>134</b>	23 49 <b>100</b> <b>145</b> <b>139</b>	8 18 <b>45</b> <b>36</b> <b>5</b>	1.87 2.44 <b>3.78</b> <b>4.47</b> <b>7.7</b>	2.14 2.56 <b>4.03</b> <b>4.89</b> <b>8.48</b>	3.64 3.08 <b>3.96</b> <b>4.44</b> <b>7.47</b>
T6GRC162* Dip – 60° Az -073° EOH – 53m	38986 5	8052167	51	53	2	2.7	2.8	5.65

\*Pre – collar.

Note – intercepts calculated using a 2% Total Graphitic Carbon (TGC) lower cut and maximum interval of 4m internal dilution.

### **China Sciences Hengda Successfully Trials McIntosh Flake Graphite Bulk Sample** **(Announced 6<sup>th</sup> May 2014)**

China Sciences Hengda Co Ltd., (Hengda) analysed McIntosh's flake graphite with highly encouraging results. A bulk sample with a head grade of 6.54% TGC has been jointly processed by Hengda and the Wuhan University of Technology. The sample achieved a concentrate grade in excess of 93% TGC after standard metallurgical processes. This grade is consistent with concentrates from Hengda's own mine at Yinjiaping and should be acceptable for upgrading to >99% TGC battery grade flake graphite. The sample is consistent with economic run-of-mine flake graphite mineralisation.



### Appointment of McIntosh Operations Manager

Mr Tony Cormack was during the quarter appointed as Operations Manager at Lamboo Resources' McIntosh Graphite Project. Tony was most recently Resource Development manager for Atlas Iron and responsible for taking projects from exploration through to production in a cost effective and time efficient manner. Tony brings over 20 years of experience in successfully developing a number of projects in Australia. His experience will be invaluable in expediting the McIntosh Graphite project into production.

### Project Expenditure

During the quarter the Company spent \$1,627,000 on exploration activities for the McIntosh project.

Limited work programs were undertaken in the quarter on the Mabel, Halls Creek and Valla Projects.

### Tenement Schedule – Australian Projects

Project	Tenement	Type	Number	Status	Acquired/Disposed
<b>McIntosh</b>	Melon Patch	E	E80/3864	100% Lamboo	
<b>WA</b>	McIntosh Hills	E	E80/3928	100% Lamboo	
	Melon North	E	E80/3906	100% Lamboo	
	Melon South	E	E80/3907	100% Lamboo	
	Black Granite	E	E80/4396	100% Lamboo	
	White Rock South	ELA	E80/4688	100% Lamboo	
	Panton West	ELA	E80/4734	100% Lamboo	
	Black Rock Creek	ELA	E80/4739	100% Lamboo	
	Togo	ELA	E80/4732	100% Lamboo	
	Edle Creek	ELA	E80/4825	100% Lamboo	
	Alice Downs	ELA	E80/4842	100% Lamboo	
	White Rock	ELA	E80/4841	100% Lamboo	
	Carolyn Hills South	PLA	P80/1821	100% Lamboo	
	Panton North	E	E80/4733	100% Lamboo	Acquired 20/3/2014
	Mabel Hill	ELA	E80/4879	100% Lamboo	
<b>Mabel</b>	Mabel Downs	E	E80/4385	100% Lamboo	
<b>WA</b>	Spring Creek	ELA	E80/4797	100% Lamboo	
	Six Mile Bore	ELA	E80/4814	100% Lamboo	
<b>Halls</b>	Golden Crown Sth	ELA	E80/4794	100% Lamboo	
<b>Creek</b>	Highway	ELA	E80/4793	100% Lamboo	
<b>WA</b>	Granite	ELA	E80/4795	100% Lamboo	
	Granite	PLA	P80/1816	100% Lamboo	
	Granite	PLA	P80/1817	100% Lamboo	
	Granite	PLA	P80/1815	100% Lamboo	
	Granite	PLA	P80/1818	100% Lamboo	
	Granite	PLA	P80/1814	100% Lamboo	
	Granite	PLA	P80/1799	100% Lamboo	
	Granite	PLA	P80/1801	100% Lamboo	
	Granite	PLA	P80/1800	100% Lamboo	
<b>Valla</b>	Valla	EL	EL6702	100% Lamboo	
<b>NSW</b>					



**Significant Thick Flake Graphite Intersections From Phase 2 Drilling Program Geumam Graphite Project, South Korea (Announced 25<sup>th</sup> July 2014)**

Lamboo Resources announced successful results from the Phase 2 Diamond Drilling Program at the Geumam graphite project, in South Korea. Lamboo completed a further 14 holes during April-July using a track-mounted diamond drill rig, for an additional 1,860.4 metres of HQ triple tube diamond drill core.

The Phase 2 Resource Drilling Program intersected thick intervals (>5m) of flake graphite mineralization at Area B at Geumam, including:

- 49m @ 7.61% Cg (GM-18; 12-61m).
- 32m @ 7.23% Cg (GM-19; 32-64m).
- 31m @ 6.58% Cg (GM-23; 118-149m).
- 19m @ 5.76% Cg (GM-16; 64-83m).
- 17m @ 5.98% Cg (GM-23; 89-106m).

These results expected to contribute to a significant resource upgrade due shortly Metallurgy and quality/purity of flake previously proven with Geumam flake successfully trialed in a lithium ion battery (See ASX Announcement 17/3/2014). A JORC resource estimate is currently being prepared on Area B.

During the quarter the Company spent \$162,000 on exploration activities for the McIntosh project with the most recent program being completed after the end of the quarter.

**Lamboo Tenements - South Korea**

Project	Tenement Name	Type	Number	Status	Acquired/Disposed
Geumam	Dangjin	54	200258	100% Lamboo	
	Dangjin	55-3	80077	100% Lamboo	
	Dangjin	55-4	200259	100% Lamboo	
	Dangjin	65-1	80014	100% Lamboo	
	Dangjin	65-2	78355	100% Lamboo	
Taehwa	Hongcheon	91-2	79948	100% Lamboo	
Samcheok	Samcheok	9-2	200216	100% Lamboo	



## **Share Placement**

Under the Framework Merger Agreement with Hengda, Lamboo was required to pay to Mr Wang (Chairman of Hengda) a refundable deposit of US\$2,000,000 guaranteed by Hengda.

Subsequent to the end of the quarter Lamboo successfully completed a share placement, in accordance with the Company's placement capacity within ASX listing rules, of 2.445 million Lamboo shares at 90 cents per share to fund the deposit and ensure existing cash was maintained for the ongoing activities at its Western Australian and South Korean flake graphite projects.

The placement was made to an existing institutional shareholder group and a significant cornerstone sophisticated Investor. The deposit will be refunded to Lamboo in the event that Wang or Hengda terminate the framework agreement or otherwise cease to progress the transaction or Lamboo is not satisfied with any of the conditions precedent including due diligence.

The parties have committed to deal with each other exclusively during the due diligence period and not engage in negotiations or discussions with any other third party for matters the subject of this transaction or related to the development of technology or mineral licenses.

## **Competent Persons Statement**

*The information in this "Quarterly Activities Report" relating to the Exploration Results at the McIntosh Project is extracted from the ASX Announcements as follows:*

- *ASX Announcement titled ' Best Graphite Grades and Widths to Date at McIntosh Graphite Project' dated 3 June 2014*
- *ASX Announcement titled 'China Sciences Hengda Successfully Trials McIntosh Flake Graphite Bulk Sample' dated 6 May 2014*

*The information relating to Exploration Results associated with the Company's projects in South Korea is extracted from the ASX Announcements as follows:*

- *ASX Announcement titled ' Significant Thick Flake Graphite Intersections from Phase 2 Drilling Program at Geumam Graphite Project, South Korea' dated 25 July 2014.*

*The reports are available to view on the Lamboo Resources website [www.lambooresources.com](http://www.lambooresources.com).*

*The reports were issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*

*The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*