

19 October 2011

FAST FACTS

Capital Structure

Shares on Issue: 192.5 million

Market Cap: \$33.69 million

Cash on hand: \$22.37 million
(as at 30 September 2011)

CORPORATE DIRECTORY

Mr Andrew Love
Non-Executive Chairman

Mr Blair Sergeant
Managing Director

Mr Anthony Viljoen
Non-Executive Director

Mr Marcello Cardaci
Non-Executive Director

Professor Daniel Rasoamahanina
Non-Executive Director

Mr Ryan Rockwood
Non-Executive Director

Ms Shannon Coates
Company Secretary

CONTACT DETAILS

PRINCIPAL AND REGISTERED OFFICE

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ASX CODE: LMR

WEBSITE

www.lemurresources.com

Quarterly Report

For the period ended 30 September 2011.

Highlights

Exploration

- Drilling commenced at the Imaloto Coal Project on 31 August 2011. During the quarter, 17 boreholes were drilled for a total of 1,129 metres.

Corporate

- IPO successfully completed raising gross proceeds of \$25 million.
- Cash on hand as at 30 September 2011 totalled \$22.37 million.
- Memorandum of Understanding ("MOU") signed with Jiro sy Rano Malagasy ("Jirama"), the Madagascan Government's state owned electricity company responsible for the production, transport and distribution of electricity in Madagascar.

Lemur Resources Limited provides the market with the following update on key activities undertaken by the Company during the three months to 30 September 2011.

During this period, the Company commenced a significant exploration programme at its coal project in Madagascar and successfully debuted on the Australian Securities Exchange following the raising of \$25 million through an oversubscribed initial public offering (IPO).

Exploration

Imaloto Coal Project - Phase III Exploration Programme

Objectives

The Phase III Exploration Programme commenced during the quarter. The key objectives and highlights of this programme are as follows:

- 1 Drilling of an additional 60 boreholes (\pm 8,000 metres*) to substantiate the resource delineated in the first two phases of the exploration programme (refer to Figure 1;

- 2 To better define the limits of the three economic coal seams and to bring the current JORC compliant Inferred Resource of 175mt into the Indicated and Measured categories;
- 3 To obtain information to facilitate the delineation, more precisely, of both the open pit and underground mining blocks within the concession areas; and
- 4 Drilling of the three main coal measure remnants lying to the east of the Imaloto River (refer to Figure 1).

*Drilling of additional boreholes (\pm 2,000 metres) on the Company's other project areas will not take place until the second half of Phase III Exploration Programme commences, expected in early 2012, and is subject to further field evaluation and geological mapping.

Western Drilling Programme

Progress to Date

Equipment was mobilised to site on 24 August 2011 and the drilling programme, designed to test coal measures lying to the west of the Imaloto River ("Western Drilling Programme"), commenced on 31 August 2011, with two drill rigs in operation.

As at 5 October 2011, 19 boreholes had been drilled for a total of 1,313 metres at an average drill rate of 25.6 metres per rig, per day.

Initial samples have been despatched to Inspectorate Laboratories in South Africa, with the first results expected to be received towards the end of November 2011.

Future Progress

A further 17 boreholes, for an estimated 4,200 metres, are to be drilled, to give an approximate total of 5,500 metres for the Western Drilling Programme. Average drill rates are expected to fall to approximately 20 metres per rig per day due to the anticipated depth of the coal seams coupled with the increasingly rugged terrain where the boreholes will be positioned. The Western Drilling Programme is expected to be completed by the middle of December 2011.

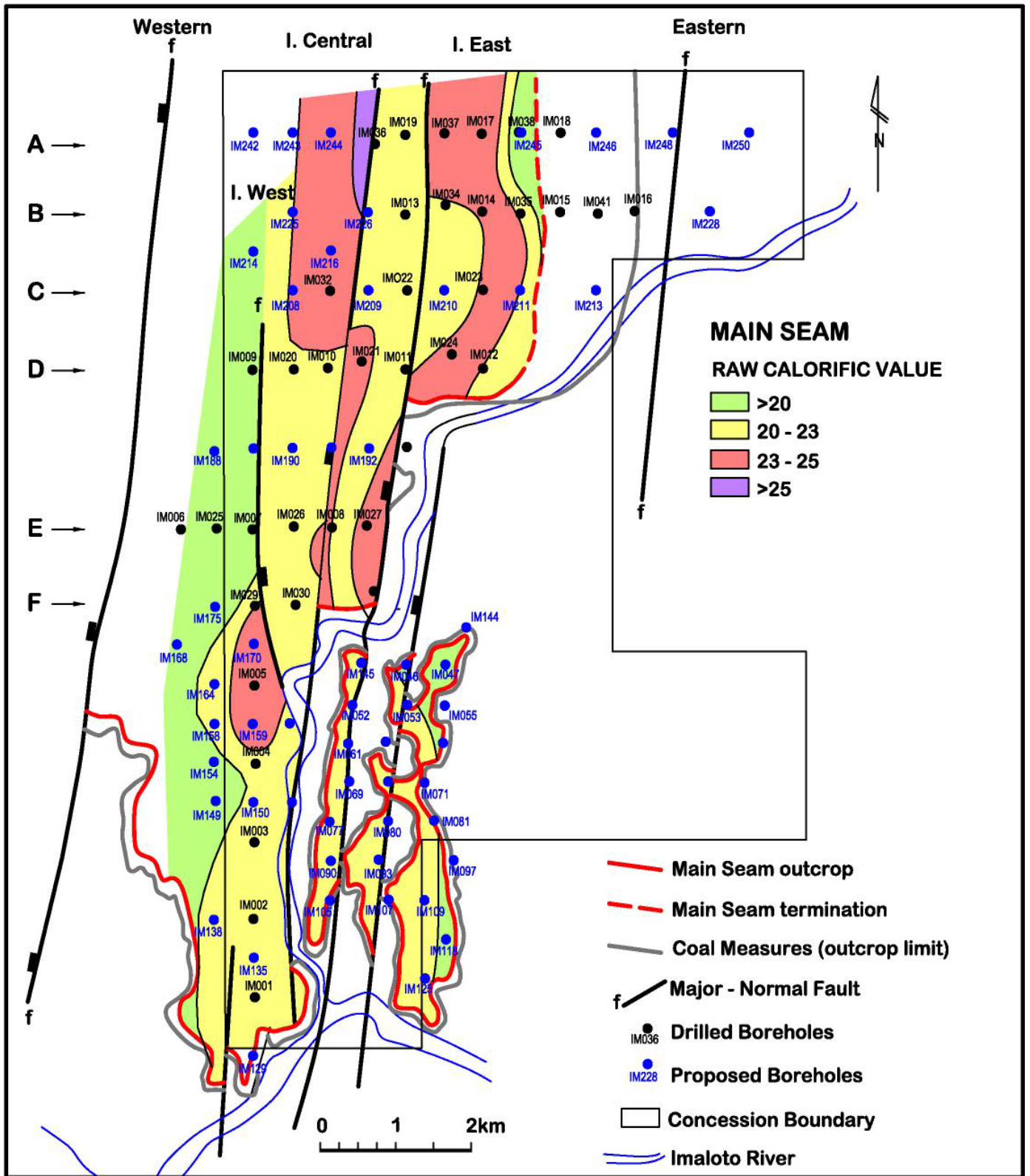
Eastern Drilling Programme

A new drilling programme designed to test blocks of coal measures lying to the east of the Imaloto River ("Eastern Drilling Programme") has been planned and is expected to commence upon completion of the Western Drilling Programme. The Eastern Drilling Programme will see 24 boreholes drilled for an approximate total of 2,500 metres. This will be the first drilling programme carried out on the eastern side of the Imaloto River, in an area that has been identified as having potential for open pit mining.



Drill rigs in operation at the Imaloto Coal Project

Figure 1 – Drilled and Proposed Boreholes



Corporate

Cash Position

As at 30 September 2011, Lemur had \$22.37 million cash on hand. Expenditure for the September quarter on the Imaloto Coal Project was \$1.01 million.

A copy of the Company's Mining Exploration Entity Quarterly (Appendix 5B) report in accordance with ASX Listing Rule 5.3 is attached.

Memorandum of Understanding with Jirama Malagasy

During the quarter, Lemur signed an MOU with Jirama, the Madagascan Government's state owned electricity company responsible for the production, transport and distribution of electricity in Madagascar.

The MOU relates to a proposal for Lemur's 99% owned subsidiary, Coal Mining Madagascar SARL ("CMM"), to:

- undertake studies in relation to building and operating a coal fired power station located in the Imaloto Coal Basin in South West Madagascar, close to Lemur's Imaloto Coal Project; and
- if the coal fired power station is financed and built, to supply Jirama with surplus electricity generated from the power station, which is expected to result in an increase in the existing electricity supply network in Madagascar.

Jirama currently produces electricity throughout Madagascar by means of hydro-electric and diesel power plants and as such is exposed to oil supply and price risks. Lemur intends to enter into a partnership agreement with Jirama to assist with the production of electricity through the operation of a coal fired processing plant in the Imaloto Coal Basin. Jirama has committed that it is prepared to connect the electricity produced by CMM according to the needs of the network and guarantees that CMM will be the only partner in the field of the exploitation of the network interconnected by Imaloto towards Fianarantsoa by way of Ihosy.

Under the MOU, which will remain in effect for one year, the parties commit to cooperate to, amongst other things, undertake appropriate pre-feasibility studies (including technical, financial, environmental and social impact) and to determine transport lines of electricity from CMM's plant to Jirama's target areas, with the intention that the MOU be converted into a final partnership agreement prior to the end of this term, subject to completion of the applicable studies.



Managing Director, Blair Sergeant being congratulated after successfully signing the MOU

Initial Public Offering (“IPO”)

Lemur successfully raised \$25 million through its oversubscribed IPO, with the offer being closed on 22 July 2011 and the Company admitted to the Official List of ASX Limited on 22 August 2011.

About Lemur Resources

Lemur Resources is focused on the development of the Company’s significant coal assets in Madagascar. Headquartered in Perth, Western Australia, 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. Lemur’s board and management have significant experience in developing commercial coal mining operations in Africa. The Company listed on the ASX in August 2011.

For further information see www.lemurresources.com

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Competent Persons Statement

The information in this Announcement that relates to Mineral Resources or Ore Reserves is based on information compiled by Professor Richard Viljoen, who is a Professional Natural Scientist (Pr.Sci. Nat.), registered with the South African Council for Natural and Scientific Professions (SACNASP), a ‘Recognised Overseas Professional Organisation’ (‘ROPO’) included in a list promulgated by the ASX from time to time. Professor Viljoen is employed by VMI (Pty) Limited. Professor Viljoen 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Professor Viljoen consents to the inclusion in this Announcement of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Lemur Resources Limited

ABN

53 147 241 361

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,012)	(1,236)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(321)	(357)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	111	111
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,222)	(1,482)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	(230)
1.11	Loans repaid by other entities	-	-
1.15	Other (provide details if material)	(7)	(19)
	Net investing cash flows	(9)	(251)
1.13	Total operating and investing cash flows (carried forward)	(1,231)	(1,733)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,231)	(1,733)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	25,000	26,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other: Fund raising costs	(1,653)	(1,901)
1.20	Other (provide details if material)		
	Net financing cash flows	23,347	24,099
	Net increase (decrease) in cash held	22,116	22,366
1.20	Cash at beginning of quarter/year to date	250	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	22,366	22,366

Payments to directors of the entity and associates of the directors
Payments to 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	(265)
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

- 83 Non- Executive director fee's
- 98 Executive director remuneration
- 45 Consultancy fees to associate of non- executive director
- 39 Reimbursement of work related expenses to associate of non- executive director

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

Issue of 7,500,000 Lemur shares as full consideration for acquisition of 100% share capital of Pan African Drilling Ltd

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

+ See chapter 19 for defined terms.

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	870
4.2 Development	-
4.3 Production	-
4.4 Administration	412
Total	1,282

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	366	n/a
5.2 Deposits at call	22,000	n/a
5.3 Bank overdraft	-	n/a
5.4 Other (provide details)	-	n/a
Total: cash at end of quarter (item 1.22)	22,366	n/a

+ See chapter 19 for defined terms.

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	192,500,001	130,000,000	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	132,500,000	125,000,000	\$0.20
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.


Appendix 5B
Mining exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	13,000,000		<u>Exercise price</u> 6,500,000 exercisable at 30 cents each 6,500,000 exercisable at 40 cents each	<u>Expiry date</u> 31 Dec 2013 31 Dec 2103
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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:


Managing Director

Date: 19 October 2011

Print name: Blair Sergeant

Notes

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 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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+ See chapter 19 for defined terms.