

FAST FACTS

CAPITAL STRUCTURE

Shares on Issue: 192.5m

Unlisted Options: 13m

Market Cap: \$30.80m

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



CASH ON HAND

\$21.61 million
(as at 31 December 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 Offices

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West Perth WA 6009
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WEBSITE

www.lemurresources.com

18 January 2012

Quarterly Report For the period ended 31 December 2011

Highlights

Assays

- Initial laboratory results of core samples taken from the first drill holes undertaken at the Imaloto Coal Project were received from Inspectorate Laboratories in South Africa and analysed by the Company. Highlights include:
 - Yields of export quality thermal coal at approximately 70% are higher than those displayed in the 2009 results;
 - Sulphur values at an average of less than 1% are lower than those displayed for the 2009 results; and
 - Ash-Calorific Value ("CV") relationships for 2009 and 2011 data sets have correlation coefficients of over 90%.

Exploration

- The Western Drilling programme at the Imaloto Coal Project continued during the quarter with key results summarised as follows:

	Current Quarter	Project to Date	Outstanding
Metres completed	2,417 m	3,784 m	2,100 m
Boreholes drilled	14	33	10
Core samples dispatched (to Inspectorate)	64	64	n/a
Core sample received and analysed	11	11	n/a
Core samples outstanding *	53	53	n/a

* The Company expects to be able to announce the results of analysis of the outstanding 53 core samples by the end of January 2012.

- Construction and fencing of the exploration village has commenced.

Corporate

- Cash on hand as at 31 December 2011 totalled \$21.61 million.
- Badger Mining & Consulting were engaged to prepare a mining scoping report based on 1mpta saleable product.
- Ports of Africa were engaged to prepare of a scoping report on the utilisation of the existing Port of Toliara to facilitate the export of up to 1mpta of saleable product.
- DRA Mineral Projects were engaged to prepare a scoping study inclusive of all aspects from the Run of Mine stockpile through to the road transport of up to 1mpta saleable product to the Port of Toliara.
- F-Tech International were engaged to carry out an initial study assessing the viability of constructing a coal fired power station in near proximity to the Imaloto Coal Project which is the subject of the recently executed MOU with Jirama.

Lemur Resources Limited provides the market with the following update on key activities undertaken by the Company during the three months to 31 December 2011. During this period, the Company continued with its exploration programme at its 99% owned Imaloto Coal Project located in Madagascar.

Assays

Laboratory Results – Western Drilling Programme

To date, a total of 64 core samples taken as part of the Western Drilling Programme have been dispatched to Inspectorate Laboratories for testing.

During the December 2011 quarter, results of 11 core samples received back from Inspectorate were analysed by the Company and announced on 13 December 2011, as displayed in Table 1. The Company expects to announce the results of analysis for the outstanding 53 samples by the end of January 2012.

Sample	Wash	Inherent Moisture	Ash	Volatile	F.C.	Sulphur	Gross C.V.	Yield	DAVF	GAR	NAR
Mass	R.D.	%	%	%	%	%	MJ/kg	%		kcal/kg @ 8% TM	kcal/kg @ 8% TM
2636	F1.25	5.4	9.0	36.8	48.8	1.19	27.89	4.4	43.0	6480	6240
2753	F1.30	5.4	10.0	36.1	48.6	1.13	27.50	9.1	42.6	6385	6145
8076	F1.35	5.4	11.8	34.9	47.9	1.05	26.77	22.8	42.1	6219	5978
11168	F1.40	5.4	13.7	33.8	47.2	0.99	26.09	41.8	41.7	6058	5817
15754	F1.50	5.4	16.6	31.9	46.1	0.92	24.98	68.5	40.9	5800	5558
7654	F1.60	5.3	18.4	31.0	45.2	0.92	24.30	81.5	40.7	5637	5396
3574	F1.70	5.2	19.7	30.6	44.6	0.94	23.85	87.5	40.7	5529	5288
1734	F1.80	5.2	20.5	30.3	44.1	0.96	23.54	90.3	40.7	5456	5215
959	F1.90	5.2	21.0	30.1	43.7	0.97	23.33	92.1	40.8	5405	5163
4663	S1.90	4.9	24.3	29.3	41.5	1.67	22.10	100.0	41.4	5107	4865

Table 1 - Wash-table for Main Seam Analyses of 2011 drilling programme

Imaloto Main Seam raw and washed coal quality (air-dried, based on weighted average analyses of 32 borehole intersections)							
RD	Res. M	Ash	Volatiles	F.C.	S	CV	Yield
	%	%	%	%	%	MJ/kg	%
F 1.35	4.8	11.6	33.8	49.8	1.33	27.25	18.6
F 1.40	4.8	14.3	32.2	48.7	1.25	26.28	36.0
F 1.50	4.9	17.1	30.2	47.9	1.29	25.25	59.6
F 1.60	4.8	19.1	29.0	47.1	1.32	24.47	74.2
F 1.70	4.8	20.7	28.2	46.2	1.35	23.82	83.8
F 1.80	4.8	21.5	27.9	45.8	1.37	23.46	88.2
RAW	4.5	25.4	26.6	43.5	1.81	21.74	100.0

Table 2 - Wash-table for Main Seam Analyses of 2009 drilling programme

The above shows that at a relative density of 1.50, beneficiation of the coal will produce an export grade thermal coal with a CV of 5,550 kcal/kg Net as Received ("NAR"), at yield approaching 70%. A product of this type is in demand from a variety of end users, including those in India.

Other highlights include:

- When assuming an 8% Total Moisture content, the NAR Calorific Value for a 5,560 kcal/kg and a 5,160 kcal/kg yields 68% and 92% respectively; and
- The Dry Ash Free Volatile values are all above 40%, indicating that to date the Main Seam does not show any de-volatilisation.

Exploration

Imaloto Coal Project - Phase III Exploration Programme

Objectives

The Phase III Exploration Programme continued during the December 2011 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 2);

- 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 the 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

During the quarter, the Western Drilling Programme has seen 14 boreholes drilled for a total of 2,417 metres at a drill rate of 18.4 metres per rig, per day. Drilling to date has been undertaken using two diamond drill rigs and has largely confirmed the distribution pattern and coal seam thicknesses obtained during the previous drilling programme.

Due to the wet season and Christmas period, all in-country exploration activities ceased on the 5 December 2011 with both rigs being decommissioned and securely stored. Ongoing work out of country did continue and included the updating of field mapping and cross-sections of the project area so as to prepare for the drilling programme and related activities which are expected to recommence in mid February 2012.

Western Drilling Programme - Future Progress

A further 10 boreholes, for an estimated 2,100 metres, are to be drilled, giving an approximate total of 43 boreholes for an estimated 5,850 metres for the Western Drilling Programme. As previously announced, drill rates are expected remain at 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 end of Q1 2012.

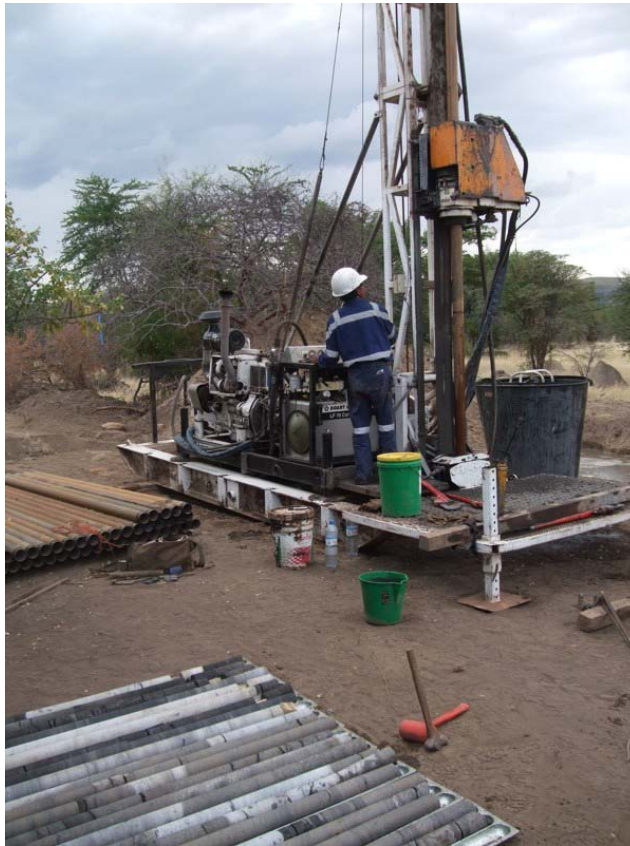


Figure 1 - Drill rig in operation on the Western Drilling Program

Eastern Drilling Programme

As announced on 19 October 2011, 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 720 metres. This is down from the previously announced 2,500 metres due to the coal measures being shallower than anticipated. 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.

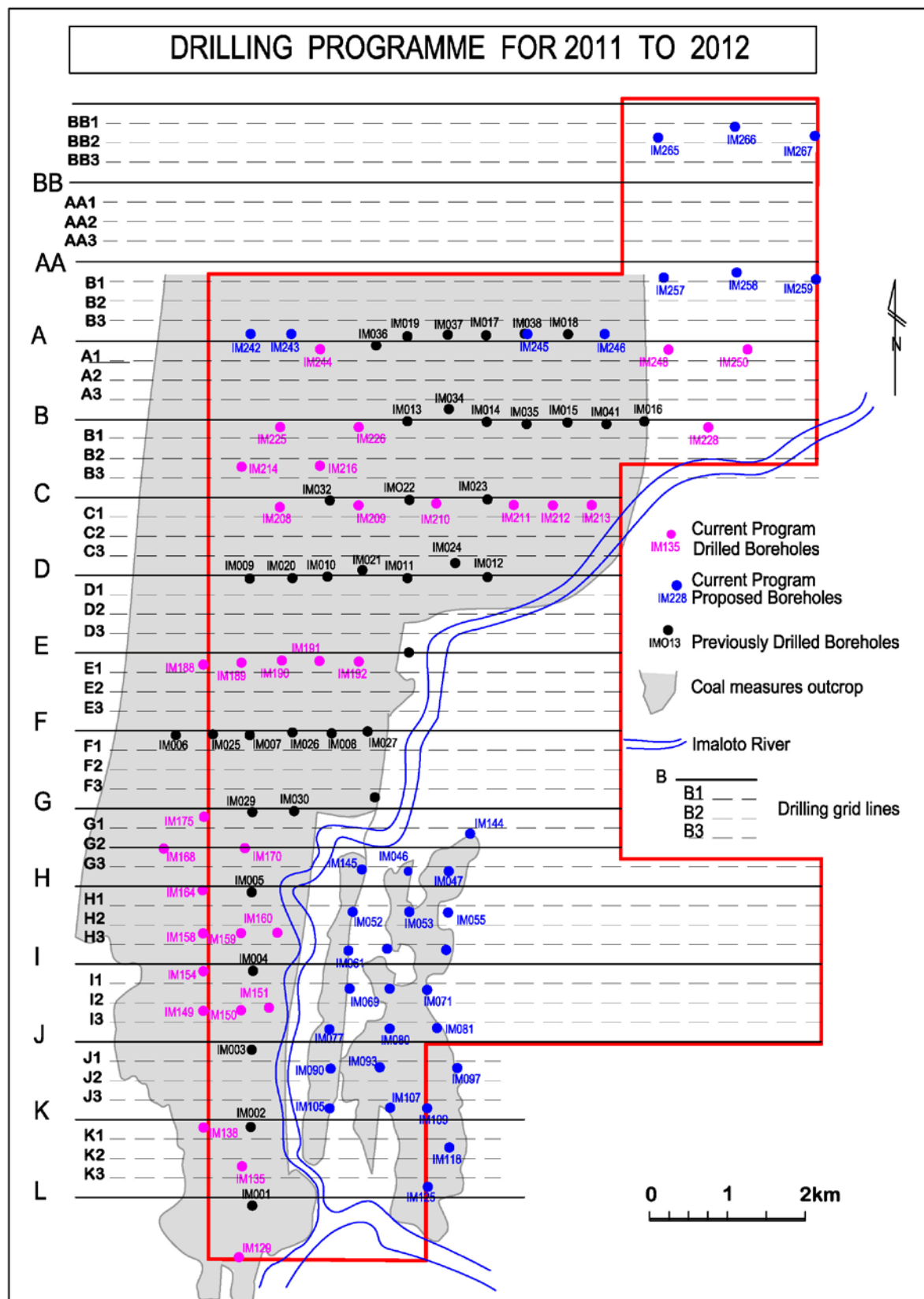


Figure 2 – Western and Eastern Drilling Programme

Ianapera and Sakaraha Coal Projects

The Company is considering securing a third drill rig to accelerate the overall drill programme and with a focus on commencing drilling on the Ianapera and Sakaraha Coal Projects, neither of which have been drilled by the Company.

Exploration Village Construction

Construction of the exploration village continued. During the quarter fencing was erected thereby securing the entire perimeter of the camp. Accommodation which consists of permanent housing structures, to be used by the company's Malagasy employees has now been completed.

The mobilisation to site of village infrastructure including power supply, water treatment, ablution facilities and expat accommodation structures is expected to take place in February 2012, with village construction being finalised in Q1 2012.



Figure 3 – Exploration village site preparation



Figure 4 – Accommodation for Malagasy employees

Corporate

Cash Position

As at 31 December 2011, Lemur had \$21.61 million cash on hand. Expenditure for the December quarter on the Imaloto Coal Project was \$0.88 million.

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

Badger Mining & Consulting

The Company finalised its search for a mine scoping consultant, with Badger Mining & Consulting ("Badger") being mandated, due to their extensive coal experience. Most recently, Badger were engaged by Asia Thai Mining to complete a Bankable Feasibility Study on its Sakoa Coal Project, which is located approximately 50km due south of Lemur's Imaloto Coal Project.

The scoping study will provide a high level indication on the viability of early stage production based on 1mtpa of saleable product from the Imaloto Coal Project.

During the December 2011 quarter, Badger commenced work on the scoping studies. A site trip has been booked for mid February 2012 and the final report is expected to be available by 31 March 2012.

Ports of Africa

The Company finalised its search for a consultant to conduct a scoping report on the utilisation of the existing Port of Toliara, with Ports of Africa being engaged. Ports of Africa has extensive experience in the construction and on-going operation of ports throughout the African region and is a JV between LBH

Group, a global dry bulk shipping agency, and ELB Engineering, a complete EPCM solutions provider to the mining, minerals, power, port, construction and industrial sectors operating in Africa and Australia.

The scoping report will provide a high level costing, viability and upgrades required in order to utilise the existing Port of Toliara to facilitate the export of up to 1mtpa saleable product.

During the December 2011 quarter, Ports of Africa commenced work on the scoping report and a site trip was conducted during November 2011. A final report is expected to be available by no later than 28 February 2012.

DRA Mineral Projects

Lemur has engaged DRA Mineral Projects Ltd (“DRA”) to prepare a scoping study to assess the viability of producing up to 1mtpa of saleable product and transporting tonnes by truck to the Port of Toliara. DRA’s scope will cover all aspects from the Run of Mine stockpile through to delivery at Port.

A final report based on the revised scope is expected to be available no later than 31 March 2012.

F-Tech International

The Company engaged F-Tech International (“F-Tech”) to carry out a pre-feasibility study to assess the viability of constructing a coal fired power station in near proximity to the Imaloto Coal Project which is the subject of the recently executed Memorandum of Understanding (“MOU”) signed with Jirama, the Madagascar Government’s state owned electricity company responsible for the production, transport and distribution of electricity in Madagascar.

F-Tech specialises in the pre-development and development of power projects for third party investors and has undertaken major power project developments globally, including the 600 MW Coal Fired Power Station in Mozambique (Benga Power Plant).

An initial report is due to be completed shortly with the pre-feasibility study due towards the end of June 2012.

In conjunction with F-Tech’s appointment, the Company has engaged Hillgrove Management Limited to undertake certain tasks which include, but is not limited to all Madagascar Government liaison activities so as to obtain all of the necessary approvals required in order for the Company to be awarded an Independent Power Producing (IPP) license and negotiation with Jirama or other third parties to secure binding power purchase agreements. The contract requires certain success based payments to be made conditional upon the achievement of certain key milestones, including:

- An IPP Licence or other formal approval (such as a concession) being awarded which formally gives Lemur a legal right to construct a power station located within 10km of Lemur's Imaloto Coal Project;
- Execution of bankable, binding off-take agreements between Lemur and Jirama or any other third party off-taker for the supply of power generated from the proposed power station the subject of the IPP Licence;
- Completion of binding unconditional funding arrangements in relation to the IPP Licence and associated power station development and construction and all other necessary Government approvals to allow the IPP Licence and associated power station construction to proceed.

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, which currently has an Inferred Resource of 176mt. 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 Exploration Results and Mineral Resources 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")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(879)	(2,102)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(295)	(727)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	325	440
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other received	100	119
Net Operating Cash Flows		(749)	(2,270)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(5)
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)	-	20
Net investing cash flows		(3)	(215)
1.13	Total operating and investing cash flows (carried forward)	(752)	(2,485)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(752)	(2,485)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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	-	(1,901)
1.20	Other (provide details if material)	-	
	Net financing cash flows	-	24,099
	Net increase (decrease) in cash held	(752)	21,614
1.20	Cash at beginning of quarter/year to date	22,366	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	21,614	21,614

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	182
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

- 57 Non- Executive director fee's
- 65 Executive director remuneration
- 45 Consultancy fees paid to VM Investment Company (Pty) Ltd of which Mr Anthony Viljoen is a shareholder and director
- 15 Company secretarial fees paid to Evolution Capital Partners Pty Ltd of which Mr Blair Sergeant 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

+ 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	411
4.2 Development	-
4.3 Production	-
4.4 Administration	427
Total	838

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	1,614	366
5.2 Deposits at call	20,000	22,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	21,614	22,366

+ 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: 18 January 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.