

31 October 2012

CAPITAL STRUCTURE

Shares on Issue: 192.5m

Unlisted Options: 13m

Market Cap: \$17.33m
(as at 30 September 2012)

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



CASH ON HAND

\$19.14m
(as at 30 September 2012)

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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WEBSITE

www.lemurresources.com

Quarterly Report for the period ended 30 September 2012

Highlights

Imaloto Coal Project and Extension (99%)

Exploration

- During the quarter 25 boreholes were drilled for a total 3,075 metres as part of the Phase III exploration programme.
- Western Drilling Programme was completed on 25 July 2012.

Laboratory Results

- Wash table results of 61 core samples were returned from Inspectorate Laboratories with the consolidated results confirming a beneficiated Main Seam could produce an export grade thermal product yielding approximately 67%.

Revised JORC Compliant Resource Statement

- Work continued on the revised JORC compliant resource statement.

Infrastructure and Mining Scoping Studies

- Final versions of the Port and Mine Infrastructure and Land Logistics Scoping Study have been received.
- Work continued on the Mining Scoping Study.
- Results of all Scoping Studies will be released post receipt of the revised JORC compliant resource statement and completion of the Mining Scoping Study.

Proposed Independent Power Producing Licence

- During the quarter, the Company commenced a Pre-Feasibility study on the IPP project, representing the third of a four stage process designed to assess the environmental and social impacts, political willingness and project economics for constructing and operating a coal fired power station in the Imaloto precinct.

Corporate

Cash on hand as at 30 September 2012 of \$19.14 million.

Lemur Resources Limited provides the following update on key activities undertaken by the Company during the quarter ended 30 September 2012. During this period, the Company continued the exploration programme at its 99% owned Imaloto Coal Project and Extension ("Imaloto Project"), located in Madagascar.

Imaloto Coal Project and Extension (99%)

Key quarterly and project to date drilling and lab analysis results for the Imaloto Project are summarised as follows:

	Phase I & II			Phase III				Project to Date Total
	2009	Sept 11 Qtr	Dec 11 Qtr	Mar 12 Qtr	June 12 Qtr	Sept 12 Qtr	Sub-total	
Western Drilling Programme								
Metres completed	5,040	1,326	2,458	-	3,738	746	8,267	13,307
Boreholes drilled	36	19	14	-	32	4	69	105
Core samples analysed by Inspectorate Laboratory	168	-	11	53	-	61	125	293
Core samples awaiting analysis by Inspectorate Laboratory	-	-	-	-	-	-	-	-
Eastern Drilling Programme								
Metres completed	-	-	-	-	-	372	372	372
Boreholes drilled	-	-	-	-	-	15	15	15
Core samples analysed by Inspectorate Laboratory	-	-	-	-	-	-	-	-
Core samples awaiting analysis by Inspectorate Laboratory	-	-	-	-	-	2	2	2
Current Infill Drilling Programme								
Metres completed	-	-	-	-	-	1,957	1,957	1,957
Boreholes drilled	-	-	-	-	-	6	6	6
Core samples analysed by Inspectorate Laboratory	-	-	-	-	-	-	-	-
Core samples awaiting analysis by Inspectorate Laboratory	-	-	-	-	-	19	19	19
Total								
Metres completed	5,040	1,326	2,458	-	3,738	3,075	10,597	15,637
Boreholes drilled	36	19	14	-	32	25	90	126
Core samples analysed by Inspectorate Laboratory	168	-	11	53	-	61	125	293
Core samples awaiting analysis by Inspectorate Laboratory	-	-	-	-	-	21	21	21

Exploration – Phase III Drilling Programme

Western Drilling Programme

During the quarter the final 4 boreholes of the programme were drilled for a total of 746 metres and the programme was completed on 25 July 2012. Since exploration commenced in 2009, the Company has drilled 105 bore holes for a total of 13,307 metres as part of the Western Drilling Programme.

The consolidated drilling results have been incorporated into the Project's geological model which is to form the basis of the revised JORC compliant resource statement.

Eastern Drilling Programme

The Programme, which was designed to test blocks of coal measures lying to the east of the Imaloto River commenced on 6 August 2012.

During the quarter, 15 boreholes were drilled for a total of 372 metres. Due to the lack of significant coal intersections encountered during drilling a decision was made to abandon the programme.

Current Infill Drilling Programme

The Programme commenced on 26 July 2012 and focuses on the northern and central parts of the Imaloto Project area. The programme involves drilling 8 inclined boreholes for a total of 1,300 metres designed to confirm the position of the major faults and the basin edge at depth, and a further 23 boreholes for a total of 3,750 metres designed to increase the data density to be used during mine planning.

During the quarter, 6 of the planned boreholes were completed for a total of 1,679 metres.

PTT Borehole

During the quarter, as consideration for the use of wire line logging equipment, the Company drilled two boreholes for a total of 818 metres on behalf of, and on permits held by PTT Asia Pacific Mining Pty Ltd, which lie directly to the north of the Imaloto Project.

Laboratory Results

The below table summarises the samples taken and analysed from the Western Drilling Programme at the Imaloto Project since the Company commenced exploration activities in 2009:

	Phase I & II 2009	Phase III									Project to Date
		Batch 1	Batch 2	Batch 3	Batch 4	Batch 5	Batch 6	Batch 7	Batch 8	Sub-total	Total
Core samples that have undergone Wash table analysis:											
Main seam	39	12	5	6	4	21	4	2	4	58	97
Top seam	22	-	6	5	5		7	3	1	27	49
Upper seam	24		6	7	5		7	2	1	28	52
Lower seam	-	-		1	1	7	2	-	-	11	11
Sub- coal intersections	83	-	-	-	1	-	-	-	-	1	84
Total	168	12	17	19	16	28	20	7	3	122	293

During the quarter, results from the 61 core samples taken as part of the Western Drilling Programme were returned from Inspectorate Laboratories in South Africa. Since exploration activities commenced in 2009, the Company has analysed a total of 293 samples, of which 125 relate to the current phase III program.

The consolidated drilling results of the Main Seam confirm that when beneficiated via a single stage wash, the following products could be generated:

- A primary product displaying export grade thermal qualities yielding approximately 67%; and
- A secondary product displaying qualities suitable as feedstock for a domestic coal fired power station.

The primary and secondary products equate to a theoretical yield of 100% for the Main Seam. The Upper and Top seams in their RAW form would be suitable as power station feedstock. This is assuming that a circulating fluidized bed combustor type boiler plant is consuming the coal, which is what is being considered for the Independent Coal Fired Power Station ("IPP"). See below for further details.

All laboratory results have been incorporated into the Project's geological model which will form the basis of the revised JORC compliant resource statement.

Revised JORC Compliant Resource Statement

The Company has now incorporated the final drilling and laboratory results taken as part of the Phase III Western Drilling Programme into the geological model. Upon completion, the model will be used to prepare the revised JORC compliant resource statement.

The Company acknowledges delays in announcing the revised JORC compliant resource statement, which is a direct result of delays encountered during the Western Drilling Programme, umpire assays and related regression analysis.

Infrastructure and Mining Study Scoping Reports

Mining Scoping Study

Work continued on the Mining Scoping Study being prepared by Badger Mining & Consulting (Pty) Ltd ("Badger"). The objective of the study is to provide a high level indication on the viability of early stage production based on an initial 1mtpa of saleable product from the Imaloto Project.

Badger has advised it will take 6 weeks from having received the revised geological model for a final version of the study to be available.

Mine Infrastructure and Land Logistics Scoping Study

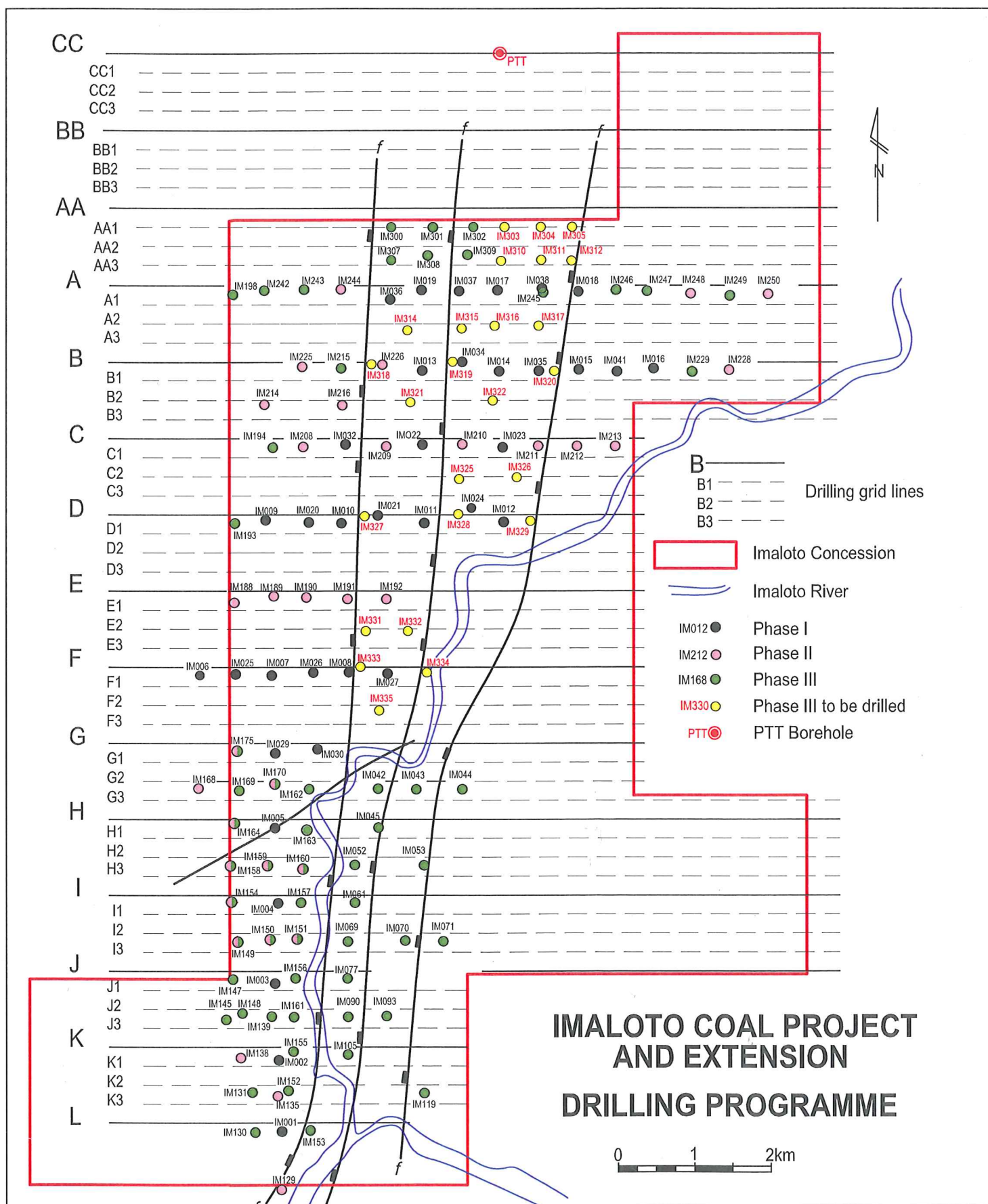
The Mine Infrastructure and Land Logistics Scoping Study was prepared by DRA Mineral Projects Ltd ("DRA"). The objectives of the study is to assess the viability of initially producing up to 1mtpa of saleable product and transporting the product by truck to the Port of Toliara and will cover all aspects from the Run of Mine stockpile through to delivery at Port.

Port Scoping Study

The Port Scoping Study was prepared by Ports of Africa (Pty) Ltd ("POA"). The objective of the report is to provide a high level understanding of the costing, viability and required upgrades in order to utilise the existing Port of Toliara to facilitate the export initially, of up to 1mtpa saleable product.

Announcing the Results of Scoping Studies to Market

Results of the three scoping studies will be reviewed by the Board and following the receipt of the revised JORC compliant resource statement an announcement will be made in due course.



Simplified Drilling as at 30 Sept 2012

Figure 1: Completed and proposed bore holes at the Imaloto Coal Project and Extension

Proposed Independent Power Producing Concession

As previously announced, the Company has engaged F-Tech International (“F-Tech”) to undertake preliminary feasibility studies to assess the viability of constructing an independent coal fired power station (“the IPP”) in near proximity to the Imaloto Coal Project which is the subject of the recently executed Memorandum of Understanding with Jirama.

During the quarter, F-Tech completed the site prefeasibility and technical development study associated with the IPP, representing the second stage of a four stage process.

Key outcomes of F-Tech’s work to date include that:

- no fatal flaws have been identified in terms of water, coal quality or transmission;
- the Government of Madagascar supports the project;
- preliminary financial modelling indicate robust project economics;
- preliminary discussions have taken place with 3rd party investors who have indicated an investment interest in the project.

Due to the positive results from stage 1 and 2, the Board approved the Pre-Feasibility Study which represents the third stage in the process, with work commencing during the quarter. The study will initially involve a refinement of the information gathered over stages 1 and 2 together with:

- preparation of the proposed Power Purchase Agreement (“PPA”) between the IPP and Jirama;
- meeting with proposed power off takers and commencing pricing discussions;
- commencing discussions with the Madagascan Ministry of Finance and Ministry of Energy in relation to the IPP concession agreement;
- the appointment of Agetipa to prepare the scoping documentation for the Power Plant;
- a site visit to review conditions and logistics, collect information for the Environmental Impact Assessment and to commence dialogue with IPP site stakeholders situated close to the mine and in the capital, Antananarivo; and
- Meeting with Proparco to discuss various transmission funding options.

The Company is also working closely with Jirama to finalise the key terms of a Heads of Agreement the contents of which will essentially provide a road map outlining the precursory steps the Company must complete in order for the IPP concession to be issued.

Corporate

Cash Position

As at 30 September 2012, Lemur Resources Limited had \$19.14 million cash on hand.

The Company continues to review various business development opportunities which may involve the acquisition of pre- development or operating mines.

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

Court Case Regarding Permit 4578

The Company has become aware of a legal claim and resulting court judgment which sought to declare null and void various historical sale agreements which ultimately resulted in the Company being granted permit 4578.

The Company immediately sought advice from Lemur's Madagascan based lawyers, John W Ffooks & Co. who on review, opined the judgment posed no threat to the Company's tenure over permit 4578 and that the claim was ill-founded, principally as it post-dated the effective transfer date of permit 4578 to the Company, meaning the Company had acquired the permit in good faith. In addition, searches at the Mines Cadastre confirmed that the permit has been in the name of CMM since 2008.

The Company has subsequently contested the claim at a Tulear Court, where the claimant requested more time to seek counsel with the hearing being adjourned until 22 November 2012. By contesting the initial court ruling, the Company has effectively suspended all actions made by the claimant towards the permit 4578.

The Company will make necessary announcements as and when any material new information comes to hand.

About Lemur Resources Limited

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 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.

The information in this Report that relates to Mineral Resources is based on information compiled by Richard Wadley, who is a Member or Fellow of South African Institute of Mining and Metallurgy and is also a Professional Natural Scientist (Pr.Sci. Nat.), registered with the South African Council for Natural Scientific Professions, a 'Recognised Overseas Professional Organisation' ('ROPO') included in a list promulgated by the ASX from time to time. Richard Wadley is employed by The MSA Group. Richard Wadley 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'. Richard Wadley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Lemur Resources Limited

ABN

53 147 241 361

Quarter ended ("current quarter")

30 September 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,075)	(2,379)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(422)	(943)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	246	832
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	(2)	(5)
Net Operating Cash Flows		(1,253)	(2,495)
Cash flows related to investing activities			
1.8	Payment for:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(10)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.15	Other (provide details if material)	-	-
Net investing cash flows		-	(10)
1.13	Total operating and investing cash flows (carried forward)	(1,253)	(2,505)

1.13	Total operating and investing cash flows (brought forward)	(1,253)	(2,505)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	8
1.18	Dividends paid	-	-
1.19	Other: Fund raising costs	-	-
1.20	Other (provide details if material)	-	-
Net financing cash flows		1	8
Net increase (decrease) in cash held		(1,253)	(2,497)
1.20	Cash at beginning of quarter/year to date	20,432	21,614
1.21	Exchange rate adjustments to item 1.20	(36)	26
1.22	Cash at end of quarter	19,143	19,143

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	167
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

- 19 Non- Executive director fee's
- 46 Executive director remuneration
- 45 Consultancy fees paid to VM Investment Company (Pty) Ltd of which Mr Anthony Viljoen is a director and shareholder
- 57 Company secretarial fees and head office lease 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

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	1,239
4.2 Development	-
4.3 Production	-
4.4 Administration	396
Total	1,635

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	60	77
5.2 Deposits at call	18,242	18,782
5.3 Bank overdraft	-	-
5.4 Other (USD account)	841	1,573
Total: cash at end of quarter (item 1.22)	19,143	20,432

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	139,000,001	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Release from escrow	9,000,001		
7.5	*Convertible debt securities (description)			
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	<u>Expiry date</u> 31 Dec 2013
				6,500,000 exercisable at 40 cents each	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 give a true and fair view of the matters disclosed.

Sign here:



Managing Director

Date: 31/10/2012

Print name: Blair Sergeant

Notes

- 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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