



ASX ANNOUNCEMENT

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ASX: LMB

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POSITIVE CONCEPTUAL STUDY RESULTS FOR THE MCINTOSH FLAKE GRAPHITE PROJECT

Lambooo Resources (ASX:LMB or Lambooo) is pleased to announce positive results for the updated Conceptual Study for the McIntosh Flake Graphite Project in the East Kimberley Region of Western Australia. Work will now commence on improving the definition of the large-flake, high-purity flake graphite at Targets 5 and 6 and optimizing anticipated cost estimates and the development concept to suit market conditions.

STUDY HIGHLIGHTS:

- Based on the assumptions in the Conceptual Study the McIntosh Flake Graphite Project has the potential to be technically and financially viable at production scenarios of 50 ktpa and 100 ktpa flake graphite concentrate.
- The significant size of the Exploration Target for flake graphite at McIntosh (total of 80-127 Mt @ 2.5 - 6.0% TGC across seven prospects^{*1}) allows for considerable flexibility of open-cut mine scheduling to meet market demand and product specifications.
- Mine optimisation work suggests a low life of mine strip ratio at 3: 1 with an initial mine life of 13 years to 26 years depending on the production rate applied.
- Both 2.4 Mtpa and 1.2 Mtpa plant throughput rates returned positive study outcomes.
- Bench-scale metallurgical test work supports the assumed recovery rate of 80%.
- Cost estimates have been based upon data from recent projects and industry standard estimating factors but there is considerable scope for refinement during future study.
- Substantial upside exists to enhance McIntosh by exploring for the medium- to jumbo-sized crystalline flake graphite at identified priority areas of Targets 3, 4, 5 and 6.
- Development drilling is scheduled to begin at Targets 5 and 6 in May 2015 focusing on the higher grade and larger size flake graphite at these prospects before moving to other priority Target areas.

¹ See ASX: LMB announcement 23rd February 2015



Cautionary Statement - Conceptual Study

The Conceptual Study referred to in this announcement is based on conceptual technical and economic assessments. There is no assurance of an economic development case at this stage, or any certainty that the conclusions of the study will be realised. The Conceptual Study is based on the Company's Exploration Targets and should not be solely relied upon by investors when making investment decisions.

Geological and geophysical evidence was used to develop the Exploration Targets but the potential quantity and grade of the Exploration Targets are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Lambo's Head of Operations, Tony Cormack commented: *"The receipt of the McIntosh Conceptual Study is a significant milestone for our Company. It has demonstrated the potential for a commercially robust flake graphite project that is strategically located alongside an existing haul road and the Great Northern Highway with easy access to the Port of Wyndham and through to Asian Markets".*

"Strong potential for upside exists in almost every aspect of the McIntosh Flake Graphite Project, and we can achieve this by focussing on the high value, large- to jumbo-size flake outcropping along the regional scale fold hinges at Targets 5 and 6, then shifting our focus to the exciting Targets 3 and 4. Recent heavy liquid separation test work also highlights the potential for clean separation of the crystalline flake graphite. These positive results justify the Company's strategy of significant further exploration investment to progress development studies for the McIntosh Flake Graphite Project", added Mr Cormack.

Lambo's Chief Executive Officer, Richard Trevillion added: *"The completed McIntosh Conceptual Study lays the foundation for further work and confirms our confidence in advancing the project. With our strong relationships in China and our graphite market knowledge we can investigate many opportunities to improve the value of this project for our shareholders by further refining the study parameters as our exploration and development programme progresses."*

STUDY APPROACH & PARTICIPANTS

The Conceptual Study was undertaken and prepared by independent geological and mining consultant CSA Global Pty Ltd (CSA Global) of Perth, Western Australia (W.A.). CSA Global was engaged to evaluate the technical and economic potential of the McIntosh Flake Graphite Project and to provide recommendations for further work.

The Conceptual Study has assessed the likely economics, mining process and infrastructure for a conceptual crystalline flake graphite project at McIntosh.

This work was supported by specialist metallurgical work undertaken by Nagrom Metallurgical in Perth, W.A.; SGS in Perth, W.A.; Wuhan University of Technology in China; and Guangzhou Research Institute of Non-ferrous Metals (GZIRM) in China.

The metallurgy and process engineering inputs to the conceptual Study were provided by independent consultants Battery Limits Pty Ltd (BatteryLimits) in Perth, W.A. based on their experience in several other graphite projects.

STUDY ASSUMPTIONS & PARAMETERS

The key project assumptions and input parameters are summarised below.

- Exploration Targets were developed using geophysical, mapping and drill sampling data as detailed in Lambooboo's ASX announcement released on 23rd February 2015.
- Preliminary open pit optimisations were based on grade ranges established for the Exploration Targets referred to above to determine the tonnage required for optimum project development at those grades. Successful outcomes were indicated if grades are obtained at the high end of the Exploration Target ranges.
- Assumed mining and production schedules based on the optimisation outputs were used to develop order of magnitude production scenarios.
- A conceptual metallurgical process flow sheet was based on previous experience at comparable projects, with an assumed 80% metallurgical recovery and an assumed concentrate grade of >90% TGC.
- Preliminary capital and operating cost estimates were based on the mining and processing production scenarios using data from relevant projects and industry standard estimating factors.
- Pricing estimates were based on 'basket prices' for assumed flake graphite size ranges, using published 2015 marketing data and forecast 2020 prices.
- Required infrastructure was assessed including power, water, camp and transport.
- Environmental and heritage impacts have been determined from field studies with no major issues identified to date.

EXPLORATION TARGET CONCEPTS

CSA Global utilised a combination of reverse circulation (RC) and diamond drilling (DD) data, geological mapping of graphitic mineralisation, geophysical data and interpretation to determine reasonable Exploration Targets of graphitic material at Targets 2, 3, 4, 5, 6, 10 and 11. The exploration target estimates, as announced recently by the Company are presented in Table 1 (refer ASX:LMB announcement 23rd February 2015).

Table 1: McIntosh Flake Graphite Project - Exploration Targets.

Target	Tonnage Range (Mt)	TGC Range (%)
Target 2	5 - 15	2.5 - 5.0
Target 3	30 - 42	2.5 - 4.5
Target 4	5 - 8	2.5 - 4.5
Target 5	4 - 6	3.0 - 6.0
Target 6	18 - 25	3.0 - 5.5
Target 10	15 - 25	3.0 - 6.0
Target 11	3 - 6	3.0 - 5.5
Total	80 - 127 Mt	2.5 - 6.0% TGC

* Note: Exploration Targets used a TGC% cut-off grade of 1.9%

For the Conceptual Study the upper and lower grade ranges were used for initial pit optimisations. Note that in each case all material within the Target is assigned the single grade for that Target. For all runs, wire-frame models were used which represented the currently interpreted geology based on all available current data (geophysical interpretations supplemented by mapping, logging and sampling). The optimisation process selects only those tonnes that meet the mining cut-off grade after considering all assumed operating costs and allow for expected waste stripping.

MINERALOGY

The mineralogical characteristics of the graphite mineralisation were investigated by Townend Mineralogy and CSA Global using samples from drill core, RC chips and outcrops. The graphite generally occurs in bunches or as separate flakes showing locally consistent orientation. Inclusions of fine mica and interleaved micaceous minerals are evident. *In situ* flake sizes generally range from 100 to 200 µm at Targets 2 and 5, and from 200 to 500 µm in length at Target 6.

The Company understands that the *in situ* flake size is not necessarily the final liberated flake size after mineral processing and further size determination work is planned at all Targets.

GRAPHITE MARKETING

As with most industrial minerals, graphite markets are not transparent and prices are set between producer and trader or consumer depending on tonnages and grades, with information sources often trade journals (see Table 2). Graphite pricing is complex and parameters include:

- Type of graphite which may be vein, flake, amorphous or synthetic
- Mesh Sizes which have historically ranged from fine flake (<200 Mesh, or -0.075 mm) to large flake (>80 Mesh, or +0.18 mm) and recently jumbo flake (>48 Mesh, or +0.3mm)
- Carbon content – measured as a percentage, with flake graphite generally >90% C.

Table 1: Flake graphite prices used for the McIntosh Conceptual Study.

Sizing	Market Terminology	Current 2015 (\$USD)	Predicted* 2020 (\$USD)	% Change 2015 to 2020
>300 µm (+48 Mesh)	Extra Large or 'Jumbo' Flake	\$2,000	\$6,175	310
>180 µm (-48 to +80 Mesh)	Large Flake	\$1,250	\$1,165	-10
>150 µm (-80 to +100 Mesh)	Medium Flake	\$1,000	\$517	-53
>75 µm (-100 to +200 Mesh)	Small Flake	\$800	\$493	-34
<75 µm (-200 Mesh) 80-85%C	Fine Flake	\$450	\$359	-20

*Assumed Pricing (90-97%C for > 75 µm product)

Sources: CSA Global; Industrial Minerals Magazine; others

The estimated flake size distribution applied in the Conceptual Study is summarised in Table 3. Metallurgical analysis of diamond core will be used to determine the flake size distribution following the completion of additional drilling.

Table 2: Flake size nomenclature and anticipated distribution for Target 6 as used in the Conceptual Study.

Flake Size		Portion of Flake Size
Classification	Micron	(%)
Extra Large - Jumbo	>300µm	5
Large	>180µm	15
Medium	>150µm	30
Small	>75µm	30
Fine	<75µm	20

MINING CONCEPTS

The mining method used in the Conceptual Study assumes conventional open pit mining operated by a mining contractor with appropriately sized digging and trucking equipment.

The approach was to determine a notional mineral inventory, based on the 3D models of the Exploration Targets, to progress to a sequencing stage so that the likely required size of the Project could be evaluated for economic and development potential. The planned mine production profile is based on mining shell optimisations using Whittle software. A series of nested shells were created for each of the identified Targets and a maximum-value shell for each was selected.

The preliminary mining costs used in the optimisation are based on 200 t excavators and 120 t trucks. An allowance for drill and blast was applied for all open pit mining of each Target. A nominal wall angle of 45 degrees was used for the overall pit slopes.

The processing cost used in the Whittle optimisations allowed for processing, power, grade control, fixed costs including administration, haulage and selling costs based on a processed ore production rate of 2.4 Mtpa. As previously mentioned, the commodity price used for the Whittle exercise was established as a 'basket price' for each Target based on analysis of the expected flake size distribution.

The Whittle optimisations using all these inputs were completed for the low-grade and high-grade scenarios. The Whittle software sequencing tool Milawa was used to identify an initial mining sequence that achieves a production rate of 2.4 Mtpa of notional ore mined per year. An option was also considered to run the operation at a reduced throughput of 1.2 Mtpa. At this Conceptual Study stage this is an appropriate method to establish a mining sequence.

METALLURGY AND CONCEPTUAL PROCESS DESIGN

BatteryLimits used the previous metallurgical test work and previous experience with graphite projects to provide an order of magnitude estimate ($\pm 40\%$) for a conceptual processing route and conceptual process flow charts.

Key assumptions for the process route were defined as:

- Carbon in concentrate 90% C
- Process recovery 80%
- Feed Rate 360 tph
- Feed grade 4.8% TGC.

BatteryLimits proposed that the run of mine material would be three stage crushed, followed by grinding in a rod mill, with graphite recovered by flotation. Options were considered to produce either a blended size flake product, or to use three screens to recover product to be bagged according to flake size. The former option is anticipated to incur a penalty, hence a lower sales price than for individual products and is a financially less attractive option. The proposed processing route to recover a sized product is provided below in Figure 1.

Transport of McIntosh bagged flake graphite product is likely to be by road approximately 280 km to the Port of Wyndham for export by ship to Asian markets.

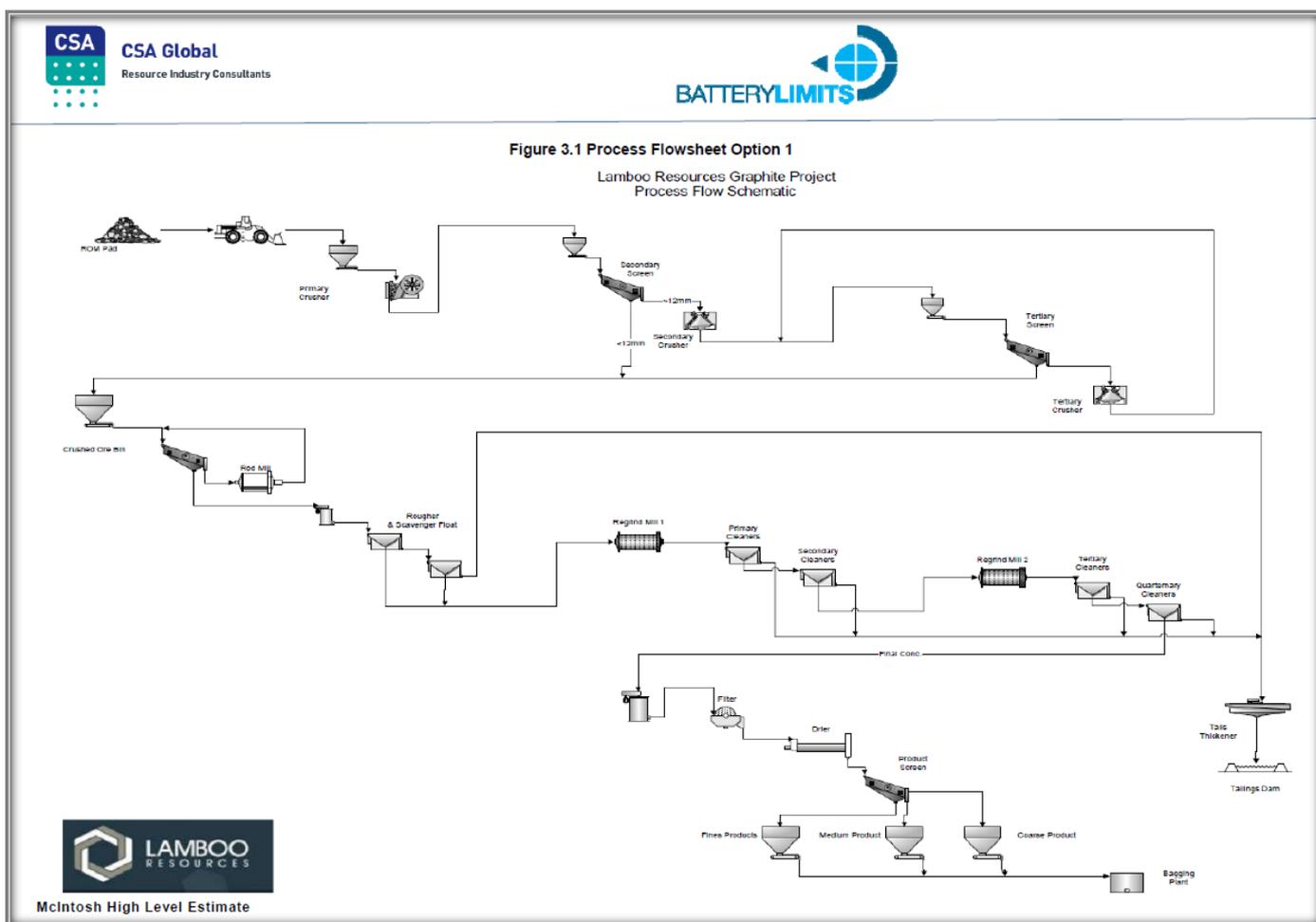


Figure 1 Proposed process flowsheet to produce a sized product.

COST ESTIMATES

Preliminary capital costs estimates for a notional 2.4 Mtpa flake graphite operation were prepared by CSA Global and BatteryLimits (Table 4) to produce a sized, graphite flake concentrate product.

Table 3: Preliminary capital cost estimates (A\$ Millions).

Capital Cost Estimates	
Item	(\$M/AUD)
Earthworks and Access Roads	2
Power Supply and Diesel Storage	3
Crushing, Screening, Milling, Flotation	45
Reagents and Services	18
Plant Infrastructure	5
Concentrate Handling	21
Water Systems and Utilities	6
Tailings Storage Facility	6
Camp	12
Offices, Workshops, Vehicles, etc.	5

Expected project operating costs were based on a recent contractor mining quotation for a project of similar scale and location to cover mining of ore and waste to a ROM plant feed pad and waste dump respectively. Expected average costs per tonne for mining, processing and selling were developed for each Exploration Target in \$A/tonne of material mined, processed and sold (see Table 5).

Table 4: Notional operating cost estimates (A\$/t).

Operational Cost Estimates	
Item	(\$AUD/t)
Mining Costs / tonne mined	\$3.60
Processing Costs / tonne processed	\$16.70
Selling Costs / tonne product	\$58.00

OTHER DEVELOPMENT ISSUES ADDRESSED

As part of the Conceptual Study CSA Global has collated information from a number of sub-consultants. Preliminary water studies by Groundswell Geoscience Pty Ltd used existing data to consider requirements for water supply to the proposed plant, camp and for mining activities as well as potential pit dewatering. This has set water exploration targets to facilitate the eventual project development. Airlift testing and water depths suggest that eventual pit dewatering may provide a possible supply for the camp and ore processing requirements. Water quality was good with around 600 mg/l of total dissolved solids, with acidity in the range pH 7 to 8.

Onshore Environmental Consultants Pty Ltd have completed the first part of a two season Level 2 flora and vegetation survey. Biologic Environmental Survey Pty Ltd conducted a dry season program of vertebrate fauna trapping and some invertebrate fauna sampling across the project area. These initial studies have not highlighted any issues that would prejudice the eventual development of the mining and processing scenarios envisaged in the Conceptual Study.

The Malarngowem people are the traditional owners of the land on which the McIntosh Flake Graphite Project is being defined. Lamboo considers that the current Heritage Protection Agreements with Malarngowem provide a framework for the undertaking of Aboriginal heritage surveys (both ethnographic and archaeological as required) with Malarngowem representatives. Further work is required but there are currently no known heritage sites registered within the work area.

PLANNED RESOURCE DEVELOPMENT AND EXPLORATION DRILLING

The fold hinges (antiforms) at Targets 5 and 6 followed by the fold hinges (synforms) at Targets 3 and 4 are the clear priorities for the Company (Figure 2). To date these targets are relatively untested. These fold hinges are high grade metamorphic environments and are well suited for concentration of crystalline flake graphite and the generation of large flake size.

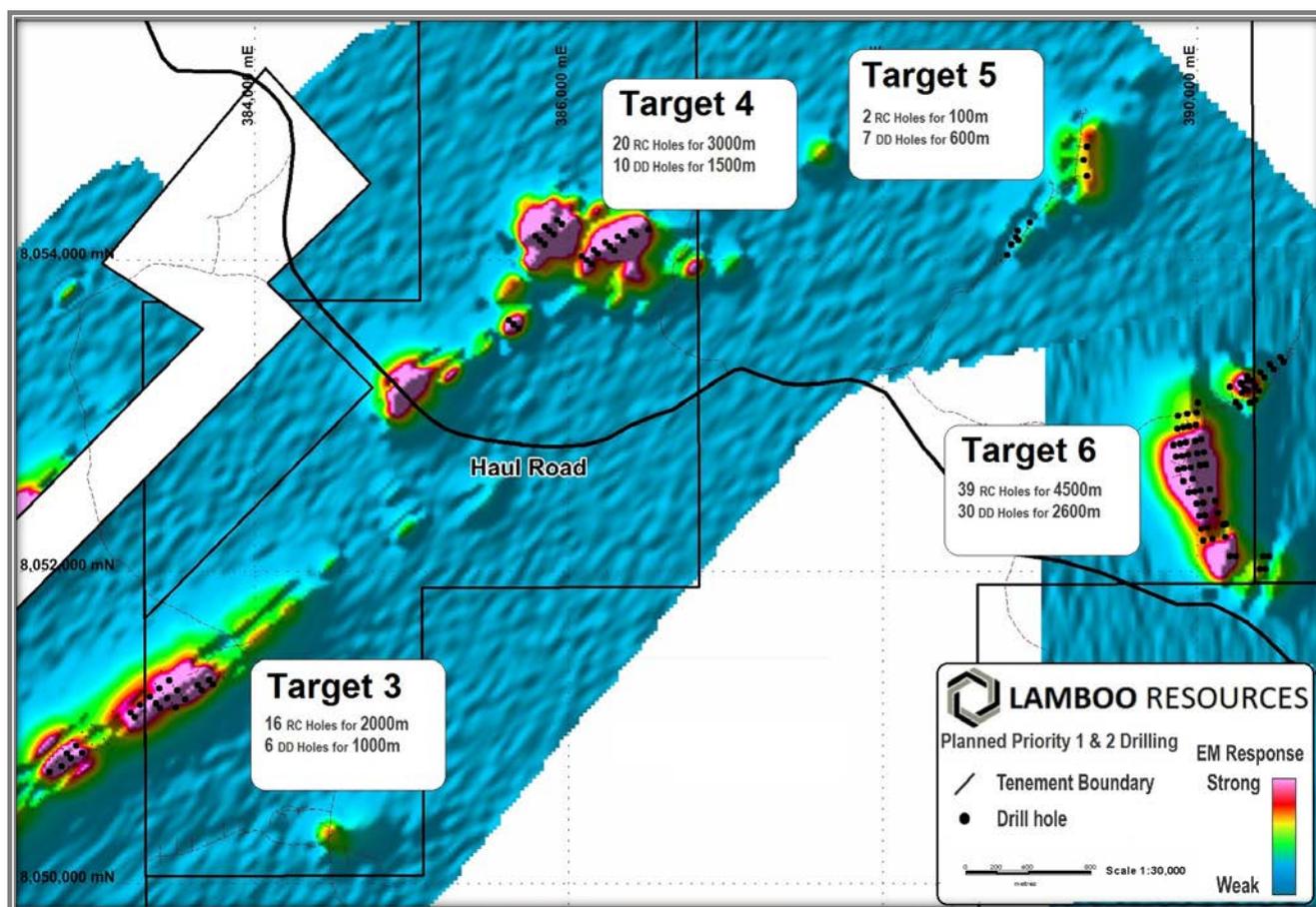


Figure 2: Priority 1 & 2 planned drilling, targeting 20 - 30Mt indicated / measured resource.

The evidence of folding and fracturing, along with field mapping, and the VTEM interpretation has the company extremely motivated towards diamond drilling in this location in the coming months. Exploration and Resource Development drilling programs are planned for all four priority Targets with follow up resource development drilling at Target 3 and Target 4 dependant on the results of the exploration drilling programs.

Proposed Drilling

Resource drilling is due to commence in May 2015 (see Table 6) will focus on the high grade, high value flake found along the fold hinges at Targets 5 and 6 (previous RC drilling at Targets 5 and 6 intersected up to 18.70% TGC). The aim is to confirm the combined Exploration Targets there of 20 to 30 Mt of graphitic material at the upper end of the grade range to collect sufficient information for the estimation of Mineral Resources.

Following this the aim is to define additional resources at Targets 3 and 4, before considering other Target areas. Exploration drilling at Target 4 will also focus on the thick and highly conductive model plates interpreted as prospective for copper and nickel.

Table 6: Priority 1 and 2 planned resource and exploration drilling.

Resource and Exploration Drilling	Target 3		Target 4		Target 5		Target 6		Total Metres	Cost Estimate (\$AUD)
	Drill holes	(m)	Drill holes	(m)	Drill holes	(m)	Drill holes	(m)	(m)	
Priority 1	12 RC	1,500	10 RC	1,500	2 RC	100	20 RC	2,300	5,400	\$400,000
	4 DD	700	4 DD	600	3DD	300	20 DD	1,700	3,300	\$700,000
Drilling:										\$1,100,000
Assays, Testwork, Consumables, Wages, Freight and Logistics:										\$700,000
Total Priority 1 Drilling Program:										\$1,800,000
	Drill holes	(m)	Drill holes	(m)	Drill holes	(m)	Drill holes	(m)	(m)	
Priority 1 & 2	16 RC	2,000	20 RC	3,000	2 RC	100	39 RC	4,500	9,600	\$700,000
	6 DD	1,000	10 DD	1,500	7 DD	600	30DD	2,600	5,700	\$1,200,000
Drilling:										\$1,900,000
Assays, Testwork, Consumables, Wages, Freight and Logistics:										\$1,200,000
Total Priority 1 and 2 Drilling Program:										\$3,100,000

RC drilling will be used to efficiently define the geometry of the targets before moving to diamond infill drilling to gather samples for metallurgical test work. Diamond drilling is expected to make up approximately 40% of the total planned drilling and will provide valuable information to address previous concerns of bias in the grade of RC samples given Diamond drill samples have assayed higher than RC samples.

First pass drilling at Targets 10 and 11 is planned for the 2016 field season, along with exploration drilling at all other target areas identified by the VTEM. Programme of Work (PoW) approval for all prospects has been granted by the Department of Mines and Petroleum (DMP).



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Competent Persons Statement

The information in this report that relates to Exploration Targets is based on information compiled by Mr David Williams and Dr Andrew Scogings, Competent Persons, who are both Members of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Williams and Dr Scogings are employed by CSA Global Pty Ltd, an independent consulting company. They have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Williams and Dr Scogings consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report relating to Exploration Results and Geological Data at the McIntosh Project is based on information previously compiled and / or reviewed by Mr. Tony Cormack, Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Lamboo Resources Limited. Mr. Cormack has sufficient experience which is relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cormack consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.