# LAMBOO RESOURCES LIMITED

**ABN 27 099 098 192**

# FINANCIAL REPORT

# FOR THE YEAR ENDED 30 JUNE 2013

**CORPORATE DIRECTORY**

**Board of Directors**

| | |
|---|---|
| Rick Anthon | Non-Executive Chairman |
| Richard Trevillion | Managing Director and CEO |
| Craig Rugless | Executive Technical Director |
| Rod Williams | Non-Executive Director |

**Company Secretary**

Paul Marshall

| **Registered Office** | **Share Registry** |
|---|---|
| Level 5<br>10 Market Street<br>Brisbane Qld 4000<br><br>PO Box 216<br>Brisbane QLD 4001<br><br>Telephone: +61 7 3212 6203<br>Facsimile : +61 7 3212 6250<br>Email: info@lambooresources.com<br>Website: www.lambooresources.com | BoardRoom Pty Ltd<br>Level 7<br>207 Kent Street<br>Sydney NSW 2000<br><br>Telephone: 1300 737 760<br>Facsimile: 1300 653 459<br>Website: www.boardroomlimited.com.au |
| **Auditors**<br><br>BDO Audit Pty Ltd<br>Level 10, 12 Creek Street<br>Brisbane QLD 4000<br><br>Telephone: 07 3237 5999<br>Fax: 07 3221 9227<br>Website: www.bdo.com.au | |

## DIRECTORS' REPORT

Your Directors present their report on Lamboo Resources Limited (the Company) and its controlled entities (the Consolidated Entity) for the year ended 30 June 2013.

## DIRECTORS

The names and details of the Directors of Lamboo Resources Limited in office at the date of this report or at any time during the financial year are:

| Name | Position | Period of Directorship |
|---|---|---|
| Richard Trevillion | Managing Director and CEO | Appointed 20 December 2010 |
| Craig Rugless | Executive Director | Appointed 21 May 2012 |
| Rod Williams | Non-Executive Director | Appointed 21 May 2012 |
| Rick Anthon | Non-Executive Chairman | Appointed 18 June 2012 |

**Richard Trevillion**
*Managing Director and CEO*

Richard Trevillion is a qualified solicitor and graduate of the Manchester School of Management (University of Manchester) with honours. He has further post graduate qualifications in law, marketing and finance.

Richard trained as a solicitor with a global top 10 law firm Hogan Lovells and practiced at Simmons & Simmons before moving to investment banking latterly at Close Brothers as a director. Richard moved from investment banking to partner with businesses as a principal and equity investor.

Richard is the founder of Amity Partners and Adillion Pty Ltd, both principal financial investment and corporate consulting businesses. Both businesses have a variety of investment positions in growth businesses across the globe.

He has not been a Director of any other Australian listed company in the last three years.

**Craig Rugless**
*Executive Technical Director*

Dr Craig Rugless BSc, PhD, MAusIMM, MAIG, MS EG, MAAG is an economic geologist who has over 40 years of experience in exploration and project development in Australia and Oceania and 9 years as the Director of a public company. Dr Rugless has been involved with the management of exploration programs in Kalgoorlie and Mt. Gibson in Western Australia that contributed to the location of significant ore deposits.

In addition to working for major companies including Australian Anglo American Ltd and Homestake Australia Ltd, Dr Rugless has developed a successful consultancy to the exploration industry and provided services such as detailed mineragraphic/petrographic studies, PIMA (Portable Infrared Mineral Analysis) mineral deposit vectoring studies based on alteration assemblages and innovative geochemical surveys for numerous base and precious metal deposits. The studies have been conducted in a variety of geological terrains ranging in age from Archaean to Tertiary and involving most styles of mineralisation, including epithermal gold – silver deposits (Australia, Fiji), epigenetic gold deposits (WA goldfields, Ghana & Canada), platinum group metals (PGM) associated with layered mafic/ultramafic complexes (WA, South Africa, USA), komatiitic and gabbroid style nickel – copper – cobalt deposits (WA Goldfields & Kimberley, Canada, USA), sedimentary copper and stratabound SEDEX zinc – lead deposits (Kazakhstan, Canada, Australia), porphyry copper – gold – molybdenum deposits (Chile, Kazakhstan, Fiji) and volcanogenic massive sulphide (VMS) copper – zinc – lead – gold - silver deposits (Australia, Fiji, Canada).

He has not been a Director of any other Australian listed company in the last three years.

**Rod Williams**
*Non-Executive Director*

Rod Williams BSc (Hons), Dip GeoSc, F Fin, MAusIMM, MAIG is a geologist with over 40 years' experience in mineral exploration, evaluation, project development and mining. Following employment with WMC Ltd on base metal exploration, he moved to Rosebery, Tasmania with Electrolytic Zinc, being involved in underground mining and exploration for six years. In 1979 he moved to CSR Ltd. and for the majority of the next nine years managed exploration and evaluation in SE Australia for a range of base and precious metals. In 1988 he joined Hill Minerals (later Ashton Mining Limited) in WA being responsible for gold exploration in the Leonora area.

From 1991 to 1993 he was involved in evaluation and development as Group Development Geologist. From 1993 to 1996 he consulted to number of companies in the WA gold industry. From 1996 he worked for Burdekin Pacific Ltd, becoming Exploration Manager in 1997. From 2000 to 2003 he was employed part time with Burdekin and otherwise engaged in geological consulting, project generation, evaluation and resource modeling plus pit optimization.

Since 2004 he has been involved in project generation and consulting geological services. From 2005 to early 2012 he was the Technical Director of Xanadu Mines Limited. From March 2012 to Oct 2012 he was a non-executive Director of Xanadu Mines Limited. Activities in Mongolia for Xanadu Mines Limited included locating and drilling out a +300Mt coal resource under the JORC Code. Xanadu Mines Limited listed on the Australian Stock Exchange (ASX) in December 2010.

Other Listed Company Directorships in the past three years:
- Xanadu Mines Limited (appointed December 2010 resigned October 2012)

**Rick Anthon**
*Non-Executive Chairman*

Rick Anthon BA (ANU) LLB (ANU) MAICD is the Managing Partner of the Queensland law firm Hemming+Hart. He has practiced extensively in corporate, mining and resources law for over 20 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, Rick has acted as non-executive Director and chairman for a number of public resource companies over the last 20 years and has previously chaired audit and remuneration committees for those companies.

Other Listed Company Directorships in the past three years:
- Laneway Resources Ltd (appointed June 1996)
- Metals Finance Ltd (appointed October 2010)
- Stratum Metals Ltd (appointed October 2011)
- International Coal Ltd (listed August 2011 resigned November 2011)
- Baru Resources Ltd (listed September 2011 resigned July 2012)

**Interests in the shares and options of the Company**

As at the date of this report, the interests of the Directors in the shares and options of Lamboo Resources Limited are shown in the table below:

| Director | Ordinary Shares | Ordinary Shares under escrow | Options |
|---|---|---|---|
| Richard Trevillion | 126,040 | 2,700,000 | - |
| Craig Rugless | 185,000 | 10,500,000 | - |
| Rod Williams | 10,000 | 7,000,000 | - |
| Rick Anthon | 250,000 | - | - |

## SENIOR MANAGEMENT

The names and details of the Company's key management personnel during the financial year and until the date of this report are as follows:

**Paul Marshall**
*Company Secretary*

Paul Marshall is a Chartered Accountant. He holds a Bachelor of Law degree, and a post-Graduate Diploma in Accounting and Finance. He has over 25 years' experience having worked for Ernst and Young for ten years, and subsequently more than fifteen years spent in commercial roles as Company Secretary and CFO for a number of listed and unlisted companies, mainly in the resources sector. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities.

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2013 and the number of meetings attended by each Director.

| | Meetings attended | Eligible to attend |
|---|---|---|
| Richard Trevillion | 3 | 3 |
| Craig Rugless | 3 | 3 |
| Rod Williams | 3 | 3 |
| Rick Anthon | 3 | 3 |

There are no committees of directors. All relevant matters are considered by the Board.

## CORPORATE INFORMATION

### Corporate Structure

Lamboo Resources is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). Lamboo Resources has prepared a consolidated financial report encompassing the entities that it controlled during the financial year.

Lamboo Resources had the following subsidiaries during the financial year:

- Lamboo Resources No.1 Pty Ltd
- McKintosh Resources Limited
- Gel Company Pty Ltd
- Opirus Minerals Pty Ltd
- Won Kwang Inc

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the course of the year the principal activity of the Consolidated Entity was mineral exploration on its projects in Western Australia, New South Wales and South Korea.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Directors are not aware of any significant breaches during the period covered by this report.

## CURRENCY

The financial report is presented in Australian dollars and amounts are rounded to the nearest dollar.

## FINANCIAL REVIEW

### Capital structure

At 30 June 2013 the Company had 79,652,886 ordinary shares (including 22,250,000 shares under escrow) and 22,500,000 performance rights on issue.

On 22 August 2013 the Company announced a capital raising of $1,000,000 through the placement of 16.67 million shares at 6 cents per share. Subject to shareholder approval, participants in the placement will receive one attaching option for every two shares subscribed for. The options will be exercisable at $0.15 on or before 15 August 2015.

### Treasury policy

The Board controls the funds which are handled on a day to day basis by the Company Secretary.

### Dividends

No dividends were paid during the financial year ended 30 June 2013 (2012: nil) and no dividend is recommended for the current year.

### Operating Results

Comparison with Prior Year
For the year ended 30 June 2013, the loss for the Consolidated Entity after providing for income tax was $5,215,600 (2012: loss of $4,736,892). The Company's historic business was the development and manufacture of fluorescent compounds and fluorescence based kits for the global biotechnology industry. Due to the 'Global Financial Crisis' and changes to the pharmaceutical industry the business model was deemed unsustainable. Consequently the Company decided in 2010 to wind down its operations and seek acquisition opportunities.

During the second half of 2012 financial year the Company announced its focus would be acquiring resource assets. On 13 February 2012 the Company announced an option to acquire Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd. The option was exercised on 5 March 2012, with shareholders subsequently approving the transaction on 21 May 2012.

The majority of activities during 2012 focused around the wind up of the historic biotech business, acquisition of new resource assets and the relisting on the ASX. Consequently, the operating results of 2012 are not comparable with the current year.

Revenue
As an early stage exploration company, Lamboo Resources Limited does not generate any income other than interest on its cash holdings. The Consolidated Entity generated $106,935 in interest revenue during the period.

Expenses
The Consolidated Entity's main sources of expenses are as follows:

| | 2013<br>$ |
|---|---|
| Employee expenses | 652,006 |
| Corporate and administration expenses | 528,611 |
| Exploration costs expensed | 3,923,279 |
| Costs relating to acquiring and managing tenements under application | 218,639 |
| Total expenses | 5,215,600 |

*Exploration costs expensed* relate to the cost of acquiring the South Korean assets. $3.67M of this amount is the value of Lamboo Resources Limited shares and performance rights granted to the vendors. (refer to Note 23 for more details). The remaining $0.25M was transaction costs related to the purchase. The Consolidated Entity has adopted an accounting policy of directly expensing the initial acquisition of exploration upfront. Any subsequent future exploration and evaluation expenditures on the South Korean projects are capitalised in accordance with and AASB 6 "Exploration for and Evaluation of Mineral Resources".

*Costs relating to acquiring and managing tenements under application* relate to the cost of applying for exploration tenements in Western Australia. In accordance with and AASB 6 “Exploration for and Evaluation of Mineral Resources” any amounts incurred in relation tenements before they are granted are shown as an expense.

Both of these above expense sources can be regarded as one-off items to the extent they will not be incurred in future periods unless additional projects are acquired or applied for.

Cashflows

The Consolidated Entity’s cash decreased by $5.1M during the year. The major items of cash expenditure were:

| | 2013<br>$ |
|---|---|
| Payments relating to the exploration and evaluation of projects | 2,563,092 |
| Capital raising payments relating to the prior year [1] | 493,456 |
| Other payments relating to the prior year [1] | 313,619 |
| Transaction costs relating to the acquisition of the South Korean projects | 243,487 |
| Costs relating to acquiring and managing tenements under application | 218,639 |
| Payments for plant and equipment | 68,312 |
| Payments for security deposits | 61,858 |
| Employee payments [2] | 652,006 |
| Administrative payments | 647,211 |

[1] As the capital raising and relisting of the Company occurred late in the 2012 financial year, a number of items payable were not settled until the 2013 financial year.

[2] Employee payments for technical staff that relate specifically to the Company’s projects are included in “Payments relating to the exploration and evaluation of projects”.

## REVIEW OF OPERATIONS

### Exploration

The Company’s tenements include advanced exploration projects at McIntosh and Halls Creek in the East Kimberley of Western Australia, Valla in Northern New South Wales and South Korea. The prime focus of the Company during the period has been on its McIntosh flake graphite project in the East Kimberley area, and its flake graphite projects in South Korea. Limited field work was undertaken at the Valla project during the period.

### McIntosh

The Company announced a maiden JORC compliant resource estimate of 5.323 Mt at 4.91% TGC (5.06% TC) for 262.4 Kt of contained graphite(see Table 1). The delineation of the JORC resource represents the result of successful exploration of flake graphite at the McIntosh Project where five (5) flake graphite targets have been identified. The graphite targets represent an aggregate 10 km strike length of graphitic schist within the high grade, Paleoproterozoic Tickalara Metamorphic suite that occurs immediately west of the Halls Creek Fault (Figure 1).

*Location and geology*

The McIntosh flake graphite project is logistically well located just 280 km along the Great Northern Highway south of the port of Wyndham. The Company has announced the discovery of at least five flake graphite schist horizons – Targets 1, 2, 3, 5 and 6 associated with aerial EM anomalies and occurring within the high grade metamorphic (upper amphibolite facies – sillimanite- cordierite subfacies) Tickalara Metamorphics forming part of the Halls Creek Tectonic Zone (Figure 1).

The host lithology to the flake graphite is a graphitic schist that in thin section can be associated with biotite, muscovite, quartz, feldspar and sillimanite in varying amounts. Sulphides are typically present and can be associated with anomalous Cu and Zn values although the sulphide component can be separated easily by gravity separation using a Wilfley Table. No deleterious minerals appear to be associated with the McIntosh flake graphite.

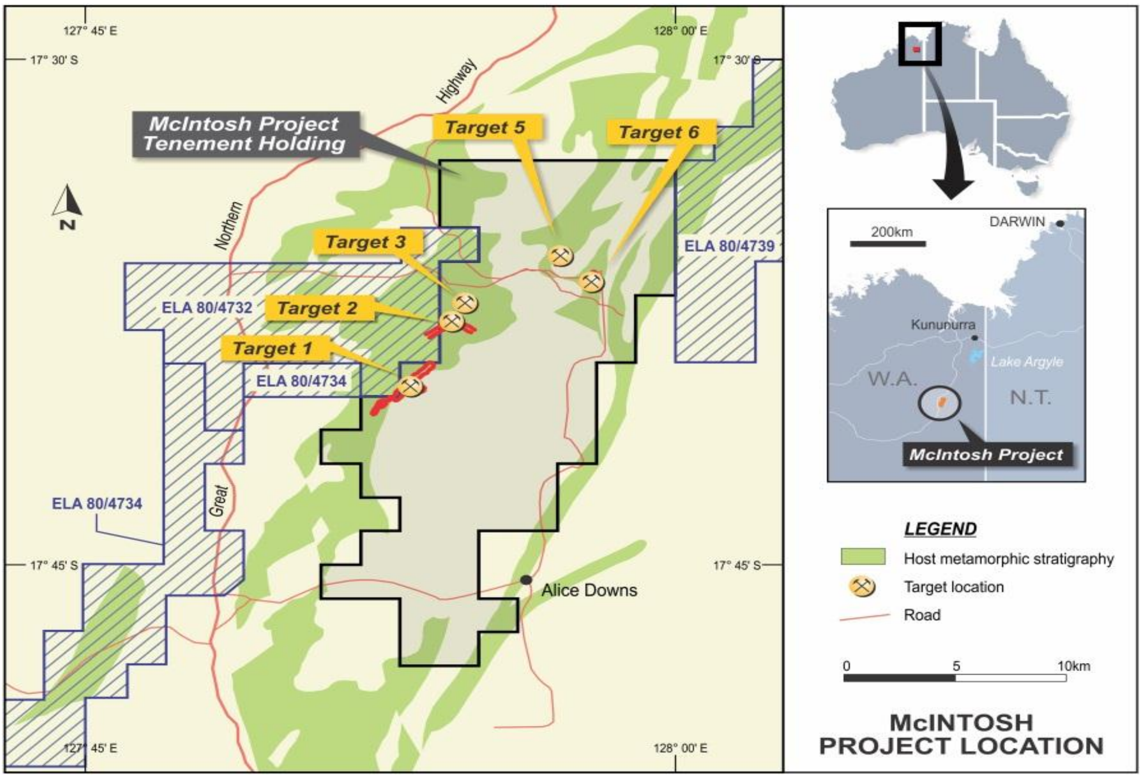


*Figure 1 Location of flake graphite Target areas in the McIntosh Project. ELA applications – hatched*

_JORC Resource_

Lamboo Resources Ltd announced a maiden indicated and inferred resource in compliance with the JORC Code at McIntosh Target 1 of 5,323,000 tonnes grading 4.91% TGC (5.06% TC) over a strike length of 400 m and to a depth of 200 m RL. The resource contains 262,400 tonnes of contained graphite at a nominal cut-off grade of 2% TGC (refer Table 1).

***Table 1: Target 1 Flake Graphite Resource estimated at 2.0% TGC lower cut off (*)***

| Project Area | Ore Type | Resource Classification | Tonnes | Graphite (%TGC) | Contained graphite (tonnes) |
|---|---|---|---|---|---|
| **Target 1 Graphite** | Primary | Indicated | 3,615,000 | 4.89 | 177,800 |
| | Oxide | Inferred | 350,000 | 5.03 | 17,600 |
| | Primary | Inferred | 1,359,000 | 4.93 | 67,000 |
| | | | | | |
| | Oxide + primary | **Total Resource** | **5,323,000** | **4.91** | **262,400** |

***Resource modelling was undertaken with IMS mining software by Mr William Seldon Mart as the Competent Person. Seldon Mart is a principal of MineMap Pty Ltd and is a Member of the Australasian Institute of Mining and Metallurgy.**

The JORC resource represents 400 m of a flake graphite horizon that extends over at least 2500 m with the potential to increase the overall resource at Target 1. Recent announcements by the Company indicate the flake graphitic schist continues to the southwest and remains open both along strike and at depth at Target 1. Phase 2 drilling has extended the strike length of the flake graphite schist horizon containing the published JORC resource at Target 1 (Figure 2). An aggregate strike length of 1500 m has now been confirmed and a further 1000 m of the aerial EM anomaly requires testing.

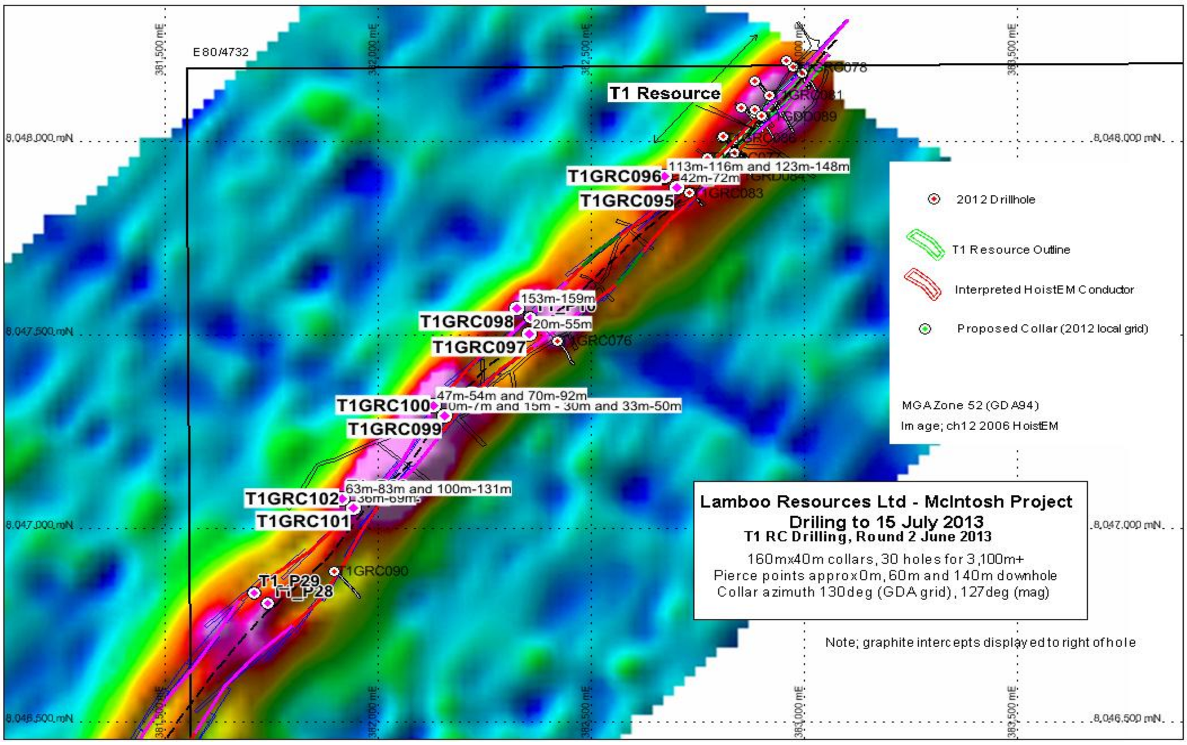


*Figure 2 Phase 2 drill hole locations at Target 1 showing the extent of the aerial EM anomaly associated with the flake graphite schist horizon.*

Additional resource tonnes at Target 2 are currently being assessed by the Company and should add to the overall resource inventory at the McIntosh graphite project. Targets 5 and 6 have also provided encouragement with the presence of coarse flake graphite confirmed by petrographic studies. Geological mapping and preliminary RC drilling at Target 5 (10 holes for 822 m) all intersected mineralisation and have confirmed the flake graphite horizon extends over a strike length of 1100 m with aggregate down hole flake graphite intercepts up to 73 m (drill hole T5GRC). Rock chip assays at Target 5 indicate grades in excess of 10% TGC (and up to 17.8%) for two rock chip samples (Figure 3B). Geological mapping at Target 6 has located a broad zone of graphite mineralisation within a possible fold nose and is regarded as a priority drilling target.

*Figure 3A Strong flake graphite at surface at Target 1*

*Figure 3B Outcrop of strongly developed flake graphite at Target 5.*

*Petrology*

Drill hole samples from Target 1 have confirmed the presence of strong flake graphite occurring as clumps as well as locally rimming stellate aggregates of sillimanite that would appear to indicate remobilisation and potential enhancing of flake graphite during retrograde metamorphism (refer Figures 4A and 4B). Figures 4C and 4D show that flake graphite has been concentrated along a series of anastomosing shears providing a natural separation of the flake graphite at

Target 1. Graphite flakes investigated to date at Target 1 are relatively consistent and vary in size from 20 to 160 um with an average 50 um in the samples examined (Table 2). The approximate breakdown of the Target 1 flake size based on petrographic analysis is: 20 – 100 ųm (<140 #) - 75%, 100 – 160 ųm (>140# & <80#) - 20%, 160 – 250 ųm (>80#) – 5%.

It is important to note that flake graphite size in Targets 5 and 6 appears to be larger - in the order of 100 to 250 um and would provide flexibility in terms of flake graphite production for selected markets.

**Photomicrographs of flake graphite from Target 1 diamond drill holes under the polarising microscope**

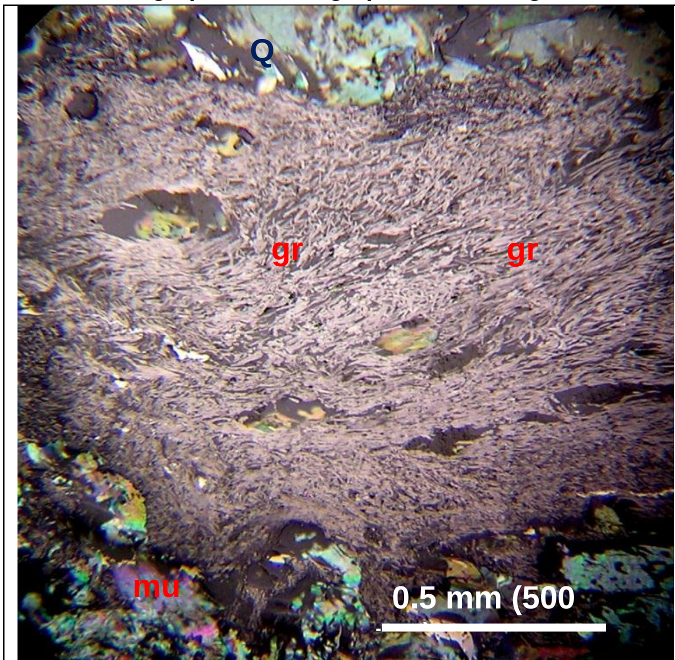


*Figure 4A: Target 1 (Sample 507224 – T1GRD 84 100.85 m) showing flake graphite (gr) aggregates or "clumps" associated with minor quartz (Q) and muscovite (mu) in the graphitic schist host. Crossed polars under reflected and transmitted light. Field of view – 1.5 mm.*

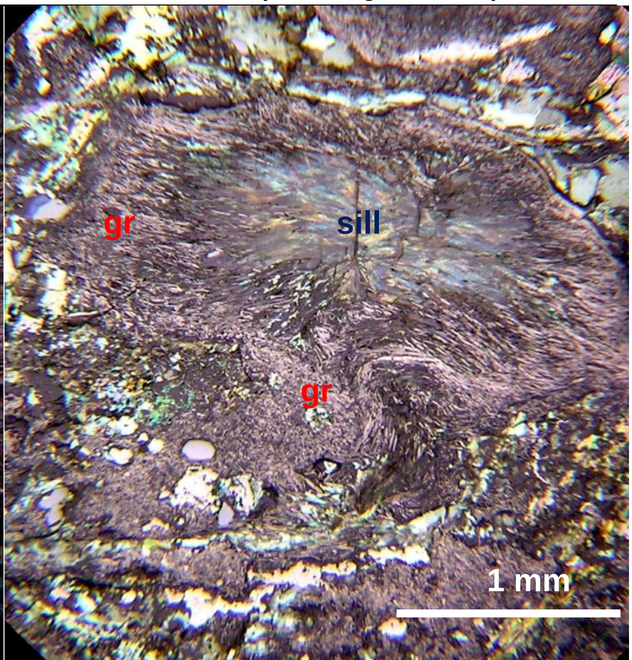


*Figure 4B: Target 1 (Sample 507225 – T1GRD 84 102.41 m) – detail of flake graphite rimming sillimanite (sill). Graphite appears to have been re-mobilised during the metamorphic process. Crossed polars under reflected and transmitted light Field of view – 3 mm.*

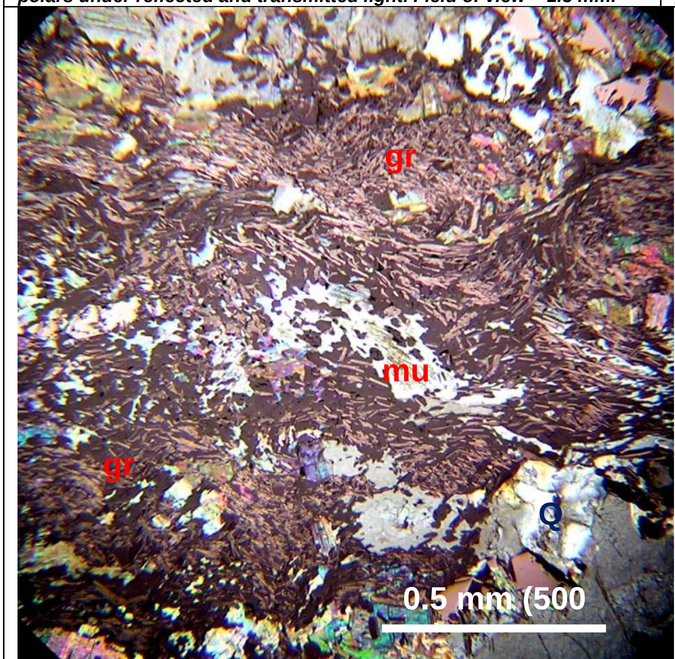


*Figure 4C: Target 1 (Sample 508488-T1GRD 085 107.35 m) flake graphite (gr) parallels an anastomosing schistosity in the graphite schist host. Note that graphite (gr) occurs as discrete aggregates locally rimming muscovite (mu) and quartz (Q). Crossed polars under reflected and transmitted light. Field of view – 1.5 mm.*

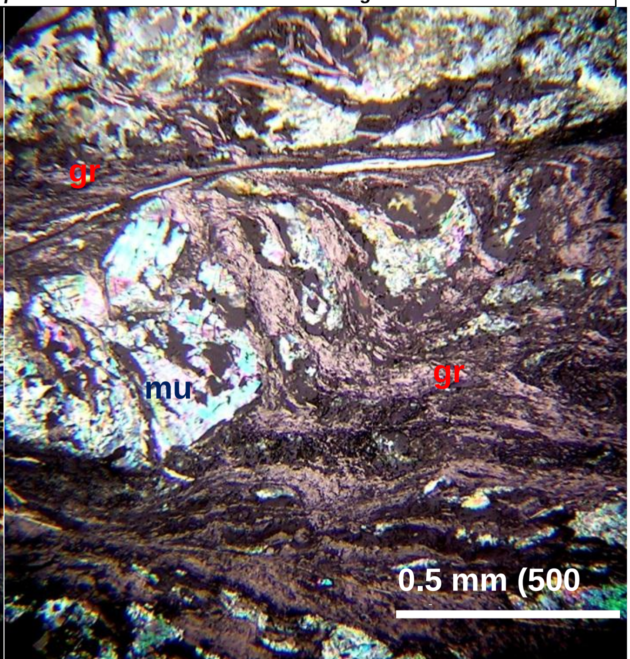


*Figure 4D: Target 1 (Sample 508500 – T1GRD 084 88.6m) anastomosing graphite (gr) occurring as "shredded concentrates" associated with muscovite (mu) in the graphite schist host. Crossed polars under reflected and transmitted light Field of view – 1.5 mm.*

***Table 2: Petrographic analysis of flake size and distribution apparent from surface and drill hole samples at Target 1***

| Sample | Type | Drill hole/location | Graphite (est vol%) | Flake size range |
|---|---|---|---|---|
| 508435 | Outcrop grab sample | 384470E/8050276N | 5% | 30 – 130 ųm |
| 508438 | Outcrop grab sample | 383022E/8048378N | 6% | 35 – 150 ųm |
| 508440 | Outcrop grab sample | 382773E/8047837N | 5% | 20 – 100 ųm |
| 508459 | Outcrop grab sample | 382802E/8047959N | 10% | 30 – 100 ųm |
| 508481 | Drill core | T1GRD 089 23.8 m | 12% | 40 – 130 ųm |
| 508482 | Drill core | T1GRD 089 31.8 m | 8% | 30 – 160 ųm |
| 508485 | Drill core | T1GRD 085 92.02 m | 5% | 40 – 160 ųm |
| 508488 | Drill core | T1GRD 085 107.35 m | 9% | 50 – 150 ųm |
| 508489 | Drill core | T1GRD 085 114.77 m | 8% | 30 – 120 ųm |
| 508491 | Drill core | T1GRD 085 125.58 m | *7%* | 30 – 200 ųm |
| 508492 | Drill core | T1GRD 085 127.44 m | 8% | 15 – 150 ųm |
| 508493 | Drill core | T1GRD 085 130.45 m | 6% | 20 – 230 ųm |
| 508497 | Drill core | T1GRD 084 83.51 m | 9% | 20 – 160 ųm |
| 508498 | Drill core | T1GRD 084 83.73 m | 7% | 20 – 160 ųm |
| 508499 | Drill core | T1GRD 084 87.88 m | 6% | 30 – 160 ųm |
| 508500 | Drill core | T1GRD 084 88.6 m | 6% | 20 – 200 ųm |
| 507223 | Drill core | T1GRD 084 92.14 m | 9% | 20 – 160 ųm |
| 507224 | Drill core | T1GRD 084 100.85 m | 7% | 30 – 180 ųm |
| 507225 | Drill core | T1GRD 084 102.41 m | 8% | 15 – 200 ųm |
| 507226 | Drill core | T1GRD 084 109.91 m | 6% | 20 – 120 ųm |

*Mining and Metallurgy*

Ongoing metallurgical studies are aimed at developing procedures consistent with the production of highly marketable flake graphite on site, with the plan to export to Asia via Wyndham Port (Figure 5). The economics of the project are greatly enhanced by expected low strip ratios in a potential open cut operation at Target 1. The project still requires a favourable outcome from pre-feasibility and feasibility studies as well as government certification including the granting of a mining lease expected to occur within 12 to 18 months.

***Figure 5 – Wyndham Port, WA – close to Lamboo's McIntosh Graphite Project. Note bulk loading in progress***

*Heritage*

Heritage agreements over the McIntosh tenements are in place and all contacts and field visits with traditional owners have been very positive. No major impediments are expected in terms of aboriginal title and final negotiations are expected to be positive. WA state government royalties will apply to any mining operation although the project will not be subject to MRRT.

**South Korean Flake Graphite Projects**

Drilling is planned to commence in October 2013 with the aim of increasing the current resources at the Geuman Project. The existing resources for the South Korean Projects are included in Table 3.

***Table 3. Resources for South Korean Projects.***

| Location | Measured | Indicated | Inferred | TGC | Graphite |
|---|---|---|---|---|---|
| | tonnes | tonnes | tonnes | % | tonnes |
| Geuman | 0 | 0 | 200,000 | 10 | 20,000 |
| Samcheok | 0 | 0 | 200,000 | 5 | 10,000 |
| Taehwa | 0 | 0 | 170,000 | 7 | 11,900 |
| Total | 0 | 0 | 570,000 | 7.35 | 41,900 |

Drilling will target Exploration Targets* B, C and E as summarised in Table 4 below.

***Table 4 Summary of Exploration Targets at the Geumam Graphite Project***

| Prospect | Length (m) | Width (m) | Depth (m) | Est SG (g/cc) | Tonnes (t) | Grade (% Cg) | Contained Graphite (Mt) |
|---|---|---|---|---|---|---|---|
| A | 120 | 45 | 100 | 2.3 | 1-2Mt | 8-15% | 0.08-0.30 |
| B West | 300 | 35 | 100 | 2.3 | 2-3Mt | 2-8% | 0.04-0.24 |
| B East | 250 | 30 | 100 | 2.3 | 2-3Mt | 2-8% | 0.04-0.24 |
| C | 600 | 50 | 100 | 2.3 | 5-8Mt | 8-15% | 0.40-1.20 |
| D | 80 | 50 | 100 | 2.3 | 1Mt | 2-8% | 0.02-0.08 |
| E | 300 | 25 | 100 | 2.3 | 1-2Mt | 2-8% | 0.02-0.16 |
| F | 850 | 25 | 100 | 2.3 | 3-6Mt | 5-15% | 0.15-0.90 |
| G | 400 | 25 | 100 | 2.3 | 2-3Mt | 5-15% | 0.10-0.45 |
| **Total** | | | | | **17-28Mt** | **5-10%** | **0.85 to 3.57** |

* Cautionary Statement: "Exploration Target" estimate was prepared by Mr Christopher M. Sennitt *MSc Economic Geology, BSc Applied Geology, FAIG, SEG* based on geological mapping completed in 2012 by *Senlac Geological Services Pty Ltd* and historical mapping and sampling undertaken by the *Korean Mining Promotion Corporation* (1980a, 1980b & 1980c). The estimate is conceptual in nature, as there is insufficient exploration to define a resource. It is uncertain if further exploration will produce a resource

Detailed technical reports were compiled on the Geumam and Taehwa graphite projects. Petrological and geochemical results were received and included in these reports. Drill programs have been prepared with the aim of establishing JORC inferred mineral resources at both deposits.

Additional tenements have been applied for over the Geumam project to ensure that all significant flake graphite extensions are now covered (**Figure 6B**). Access agreements have been reached with the landowners over pads B, C, D, E, G, H and K. A Drilling Permit was issued on 26 September by the Dangjin City (Gun/County) of Chungnam Province for these sites. Negotiations with landowners for remaining collars A, F, I, J and L are still in progress and separate approvals from Dangjin City will be sought for these after agreement is reached.

A site visit to Geumam was made with the KPMG Korean Director of Corporate Finance. Meetings were also held with the Korean Institute of Carbon Convergence Technology and the Powell Corporation.

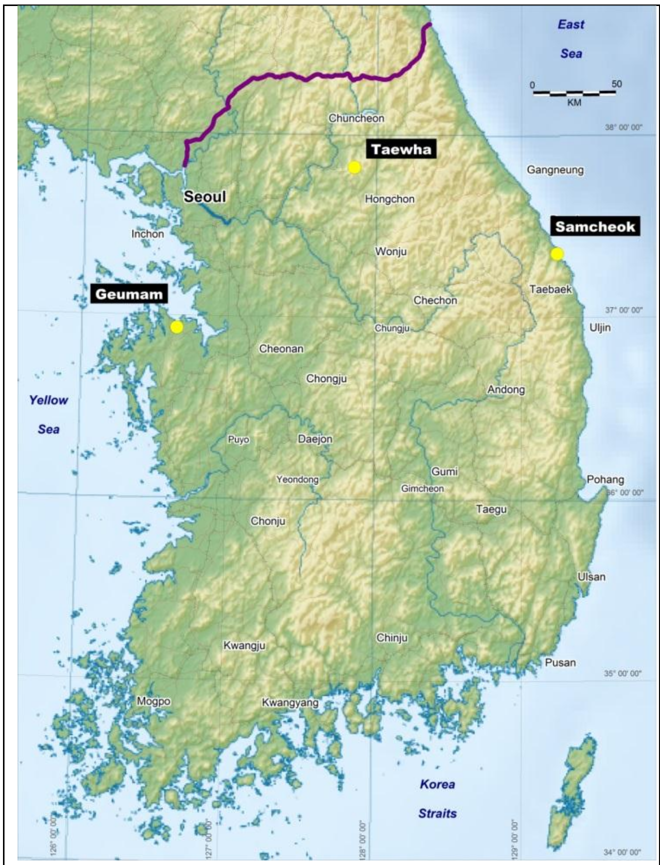


Figure 6A. Location Map of Lamboo Resources Graphite Projects in South Korea.

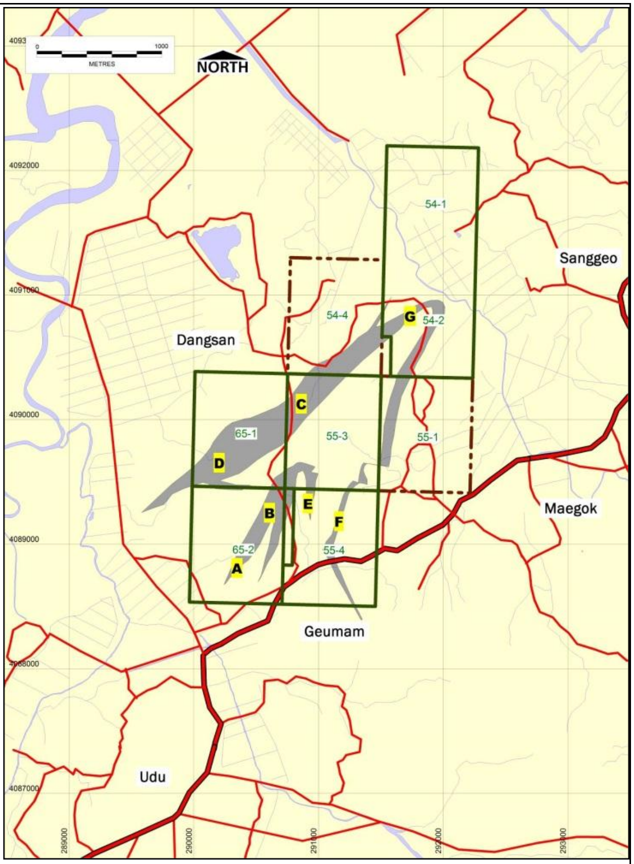


Figure 6B Topographic & Tenure Map, Geumam Graphite Project. The granted Mining Rights are indicated with respect to the mapped graphite schist beds. Applications for Mining Rights are indicated by the dark red dashed line.

## *Compliance Statement*

*Information in this "Directors' Report" relating to Exploration Results and geological data has been compiled by the Technical Director of Lamboo Resources Ltd, Dr Craig S. Rugless who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute Geoscientists. He has sufficient experience that is relevant to the types of deposits being explored for and qualifies as a Competent Person as defined by the JORC Code 2012. He consents to the inclusion of this information in the form and context in which it appears in this report.*

*Information in this "Directors' Report" relating to Mineral Resources at the McIntosh Project was completed by MineMap Pty Ltd, an independent consulting company in the mining and resources industry, and subsequently reviewed by Mr Rodney Williams, a Director of Lamboo Resources Ltd and a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Rodney Williams qualifies as a Competent Person as defined by the JORC Code 2012 and has sufficient experience to review resources and reserves He consents to the inclusion of this information in the form and context in which it appears in this report.*

*Information in this "Directors' Report" relating to Inferred Mineral Resources associated with the Company's projects in South Korea was compiled by Mr Christopher Sennitt who is the principal of Senlac Geological Services Pty Ltd. Mr Sennitt is a Fellow of the Australian Institute of Geoscientists and a Member of the Society of Economic Geologists. Senlac Geological Services Pty Ltd is a shareholder of Lamboo Resources Ltd and further interests in share issues related to specific inferred resources targets. Mr Sennitt has sufficient experience that is relevant to the types of deposits being explored for and qualifies as a Competent Person as defined by the JORC Code 2012. He consents to the inclusion of this information in the form and context in which it appears in this report.*

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period, the Company acquired 100% of the issued capital of Opirus Minerals Pty Ltd (Opirus), a company that holds, through its wholly owned subsidiary Won Kwang Inc, a number of flake graphite exploration projects and certain exploration permit applications over potential flake graphite-bearing areas in South Korea.

In consideration for the acquisition the Company issued, pro rata to Opirus shareholders:

(a) 12,500,000 ordinary shares; and

(b) 22,500,000 performance rights, which give the holder the right to acquire shares for no consideration, upon the achievement of the following milestones:

(i) The first 12,500,000 performance rights (Tranche 1 Rights), within 36 months of completion of the acquisition agreement, the tenements or tenement applications achieve a JORC compliant inferred mineral resource of 100,000 tonnes or more of in situ carbon as graphite; and

(ii) The second 10,000,000 Performance Rights (Tranche 2 Rights), within 36 months of completion of the acquisition agreement, a pre-feasibility study is completed that is commercially acceptable to the Company, acting reasonably, in respect of at least one of the projects represented by the tenements or tenement Applications.

The Company has agreed to invest, within 24 months of completion of the acquisition, at least $2,500,000 on direct exploration expenditure in South Korea, to develop the Tenements and the Tenement Applications, in accordance with good commercial practice and excluding head office or corporate costs and general staffing costs.

## LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

During 2014, the Company will continue to advance its existing exploration assets aiming to bring them into production in the near future. The Company's planned activities for the coming year include:

### McIntosh

- Further drilling to test the aerial EM anomaly;
- Ongoing metallurgical studies to develop procedures consistent with the production of highly marketable flake graphite on site;
- Potentially expand the resource tonnes based on drilling results from Target 2; and
- Commence feasibility studies on the project.

### South Korea

- Commence drilling at the Geumam and Taehwa projects;
- Potentially expand the existing JORC compliant resource.

### Partnerships

The Company is also looking at partnering universities and research institutions in Australia and Asia in developing products for graphite in the fields of cutting edge battery technology and the production of graphene. Lamboo feels that major advantages will be gained by early production of a premium product without trace element impurities as well as a guarantee of long term production.

## INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company has entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company and certain indemnification to those Directors and Secretary.

The Company has insured all of the Directors of Lamboo Resources Limited. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

**SHARE OPTIONS**

At the date of this report there were no shares under option.

Details of options issued, exercised and expired during the financial year are set out below:

| | | Movements | | | | |
|---|---|---|---|---|---|---|
| **Expiry Date** | **Exercise Price** | **1 July 2011** | **Issued** | **Exercised** | **Expired** | **30 June 2013** |
| 20 December 2012 | $0.48 | 1,041,667 | - | - | (1,041,667) | - |
| | | 1,041,667 | - | - | (1,041,667) | - |

No shares in Lamboo Resources Limited were issued during the year on exercise of options granted.

## REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the Directors and key management personnel of Lamboo Resources Limited (the Company).

### Remuneration Policy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the executive team. The Board of Directors assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash, equity and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for the Company. Further details on the remuneration of Directors and executives are set out in this Remuneration Report.

The Company aims to reward the executive Directors and key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The Board's policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering long-term incentives.

In accordance with best practice corporate governance, the structure of non-executive Director, executive Director and key management personnel remuneration is separate and distinct except that non-executive Directors, as well as executives may participate in incentives involving the issue to them of securities in the Company.

### Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Company's specific policy for determining the nature and amount of emoluments of board members of the Company is as follows:

In accordance with the Constitution, the existing Shareholders of the Company have determined in general meeting that the maximum non-executive Director remuneration to be $300,000 in total, per annum.

Each non-executive Director is entitled to receive fees of $65,000 per annum and the Chairman up to $90,000 per annum. A Director will not be entitled to receive Directors' fees if he or she is employed by the Company in a full-time executive capacity.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director will also be reimbursed for out of pocket expenses incurred as a result of their Directorship or any special duties.

The remuneration of non-executive Directors for the year ending 30 June 2013 is detailed in Table 1 of this Remuneration Report.

### Executive Directors and Key Management Personnel Remuneration

The Company aims to reward the executive Directors and key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of the executive chairman and key management personnel for the year ending 30 June 2013 is detailed in Tables 1 and 2.

## Employment Contracts

*Agreement with the Managing Director*

On 15 March 2012, the Company and Richard Trevillion entered into an agreement containing the terms and conditions under which he will provide his services as chief executive officer of the Company.

The agreement:

- has no specified term;
- involves the payment to Richard Trevillion of an annual salary of $200,000 plus 9% superannuation and reimbursement of all reasonable business expenses;
- participate in an annual incentive plan (at the discretion of the Board);
- has provision for six months' notice for termination. The Company may terminate this employment agreement by providing 6 months written notice or providing payment in lieu of the notice period; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

*Agreement with the Technical Director*

On 21 May 2012, the Company and Craig Rugless entered into an agreement containing the terms and conditions under which he will provide his services as chief technical officer of the Company.

The agreement:

- has no specified term;
- involves the payment to Craig Rugless of an annual salary of $175,000 plus 9% superannuation and reimbursement of all reasonable business expenses;
- participate in an annual incentive plan (at the discretion of the Board);
- has provision for six months' notice for termination. The Company may terminate this employment agreement by providing 12 months written notice or providing payment in lieu of the notice period; and
- otherwise contains standard terms relating to confidentiality, conflicts of interest and representations and warranties.

*Agreement with Company Secretary*

The Company Secretary and CFO, Mr Paul Marshall, is engaged on an on-going consultancy style agreement for the provision of services as company secretary and chief financial officer. Services are invoiced monthly based on services provided. The contract provides for a three month notice period.

## Details of Directors and Key Management Personnel

*Directors*

| Name | Position | Period of Directorship |
|---|---|---|
| Richard Trevillion | Managing Director and CEO | Appointed 20 December 2010 |
| Craig Rugless | Executive Director | Appointed 21 May 2012 |
| Rod Williams | Non-Executive Director | Appointed 21 May 2012 |
| Rick Anthon | Non-Executive Chairman | Appointed 18 June 2012 |

*Key Management Personnel*

| Name | Position | Detail |
|---|---|---|
| Paul Marshall | Company Secretary | Commenced 15 June 2012 |

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the Consolidated Entity.

### Table 1: Director Remuneration

| 2013 | Short Term: Salary & Fees | Short Term: Cash Bonus | Short Term: Leave Entitle-ments | Post-Employment: Superan-nuation | Post-Employment: Retirement benefits | Share-based Payments: Options | Total | Performance Related % | % consisting of options |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | | |
| **Directors** | | | | | | | | | |
| Richard Trevillion | 200,000 | - | 20,962 | 18,000 | - | - | 238,962 | - | - |
| Craig Rugless | 175,000 | - | 18,341 | 15,750 | - | - | 209,091 | - | - |
| Rod Williams | 65,000 | - | - | - | - | - | 65,000 | - | - |
| Rick Anthon(1) | 81,945 | - | - | - | - | - | 81,945 | - | - |
| | 521,945 | - | 39,303 | 33,750 | - | - | 594,998 | | |

(1) Rick Anthon was appointed Chairman on 23 October 2012.

| 2012 | Short Term: Salary & Fees | Short Term: Cash Bonus | Short Term: Leave Entitle-ments | Post-Employment: Superan-nuation | Post-Employment: Retirement benefits | Share-based Payments (6): Shares | Total | Performance Related % | % consisting of options |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | | |
| **Directors** | | | | | | | | | |
| Richard Trevillion | 200,000 | 200,000 | 20,961 | 39,323 | - | 89,390 | 549,674 | 56% | - |
| Craig Rugless(1) | 19,178 | 175,000 | 2,010 | 17,476 | - | - | 213,664 | 89% | - |
| Rod Williams(2) | 7,123 | 65,000 | - | - | - | - | 72,123 | 90% | - |
| Rick Anthon(3) | 2,137 | - | - | - | - | - | 2,137 | - | - |
| Brian Pethica(4) | 94,812 | - | - | - | - | 10,134 | 104,946 | 10% | - |
| Rick Taylor(5) | 125,416 | - | - | - | - | 59,593 | 185,009 | 32% | - |
| | 448,666 | 440,000 | 22,971 | 56,799 | - | 159,117 | 1,127,553 | | |

(1) Craig Rugless was appointed on 21 May 2012
(2) Rod Williams was appointed on 21 May 2012
(3) Rick Anthon was appointed on 18 June 2012
(4) Brian Pethica resigned on 6 June 2012
(5) Rick Taylor resigned on 14 June 2012. Included in salary and fees is a termination payment of $32,500.
(6) The value of equity instruments granted in the year is the fair value of the options and shares calculated at grant date using a Black-Scholes pricing model. The value of instruments granted and treated as an expense is the proportionate cost incurred in the current year in accordance with AASB2 Share Based Payments.

The Board agreed that as a result of the acquisition of Lamboo and McKintosh that a bonus be paid of the equivalent of the annual salary to Richard Trevillion, Craig Rugless and Rod Williams. 100% of the bonus vested and was paid in the 2012 financial year.

### Table 2: Remuneration of key management personnel

| 2013 | Short Term: Salary & Fees | Short Term: Cash Bonus | Short Term: Non-cash benefits | Post-Employment: Superan-nuation | Post-Employment: Retirement benefits | Share-based Payments: Options | Total | Performance Related % | % consisting of options |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | | |
| **Key Management Personnel** | | | | | | | | | |
| Paul Marshall | 52,000 | - | - | - | - | - | 52,000 | - | - |

| 2012 | Short Term: Salary & Fees | Short Term: Cash Bonus | Short Term: Non-cash benefits | Post-Employment: Superan-nuation | Post-Employment: Retirement benefits | Share-based Payments: Options | Total | Performance Related % | % consisting of options |
|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | | |
| **Key Management Personnel** | | | | | | | | | |
| Paul Marshall(1) | 2,137 | - | - | - | - | - | 2,137 | - | - |

(1) Paul Marshall was appointed on 15 June 2012.

### Shares issued on exercise of remuneration options

No shares were issued on the exercise of compensation options in the 2013 financial year (2012: Nil).

### Equity instruments issued as part of remuneration

No equity instruments were issued to Directors and executives as part of their remuneration.

### Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return over the last 5 years are summarised below:

| Measures | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Share price at end of financial year ($) | 0.08 | 0.38 | 0.02 | 0.12 | 0.50 |
| Market capitalisation at end of financial year ($M) | 6.37 | 25.52 | 1.08 | 5.66 | 12.95 |
| Profit/(loss) for the financial year ($) | (5,215,600) | (4,736,892) | (2,402,326) | (6,910,899) | (5,600,721) |
| | | | | | |
| Director and Key Management Personnel remuneration | 646,998 | 1,129,690 | 385,392 | 1,093,960 | 1,067,445 |

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

No remuneration consultants were used in the 2013 financial year.

*End of Remuneration Report*

**NON-AUDIT SERVICES**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, BDO Audit Pty Ltd and its related practices:

| | |
|---|---|
| Taxation services | $9,865 |

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration forms part of the Directors' Report and is attached on page 20.

**EVENTS AFTER BALANCE SHEET DATE**

On 22 August 2013 the Company announced a capital raising of $1,000,000 through the placement of 16.67 million shares at 6 cents per share. Subject to shareholder approval, participants in the placement will receive one attaching option for every two shares subscribed for. The proposed options will be exercisable at $0.15 on or before 15 August 2015. As at the date of this report the capital raising is still to be completed.

There have been no other events since 30 June 2013 that impact upon the financial report.

Signed in accordance with a resolution of the Board of Directors

**Director**
**Dated this 30th day of September 2013**

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

**DECLARATION OF INDEPENDENCE BY ALBERT LOOTS TO THE DIRECTORS OF LAMBOO RESOURCES LIMITED**

As lead auditor of Lamboo Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lamboo Resources Limited and the entities it controlled during the period.

**A S Loots**

Director

**BDO Audit Pty Ltd**

Brisbane, 30 September 2013

## ADDITIONAL STOCK EXCHANGE INFORMATION

### DISTRIBUTION OF NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 24 SEPTEMBER 2013

| Number of Securities Held | Ordinary shares fully paid No. of holders |
|---|---|
| 1 to 1,000 | 254 |
| 1,001 to 5,000 | 59 |
| 5,001 to 10,000 | 113 |
| 10,001 to 100,000 | 227 |
| 100,001 and over | 71 |
| | 724 |

| | |
|---|---|
| Number of shareholders holding less than a marketable parcel of shares | 230 |

### TWENTY LARGEST HOLDERS OF EACH QUOTED SECURITY

| Rank | Name | Balance | % Held |
|---|---|---|---|
| 1 | NATIONAL NOMINEES LIMITED | 13,601,842 | 17.076 |
| 2 | PATHFINDER EXPLORATION PTY LTD | 10,500,000 | 13.182 |
| 3 | NORVALE PTY LTD | 7,000,000 | 8.788 |
| 4 | MR RICHARD TREVILLION | 2,826,040 | 3.548 |
| 5 | SENLAC GEOLOGICAL SERVICES PTY LTD <CHRISTOPHER SENNITT FAM A/C> | 2,433,525 | 3.055 |
| 6 | MR PAUL ANTHONY HENRY | 2,015,000 | 2.530 |
| 7 | LSAF HOLDINGS PTY LTD <OWEN FAMILY A/C> | 2,000,000 | 2.511 |
| 8 | MRS MIN YOUNG KANG | 1,828,587 | 2.296 |
| 9 | MR RICHARD TAYLOR | 1,800,000 | 2.260 |
| 10 | ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C> | 1,763,790 | 2.214 |
| 11 | MR RICHARD HOPETOUN BITCON | 1,600,000 | 2.009 |
| 12 | MR ROBERT LORD | 1,600,000 | 2.009 |
| 13 | WOODLANDS ASSET MANAGEMENT PTY LTD | 1,455,000 | 1.827 |
| 14 | ALLEGRO CAPITAL NOMINEES PTY LTD <ALLEGRO CAPITAL ACCOUNT> | 1,314,480 | 1.650 |
| 15 | MR NICHOLAS DERMOTT MCDONALD | 1,222,546 | 1.535 |
| 16 | ADCOCK PTY LTD | 949,346 | 1.192 |
| 17 | ORBIT CAPITAL PTY LTD | 933,517 | 1.172 |
| 18 | RL WEBB NOMINEES PTY LIMITED | 769,231 | 0.966 |
| 19 | DSO PTY LTD <THE KAZ SERVICE A/C> | 758,867 | 0.953 |
| 20 | MR DEREK JON POCOCK <THE POCOCK FAMILY A/C> | 710,115 | 0.892 |

### VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

### SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as shown in substantial shareholder notices received by the Company at 24 September 2013 are:

| Name of Shareholder | Ordinary Shares |
|---|---|
| PATHFINDER EXPLORATION PTY LTD | 10,500,000 |
| NORVALE PTY LTD | 7,000,000 |

## INTERESTS IN EXPLORATION TENEMENTS

Lamboo Resources Limited held the following interests in exploration tenements as at 27 September 2013:

| Project | Tenement | Area km2 | Application Date | Grant Date | Expiry Date |
|---|---|---|---|---|---|
| **McIntosh** | E80/3864 | 29.2 | | 8/4/2008 | 8/4/2014 |
| **WA** | E80/3928 | 81 | | 2/6/2009 | 2/6/2014 |
| | E80/3906 | 51.8 | | 3/12/2008 | 2/12/2013 |
| | E80/3907 | 9.7 | | 3/12/2008 | 2/12/2013 |
| | E80/4396 | 16.2 | | 2/8/2011 | 1/8/2016 |
| | E80/4688 | 12.5 | | 25/10/12 | 24/10/17 |
| | E80/4655 | 12.5 | 24/10/2011 | | |
| | | | | | |
| **Halls** | E80/4676 | 12.96 | 13/1/2012 | | |
| **Creek** | E80/4677 | 343.44 | 13/1/2012 | | |
| **WA** | E80/4678 | 281.88 | 13/1/2012 | | |
| | P80/1776 | 0.17 | 19/12/2011 | | |
| | P80/1777 | 0.191 | 19/12/2011 | | |
| | P80/1778 | 0.169 | 19/12/2011 | | |
| | P80/1780 | 0.173 | 19/12/2011 | | |
| | P80/1783 | 0.197 | 19/12/2011 | | |
| | P80/1785 | 0.124 | 5/1/2012 | | |
| | P80/1786 | 0.161 | 5/1/2012 | | |
| | P80/1787 | 0.114 | 5/1/2012 | | |
| | | | | | |
| **Valla** | EL6702 | 58 | Renewal Pending | 16/1/2007 | 15/1/2013 |
| **NSW** | | | | | |
| | | | | | |
| **South Korea** | Dangjin 55-3 | 0.68 | | 7/2/2012 | 6/2/2032 |
| | Dangjin 65-1 | 0.68 | | 8/12/2011 | 7/12/2031 |
| | Dangjin 65-2 | 0.68 | | 17/12/2009 | 7/12/2029 |
| | Hongcheon 91-2 | 0.68 | | 15/11/2011 | 14/11/2031 |
| | Samcheok 09-2 | 0.68 | | 9/1/2013 | 9/1/2020 |

**CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of Lamboo Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Lamboo Resources Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1. Lay solid foundations for management and oversight
Principle 2. Structure the Board to add value
Principle 3. Promote ethical and responsible decision making
Principle 4. Safeguard integrity in financial reporting
Principle 5. Make timely and balanced disclosure
Principle 6. Respect the rights of shareholders
Principle 7. Recognise and manage risk
Principle 8. Remunerate fairly and responsibly

A copy of the eight Corporate Governance Principles and Recommendations can be found on the ASX's website at www.asx.com.au.

The board endorses the ASX Corporate Governance and Recommendations, and has adopted corporate governance charters and policies reflecting those recommendations to the extent appropriate having regard to the size and circumstances of the Company.

The Company is committed to ensuring that its corporate governance systems maintain the Company's focus on transparency, responsibility and accountability. For further information on corporate governance policies adopted by Lamboo Resources Limited, refer to our website: www.lambooresources.com.

ASX Principles and Recommendations not followed by the Company and the reasons for non-compliance are as follows:

| Recommendation Reference | Notification of Departure | Explanation for Departure |
|---|---|---|
| 2.1 | A majority of the board is not independent | The current board does not have a majority of independent Directors. The position of each Director and as to whether or not they are considered to be independent is set out below. The board believe that the individuals on the board can and do make quality and independent judgements in the best interest of the Company and other stakeholders notwithstanding that they are not independent Directors in accordance with the criteria set out in the recommendations. |
| 2.4 | A separate Nomination Committee has not been formed | The board considers that the Company is not currently of a size to justify the formation of a separate nomination committee. The board as a whole will undertake the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate, independent consultants may be engaged to identify possible new candidates for the board. |
| 3.2, 3.3 | Measurable objectives for achieving gender diversity and for the annual assessment of both the objectives and progress in achieving them have not been implemented | The Board has established a Diversity Policy. There are some aspects of the recommendations that are difficult to comply with due to the Company's size. The Board at this juncture has not set measurable objectives. This policy will be reviewed as part of the annual compliance review to ensure that the Diversity Policy is being progressed as required and to set measurable objectives when appropriate for the Company. |
| 4.1, 4.2, 4.3 | A separate Audit Committee has not been formed | The board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems. |

| Recommendation Reference | Notification of Departure | Explanation for Departure |
|---|---|---|
| 7.2 | Management has not reported to the board as to the effectiveness of the Company's management of its material business risks. | While the design and implementation of a basic risk management and internal control system is in place, a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the board, and is not considered necessary at this stage for the size and nature of the Company's current activities. |
| 8.1 | There is no separate Remuneration committee | The board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation for the remuneration committee. The board as a whole is responsible for the remuneration arrangements for Directors and any executives of the Company. |

**Structure of the Board**

The Board has adopted a formal board charter that outlines the roles and responsibilities of Directors and senior executives. The Board Charter has been made publicly available on the Company's website.

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines and independent Director as a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a Director's independence are considered each time the Board meets. In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered not to be independent:

| Name | Position | Reason for not being Independent |
|---|---|---|
| Richard Trevillion | Managing Director and CEO | Mr Trevillion is employed in an executive capacity |
| Craig Rugless | Technical Director | Mr Rugless is employed in an executive capacity |
| Rod Williams | Non-executive Director | Mr Williams is a substantial shareholder of the Company |

Lamboo Resources Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Lamboo Resources Limited due to their considerable industry and corporate experience.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

| Name | Term in Office |
|---|---|
| Richard Trevillion | 2 years 9 months |
| Craig Rugless | 1 year 4 months |
| Rod Williams | 1 year 4 months |
| Rick Anthon | 1 year 3 months |

### Trading Policy

The Board has adopted a policy and procedure on dealing in the Company's securities by Directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information and during certain pre-determined windows.

### Company Code of Conduct

The Company is committed to operating ethically, honestly, responsibly and legally in all its business dealings. Accordingly, the Company requires employees to act in the Company's best interests in a professional, honest and ethical manner, and in full compliance with the law, both within and on behalf of the Company.

The Company has an established Code of Conduct (Code) which outlines the behaviour that is expected of employees. The Code governs all the Company's operations and the conduct of Directors, management and employees when they represent the Company.

The Code clearly sets out the process for dealing with breaches of the Code. The Board, senior executives, management and all employees of the Company are committed to implementing this Code and each individual is accountable for such compliance.

A copy of the Code is given to all employees, contractors and relevant personnel, including Directors and senior executives. Appropriate training is provided for Directors, senior executives and employees on a regular basis, where applicable.

### Recruitment and Selection Processes

The recruitment and selection processes adopted by the Company ensure that staff and management are selected in a non-discriminatory manner based on merit. As the context permits is committed to workplace diversity. The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Company values diversity in all aspects of its business and is committed to creating an environment where the contribution of all its personnel is received fairly and equitably.

The Company has a number of objectives in place to continually work towards its vision. These objectives include:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Company seeks to achieve these objectives by:

- recruiting and managing on the basis of competence and performance regardless of age, ethnicity, gender or cultural background;
- providing equal opportunities based on merit;
- fostering a culture that empowers people to act in accordance with this policy;
- fostering an inclusive, supportive and respectful culture to enable all personnel to reach their full potential;
- respecting the unique attributes that each individual brings to the workplace; and
- establishing and reviewing measurable objectives, particularly on gender diversity.

The proportion of women employees in the whole organisation, women in senior management positions and women on the board are as follows:

| *Measure* | *Female Proportion* |
|---|---|
| Organisation | 20% |
| Senior Management | Nil |
| Board | Nil |

### Shareholder Communications

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company has established a Shareholder Communication Strategy which is available on the Company's website under "Corporate Governance".

All shareholders receive a copy of the Company's Annual Report and both the annual and half yearly reports are posted on the Company's website. Quarterly reports are prepared in accordance with ASX Listing Rules and posted on the Company's website. Regular updates on operations are made via ASX releases. All information disclosed to the ASX is posted on the Company's website as soon as possible after it is disclosed to the ASX.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the preparation and content of the audit report.

### Continuous Disclosure Policy

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. A copy of the Continuous Disclosure Policy can be found within the Company's Corporate Governance Statement on the Company's website.

### Board committees

The board's charter allows it to establish committees if and when required to assist in the execution of the duties of the board. As at the date of this report, no committees have been established as the structure of the board, the size of the Company and the scale of its activities, allows all Directors to participate fully in all decision making. When the circumstances require it, the committees will be instituted with each having its own charter approved by the board that will set the standards for the operation of the committees. All matters that would be considered by committee are dealt with by the board.

### Remuneration and Nomination

The full Board is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

### Audit and Risk Management

The responsibilities of Audit and Risk Management Committee are undertaken by the full Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Company has developed a basic framework for risk management and internal compliance and control systems which cover organisational, financial and operational aspects of the Company's affairs. Further detail of the Company's Risk Management policies is available on the Company's website.

Recommendation 7.2 requires that the Board disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. Business risks are considered regularly by the Board and management.

While the design and implementation of a basic risk management and internal control system is in place a formal report as to the effectiveness of the management of the Company's material business risks has not been provided to the Board.

As required by Recommendation 7.3, the Board has received written assurances from the Executive Chairman and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that they system is operating effectively in all material respects in relation to financial reporting risks.

### Performance

The Board considers remuneration and nomination issues annually and otherwise as required in conjunction with the regular meetings of the Board. The performance of the individual members of the Board is reviewed on an on-going basis as required in conjunction with the regular meetings of the Board.

Executives may, subject to the sole discretion of the Board, be awarded performance bonuses.

### Remuneration
It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and other Key Management Personnel fairly and appropriately with reference to relevant and employment market conditions. To assist in achieving this objective, the Board links the nature and amount of Executive Director's and Officer's emoluments to the Company's financial and operations performance.

The expected outcomes of the remuneration structure are:
- retention and motivation of Key Management Personnel
- attraction of quality management to the Company; and
- performance incentives which allow Executives to share the rewards of the success of Lamboo Resources Limited.

For details on the amount of remuneration and all monetary and non-monetary components for each of the highest paid (Non-Director) Executives during the year, and for all Directors, please refer to the Remuneration Report within the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of Lamboo Resources Limited and the performance of the individual during the year.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, subject to the Company's constitution and prior shareholder approvals, and the Executive team.

### Other Information
Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.lambooresources.com.

## Consolidated Statement of Comprehensive Income
## For the year ended 30 June 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| Interest revenue | | 106,935 | 16,470 |
| Employee expenses | | (652,006) | (1,035,131) |
| Corporate and administration expenses | | (528,611) | (800,385) |
| Exploration costs expensed | | (3,923,279) | (3,500,000) |
| Costs relating to acquiring and managing tenements under application | | (218,639) | - |
| Loss before income tax | | (5,215,600) | (5,319,046) |
| Income tax expense | 3 | - | - |
| Loss after income tax expense – continuing operations | | (5,215,600) | (5,319,046) |
| Profit/(loss) after income tax expense – discontinued operations | 2 | - | 582,154 |
| Loss for the year | | (5,215,600) | (4,736,892) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 15 | (47,364) | 57,226 |
| Re-classification of foreign exchange differences on disposal | 2 | - | (403,057) |
| Other comprehensive income for the year, net of tax | | (47,364) | (345,831) |
| **Total comprehensive income** | | (5,262,964) | (5,082,723) |
| Total comprehensive income arises from: | | | |
| Continuing operations | | (5,262,964) | (5,319,046) |
| Discontinued operations | | - | 236,323 |
| **Earnings per Share** | | *Cents* | *Cents* |
| Basic and diluted earnings/(loss) per share from continuing operations | 5 | (7.07) | (57.42) |
| Basic and diluted earnings per share from discontinued operations | 5 | - | 6.29 |
| Basic and diluted earnings/(loss) per share | 5 | (7.07) | (51.13) |

*The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Balance Sheet
## As at 30 June 2013

| | Note | 30 June 2013 $ | 30 June 2012 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 1,034,769 | 6,114,586 |
| Trade and other receivables | 8 | 66,287 | 53,035 |
| Other assets | 9 | 10,095 | - |
| TOTAL CURRENT ASSETS | | 1,111,151 | 6,167,621 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 8 | 61,858 | - |
| Plant and equipment | 10 | 55,799 | - |
| Exploration and evaluation assets | 11 | 2,737,052 | - |
| TOTAL NON-CURRENT ASSETS | | 2,854,709 | - |
| **TOTAL ASSETS** | | 3,965,860 | 6,167,621 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 333,160 | 807,075 |
| Provisions | 13 | 34,522 | 23,136 |
| TOTAL CURRENT LIABILITIES | | 367,682 | 830,211 |
| **TOTAL LIABILITIES** | | 367,682 | 830,211 |
| NET ASSETS | | 3,598,178 | 5,337,410 |
| **EQUITY** | | | |
| Share capital | 14 | 31,615,967 | 30,201,610 |
| Reserves | 15 | 2,062,011 | - |
| Accumulated losses | | (30,079,800) | (24,864,200) |
| TOTAL EQUITY | | 3,598,178 | 5,337,410 |

*The Consolidated Balance Sheet should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Statement of Changes in Equity
## For the year ended 30 June 2013

| Consolidated Entity | Share Capital $ | Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2011** | 18,796,705 | 469,131 | (20,250,608) | (984,772) |
| **Transactions with owners in their capacity as owners** | | | | |
| Issue of share capital | 11,764,261 | - | - | 11,764,261 |
| Share issue costs | (518,473) | - | - | (518,473) |
| Share-based payments | 159,117 | - | - | 159,117 |
| Transfers | - | (123,300) | 123,300 | - |
| Total | 11,404,905 | (123,300) | 123,300 | 11,404,905 |
| **Comprehensive income** | | | | |
| Loss after income tax | - | - | (4,736,892) | (4,736,892) |
| Exchange differences on translation of foreign operations | - | 57,226 | - | 57,226 |
| Re-classification of foreign exchange differences on disposal | - | (403,057) | - | (403,057) |
| Total comprehensive income | - | (345,831) | (4,736,892) | (5,082,723) |
| **Balance at 30 June 2012** | 30,201,610 | - | (24,864,200) | 5,337,410 |
| **Balance at 1 July 2012** | 30,201,610 | - | (24,864,200) | 5,337,410 |
| **Transactions with owners in their capacity as owners** | | | | |
| Issue of share capital | 1,562,500 | - | - | 1,562,500 |
| Share issue costs | (148,143) | - | - | (148,143) |
| Issue of performance rights | - | 2,109,375 | - | 2,109,375 |
| Total | 1,414,357 | 2,109,375 | - | 3,523,732 |
| **Comprehensive income** | | | | |
| Loss after income tax | - | - | (5,215,600) | (5,215,600) |
| Exchange differences on translation of foreign operations | - | (47,364) | - | (47,364) |
| Total comprehensive income | - | (47,364) | (5,215,600) | (5,262,964) |
| **Balance at 30 June 2013** | 31,615,967 | 2,062,011 | (30,079,800) | 3,598,178 |

*The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.*

## Consolidated Statement of Cash Flows
## For the year ended 30 June 2013

| | Note | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | (2,000,034) | (1,170,711) |
| Interest received | | 106,935 | 16,470 |
| Operating cash flows from discontinued operations | | - | (447,969) |
| Net cash used in operating activities | 16 | (1,893,099) | (1,602,210) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | (68,312) | - |
| Payments for exploration and evaluation | | (2,563,092) | - |
| Payments for security deposits | | (61,858) | - |
| Investing cash flows from discontinued operations | | - | 8,811 |
| Net cash (used in)/ provided by investing activities | | (2,693,262) | 8,811 |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | - | 7,000,000 |
| Share issue costs | | - | (73,730) |
| Share issue costs relating to capital raising in prior year | | (493,456) | - |
| Proceeds from borrowings | | - | 615,000 |
| Repayment borrowings | | - | (24,924) |
| Net cash (used in)/ provided by financing activities | | (493,456) | 7,516,346 |
| | | | |
| Net increase/ (decrease) in cash and cash equivalents | | (5,079,817) | 5,922,947 |
| Cash and cash equivalents at the beginning of the year | | 6,114,586 | 191,639 |
| **Cash and cash equivalents at the end of the year** | | 1,034,769 | 6,114,586 |

*The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Introduction

This financial report covers the Consolidated Entity of Lamboo Resources Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity" or "Group"). Lamboo Resources Limited is a listed public company, incorporated and domiciled in Australia. The Consolidated Entity is a for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

<u>Operations and principal activities</u>
The principal activity of the Consolidated Entity is mineral exploration.

<u>Currency</u>
The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent Entity.

<u>Authorisation of financial report</u>
The financial report was authorised for issue on 30 September 2013.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001.*

<u>Compliance with IFRS</u>
The consolidated financial statements of the Lamboo Resources Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

<u>Historical cost convention</u>
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

<u>Critical accounting estimates and judgements</u>
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. There were no key adjustments during the year which required estimates and/or judgements.

<u>Key estimates – impairment</u>
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

<u>Key judgements – Exploration & evaluation expenditure</u>
The Consolidated Entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The Consolidated Entity incurred a net loss of $5,215,600 for the year ended 30 June 2013. As at 30 June 2013 the Consolidated Entity had cash reserves of $1,034,769, net current assets of $743,469 and net assets of $3,598,178. The Consolidated Entity has not generated revenues from operations during the year. The Consolidated Entity has committed to spend at least $2,500,000 on direct exploration expenditure in South Korea in addition to its exploration commitments under its other licenses.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the consolidated entity's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and
- The Directors believe there is sufficient cash available for the Consolidated Entity to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

**Accounting policies**

### (a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Lamboo Resources Limited at the end of the reporting period. A controlled entity is any entity over which Lamboo Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Principles of Consolidation (continued)

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed in profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

### (b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (c) Exploration and Evaluation Assets

*Initial project acquisition costs*

The costs relating to the initial acquisition of the following exploration projects have been expensed as incurred:

- McIntosh (Kimberley Region, Western Australia)
- Halls Creek (Kimberley Region, Western Australia)
- Valla (Northern New South Wales)
- Geuman (Chungcheongnam-Do Province, South Korea)
- Samcheok (Gangwon-Do Province, South Korea)
- Taehwa (Taehwa, South Korea).

Any subsequent future exploration and evaluation expenditures on these projects are capitalised in accordance with and AASB 6 "Exploration for and Evaluation of Mineral Resources".

*Exploration costs*

Following tenement acquisition exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.
Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

### (d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed periodically by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(d) Property, Plant and Equipment (continued)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 33% |
| Motor Vehicles | 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(e) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Entity, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

**(f) Impairment of Assets**

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(g) Employee Entitlements**

Provision is made for the Consolidated Entity's liability for employee entitlements arising from services rendered by employees to the end of the reporting period. Employee entitlements that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee entitlements payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

<u>Equity-settled compensation</u>
Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. In relation to options issued, the corresponding amount is recorded to the share based payment reserve. The fair value of share based payments is determined using the Black-Scholes pricing model. The volatility input in the pricing model is determined by the historical volatility of the Company's share price over a similar period to the exercise period.

The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of equity instruments that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

**(h) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less.

**(i) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Interest revenue is recognised using the effective interest rate method.

**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(k) Share Capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(l) Earnings per Share**

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(m) Comparative Figures**

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by Directors. The new classifications have been made to reflect a more accurate view of the Consolidated Entity's operations.

**(n) New Accounting Standards and Interpretations**

The Consolidated Entity adopted the following new Accounting Standards and Interpretations during the period:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive

There were no material impacts on the financial statements or performance of the Consolidated Entity.

**(o) New Standards and Interpretations Not Yet Adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

*AASB 10: 'Consolidated Financial Statements'*

This standard replaces the requirements of AASB 127: 'Consolidated and Separated Financial Statements' and is applicable for the annual period beginning on or after1 January 2013. This new standard introduces a new definition of control that determines which entities are consolidated. This new definition of control may potentially lead to the consolidation of entities that were not previously included in the Consolidated Entity resulting in more assets and liabilities on the books. It is expected that the standard will not have a material impact on the Consolidated Entity.

*AASB 12: ' Disclosure of interest in other Entities'*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirements associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the Consolidated Entity such as significant judgments and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

*AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the Consolidated Entity.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (o) New Standards and Interpretations Not Yet Adopted (continued)

*AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the Consolidated Entity.

*AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine*

This amendment is applicable to annual periods beginning on or after 1 January 2013. The interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The stripping costs are able to be recorded as an asset in accordance with Interpretation 20. It is expected that the interpetation will not have a material impact on the Consolidated Entity.

## NOTE 2 DISCONTINUED OPERATIONS

The Company's historic business was the development and manufacture of fluorescent compounds and fluorescence based kits for the global biotechnology industry. Due to the 'Global Financial Crisis' and changes to the pharmaceutical industry the business model was deemed unsustainable. Consequently the Company decided in 2010 to wind down its operations and seek acquisition opportunities.

As part of the wind up of the biotech business, Gelcompany GmbH ("Gelco"), a 100% owned subsidiary of the Parent Company based in Germany, was placed into administration on 20 October 2011.

During the second half of 2012 financial year the Company announced its focus would be acquiring resource assets. On 13 February 2012 the Company announced an option to acquire Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd. The option was exercised on 5 March 2012, with shareholders subsequently approving the transaction on 21 May 2012.

The Company's historic biotech business was classified as a discontinued operation in 2012. The impact of the discontinued operation on the revenue and expenses of the Consolidated Entity is shown below:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **DISCONTINUED OPERATIONS** | | |
| **Revenue/ Income** | | |
| Sale of goods | - | 224,476 |
| Royalties and licences | - | 10,293 |
| Grant revenue | - | 105,023 |
| Finance income | - | 5,204 |
| Other income | - | 37,398 |
| | - | 382,394 |
| **Expenses** | | |
| Cost of goods sold | - | (236,619) |
| Intellectual property | - | (3,050) |
| Corporate and administration | - | (48,120) |
| Impairment loss of financial asset | - | (8,000) |
| Impairment loss on receivables | - | (104,607) |
| Loss before income tax of discontinued operations | - | (18,002) |
| Gain on disposal of subsidiary | - | 197,099 |
| Re-classification of foreign exchange differences on disposal | - | 403,057 |
| Profit/(loss) from discontinued operations before income tax | - | 582,154 |
| Income tax expense | - | - |
| Profit/(loss) after income tax expense – discontinued operations | - | 582,154 |

## NOTE 2 DISCONTINUED OPERATIONS (continued)

### Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities of discontinued operations as at 20 October 2011 were:

| | 20 October 2011 $ |
|---|---|
| Bank overdraft | (8,811) |
| Trade and other receivables | 44,565 |
| Trade and other payables | (189,707) |
| Employee entitlements | (43,146) |
| Net liabilities attributable to discontinued operations | (197,099) |

### Details of the disposal of the discontinued operations

| | June 2012 $ |
|---|---|
| Total sale consideration | - |
| Carrying amount of net liabilities disposed | 197,099 |
| Gain on sale before income tax | 197,099 |
| Income tax | - |
| Gain on sale after income tax | 197,099 |

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |

**NOTE 3 INCOME TAX**

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the years ended 30 June 2013 and 2012 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Accounting profit /(loss) before income tax | (5,215,600) | (4,736,892) |
| | | |
| Tax at the Australian tax rate of 30% (2012: 30%) | (1,564,680) | (1,421,067) |
| Non-deductible expenses | 1,140,272 | 56,035 |
| Deductible amounts recognised in equity | - | (31,108) |
| Deferred tax assets not bought to account | 424,408 | 53,735 |
| Tax losses forfeited as a result of change of control and business | - | 1,342,405 |
| Income tax expense | - | - |
| | | |
| **Recognised deferred tax assets** | | |
| Unused tax losses | 581,945 | - |
| Deductible temporary differences | 239,228 | - |
| | 821,173 | - |
| | | |
| **Recognised deferred tax liabilities** | | |
| Assessable temporary differences | 821,173 | - |
| | 821,173 | - |
| | | |
| **Net deferred tax recognised** | - | - |
| | | |
| **Unrecognised temporary differences and tax losses** | | |
| | | |
| Unused tax losses and temporary differences for which no deferred tax asset has been recognised | 1,229,895 | 1,719,457 |

The deductible temporary differences and tax losses disclosed above as unrecognised, do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise these benefits.

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |

## NOTE 4 AUDITOR'S REMUNERATION

| | | |
|---|---|---|
| Remuneration paid or payable to | ***BDO Audit*** | ***HLB Mann Judd*** |
| - auditing and reviewing the financial reports | 28,250 | 32,000 |
| | | |
| Non audit services: | | |
| - Taxation services | 9,865 | 42,780 |
| | 38,115 | 74,780 |

## NOTE 5 EARNINGS PER SHARE

| | | |
|---|---|---|
| Earnings used to calculate basic and dilutive EPS – continuing operations | (5,215,600) | (5,319,046) |
| Earnings used to calculate basic and dilutive EPS | (5,215,600) | (4,736,892) |

| | 2013 | 2012 |
|---|---|---|
| | # | # |
| Weighted average number of ordinary shares outstanding during the year | 73,796,722 | 9,263,911 |
| Weighted average number of dilutive instruments | - | - |
| Weighted average number of ordinary shares outstanding during the year used in calculating EPS and dilutive EPS | 73,796,722 | 9,263,911 |

Performance rights (in 2012 options) could potentially dilute earnings per share in the future but have not been included in the calculation of diluted earnings per share because they were anti-dilutive (refer note 17 for details of performance rights and options)

## NOTE 6 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There are no franking credits available to the shareholders of the Company.

## NOTE 7 CASH & CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash on hand and at bank | 1,034,769 | 6,114,586 |

## NOTE 8 TRADE & OTHER RECEIVABLES

| | | |
|---|---|---|
| *Current* | | |
| Other receivables | 66,287 | 53,035 |
| | | |
| *Non-current* | | |
| Other receivables | 61,858 | - |

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |

**NOTE 9 OTHER ASSETS**

| | | |
|---|---|---|
| Other assets | 10,095 | - |

**NOTE 10 PLANT AND EQUIPMENT**

| | | |
|---|---|---|
| **Plant and Equipment** | | |
| At cost | 34,363 | - |
| Accumulated depreciation | (7,520) | - |
| | 26,843 | - |
| **Motor Vehicles** | | |
| At cost | 33,948 | - |
| Accumulated depreciation | (4,992) | - |
| | 28,956 | - |
| Total plant and equipment | 55,799 | - |

**Movements in carrying amounts**

| | Plant and equipment | Motor Vehicles | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance at 1 July 2012 | - | - | - |
| Additions | 34,363 | 33,948 | 68,311 |
| Depreciation | (7,520) | (4,992) | (12,512) |
| Balance at 30 June 2013 | 26,843 | 28,956 | 55,799 |

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |

**NOTE 11 EXPLORATION AND EVALUATION ASSETS**

| | | |
|---|---|---|
| **Exploration expenditure capitalised** | | |
| Balance at the beginning of the year | - | - |
| Exploration expenditure during the year | 2,737,052 | - |
| | 2,737,052 | - |

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

**NOTE 12 TRADE & OTHER PAYABLES**

| | | |
|---|---|---|
| Trade payables | 273,400 | 542,009 |
| Other payables and accrued expenses | 59,760 | 265,066 |
| | 333,160 | 807,075 |

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |
| **NOTE 13 PROVISIONS** | | |
| Employee entitlements | 34,522 | 23,136 |
| **NOTE 14 SHARE CAPITAL** | | |
| Fully paid ordinary shares | 31,615,967 | 30,201,610 |

**Ordinary Shares**

| | 2013 | 2012 | 2013 | 2012 |
|---|---|---|---|---|
| | $ | $ | # | # |
| At the beginning of the year | 30,201,610 | 18,796,705 | 67,152,886 | 54,147,874 |
| Share consolidation (16:1) | | - | | (50,763,632) |
| Issued to the vendors of Opirus Minerals Pty Ltd [1] | 1,562,500 | - | 12,500,000 | - |
| Conversion of 2010 Notes [2] | - | 500,000 | - | 1,041,568 |
| Issued to the vendors of Lamboo and McKintosh [3] | - | 3,500,000 | - | 17,500,000 |
| Shares issued under a prospectus [4] | - | 7,000,000 | - | 35,000,000 |
| Shares issued to former Directors [5] | - | 149,261 | - | 746,307 |
| Conversion of 2011 Notes [6] | - | 615,000 | - | 4,730,769 |
| Shares issued to Directors [7] | - | 159,117 | - | 4,750,000 |
| Share issue expenses | (148,143) | (518,473) | - | - |
| At reporting date | 31,615,967 | 30,201,610 | 79,652,886 | 67,152,886 |

1 2013: 12,500,000 ordinary fully paid shares were issued at $0.125 per share as part consideration of Opirus Minerals Pty Ltd (Note 23).
2 2012: 1,041,568 ordinary fully paid shares were issued at $0.48 per share in full consideration of the 2010 Convertible notes.
3 2012: 17,500,000 ordinary fully paid shares at $0.20 per share were issued to the vendors Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd in consideration for a 100% interest in these entities.
4 2012: 35,000,000 ordinary fully paid shares were issued at $0.20 per share through the 2012 prospectus.
5 2012: 746,307 ordinary fully paid shares were issued to former Directors at $0.20 per share in full consideration of outstanding loans (Note 18).
6 2012: 4,730,769 ordinary fully paid shares were issued at $0.13 per share in full consideration of the 2011 Convertible notes.
7 2012: 4,750,000 ordinary fully paid shares were issued at $0.034 per share as remuneration to certain Directors.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

**Options**

Details of options issued, exercised and expired during the financial period are set out below:

| | | Movements (number of options) | | | | |
|---|---|---|---|---|---|---|
| **Expiry Date** | **Exercise Price** | **1 July 2012** | **Issued** | **Exercised** | **Expired** | **30 June 2013** |
| 20 December 2012 | $0.48 | 1,041,667 | - | - | (1,041,667) | - |
| | | 1,041,667 | - | - | (1,041,667) | - |

| | 2013 $ | 2012 $ |
|---|---|---|

## NOTE 15 RESERVES

| | 2013 $ | 2012 $ |
|---|---|---|
| Share based payment reserve | - | - |
| Foreign currency translation reserve | (47,364) | - |
| Performance rights reserve | 2,109,375 | - |
| | 2,062,011 | - |

**Share based payment reserve movements during the year**

| | 2013 $ | 2012 $ |
|---|---|---|
| Opening balance | - | 123,300 |
| Transfer to accumulated losses | - | (123,300) |
| Closing balance | - | - |

Share based payment reserve
The share based payments reserve is used to record the value of share based payments such as options provided to Directors, employees and contractors as part of their remuneration.

**Foreign currency translation reserve movements during the year**

| | 2013 $ | 2012 $ |
|---|---|---|
| Opening balance | - | 345,831 |
| Currency translation differences arising during the year | (47,364) | 57,226 |
| Reclassification to profit or loss on disposal of foreign operation | - | (403,057) |
| Closing balance | (47,364) | - |

Foreign currency translation reserve
The Foreign currency translation reserve is used to record exchange differences arising on the translation of foreign controlled entities. The reserve is recognised in profit and loss when the net investment is disposed of.

**Performance Rights**

| | 2013 $ | 2012 $ | 2013 # | 2012 # |
|---|---|---|---|---|
| Opening balance | - | - | - | - |
| Issue of Tranche 1 Rights | 1,171,875 | - | 12,500,000 | - |
| Issue of Tranche 2 Rights | 937,500 | - | 10,000,000 | - |
| At reporting date | 2,109,375 | - | 22,500,000 | - |

Refer Note 23 for further details.

Performance rights reserve
The performance rights reserve is used to record the value of performance rights granted.

| | 2013 $ | 2012 $ |
|---|---|---|
| **NOTE 16 CASH FLOW INFORMATION** | | |
| **Reconciliation of loss after income tax to net cash outflow from operating activities** | | |
| Profit/(loss) after income tax | (5,215,600) | (4,736,892) |
| *Non-cash items in profit/(loss) after income tax* | | |
| Depreciation | 12,512 | - |
| Exploration projects expensed on acquisition | 3,671,875 | 3,500,000 |
| Shares issued to Directors as remuneration | - | 159,117 |
| Foreign exchange differences on discontinued operations | - | (345,831) |
| Gain on disposal of discontinued operations | - | (197,099) |
| Gain on forgiveness of loans from former directors | - | (48,443) |
| *Change in operating assets and liabilities* | | |
| (Increase) in receivables | (13,252) | (13,804) |
| (Increase) in other assets | (10,095) | 30,468 |
| (Decrease) in trade payables and accruals | (349,925) | 1,868 |
| (Decrease) in employee entitlements | 11,386 | 48,406 |
| **Net cash outflow from operating activities** | (1,893,099) | (1,602,210) |

**Non-cash investing and financing transactions**

2013

12,500,000 ordinary fully paid shares at $0.125 per share, and 22,500,000 performance rights (estimated value of $2,109,375) were issued to the vendors of Opirus Minerals Pty Ltd in consideration for a 100% interest in this entity.

2012

1,041,568 ordinary fully paid shares were issued at $0.48 per share in full consideration of the 2010 Convertible notes.

17,500,000 ordinary fully paid shares at $0.20 per share were issued to the vendors Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd in consideration for a 100% interest in these entities.

746,307 ordinary fully paid shares were issued to former Directors at $0.20 per share in full consideration of outstanding loans.

4,730,769 ordinary fully paid shares were issued at $0.13 per share in full consideration of the 2011 Convertible notes.

## NOTE 17 SHARE BASED PAYMENTS

### Shares and Performance Rights

2013

During the period, the Company agreed to acquire 100% of the issued capital of Opirus Minerals Pty Ltd (Opirus), a company that holds, through its wholly owned subsidiary Won Kwang, a number of flake graphite exploration projects and certain exploration permit applications over potential flake graphite-bearing areas in South Korea.

In consideration for the acquisition the Company issued, pro rata to Opirus shareholders:

(a) 12,500,000 ordinary shares; and

(b) 22,500,000 performance rights, which give the holder the right to acquire shares for no consideration, upon the achievement of the following milestones:

(i) The first 12,500,000 performance rights (Tranche 1 Rights), within 36 months of completion of the acquisition agreement, the tenements or tenement applications achieve a JORC compliant inferred mineral resource of 100,000 tonnes or more of in situ carbon as graphite; and

(ii) The second 10,000,000 Performance Rights (Tranche 2 Rights), within 36 months of completion of the acquisition agreement, a pre-feasibility study is completed that is commercially acceptable to the Company, acting reasonably, in respect of at least one of the projects represented by the tenements or tenement Applications.

The purchase consideration was determined with reference to the fair value of the equity instruments issued and in the instance of performance rights, adjusted for the likelihood of the relevant milestone being achieved:

| Consideration | # of Instruments issued | LMB share price at issue date | Estimated probability of achieving milestone[1] | Value |
|---|---|---|---|---|
| | $ | $ | % | $ |
| Ordinary Lamboo shares | 12,500,000 | 0.125 | NA | 1,562,500 |
| Tranche 1 performance rights | 12,500,000 | 0.125 | 75 | 1,171,875 |
| Tranche 2 performance rights | 10,000,000 | 0.125 | 75 | 937,500 |
| | | | | 3,671,875 |

[1] Represents the Directors best estimate based on the available geological data at the time acquisition.

2012

1. The Company issued 17,500,000 ordinary fully paid shares at $0.20 ($3,500,000) per share to the vendors of Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd in consideration for a 100% interest in these entities and the tenements they hold. Given the early stage of the exploration assets, it is not practicable to determine the fair value of these assets. Therefore, a more reliable indicator of fair value of the entities was deemed to equal the value of the shares issued. The value of the shares was determined by reference to the Company's offer price in the 2012 prospectus (Note 23).

2. The Company granted shares to participating Directors as part of their remuneration packages for the work undertaken in relation to the transactions outlined in the 2012 prospectus and executing the objectives of the business going forward. The shares were granted for nil consideration. Information with respect to the number of shares granted is as follows:

**NOTE 17 SHARE BASED PAYMENTS (continued)**

| 2012 | | | | Movements (number of shares) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Tranche** | Grant Date | Expiry Date | Vesting Price | Balance at start of year | Granted in year | Exercised in year | Lapsed during year | Balance at end of year | Vested at end of year |
| **1** | 4 June 2012 | 4 June 2017 | $0.35 | - | 4,750,000 | - | - | 4,750,000 | 4,750,000 |
| **Vesting price** | | | | - | 0.35 | - | - | 0.35 | 0.35 |

The value of shares granted in the year is the fair value of the instruments granted calculated at grant date. The model takes into account the following factors:

| **Inputs into pricing model** | |
|---|---|
| Grant date | 4 June 2012 |
| Vesting date(1) | Share price of LMB reaching $0.35 |
| Exercise price | Nil |
| Share price at grant date | $0.20 |
| Life of the instrument | 5 years |
| Underlying share price volatility | 46.4% |
| Expected dividends | Nil |
| Risk free interest rate | 3.17% - 3.29% |
| Fair value | $0.033 |

(1) This condition was met on 14 June 2012.

Key terms of Director remuneration shares:

1. The ordinary shares can only vest within the 5 years after their issue.
2. All ordinary shares vest if the share price reaches $0.35 per share ("vesting date"), unless the Board and the Executive agree that the ordinary shares vest at a later date.
3. Half the ordinary shares on vesting are transferable immediately and have no restrictions in dealing in those ordinary shares, unless the vesting day occurs in a Share Sale Restriction Period, in which case, there is a prohibition of their sale until the end of that period.
4. There is a restriction on dealing with the remaining half of the vested ordinary shares and they cannot be sold until the earlier of:
   - Five years from the date of issue of the ordinary shares (except if this date falls within a Share Sale Restriction Period, in which case, there is a prohibition of sale until the end of that restriction period),
   - The first day after two years after the date of vesting of the ordinary share (except if this date falls within a Share Sale Restriction Period, in which case, there is a prohibition of sale until the end of that restriction period),
   - Cessation of employment of the Executive, and
   - A time otherwise specified by the Board.
5. If the Executive ceases employment with the Company for whatever reason prior to a vesting date, the Executive will be entitled to a pro rata vesting of half of his ordinary shares based on the Share Price being between $0.20 and $0.35 at the time of leaving and these ordinary shares will have no sale restrictions. The other half of the Executive's ordinary shares may also vest at the discretion of the Board at the time of the Executive leaving the Company.
6. If there is a change of control of the Company, all the ordinary shares immediately vest and there are no restrictions on their exercise or sale.
7. If the vested ordinary shares are subject to an escrow agreement and otherwise not subject to a restriction in dealing in those shares under the Rules, then the shares are subject to a restriction in dealing in those shares until the termination of the escrow agreement.

## NOTE 17 SHARE BASED PAYMENTS (continued)

8. If the ordinary shares held by an Executive are no longer capable of vesting, the Executive and the Company will work together to determine a method of buying back, transferring, or cancelling the ordinary shares in such a manner which is not detrimental to the Executive.

The shares issued to Mr Pethica are not subject to the abovementioned conditions relating to ceasing employment (5 above).

### Options

2012

2,651,000 options over the ordinary shares were issued in December 2008 to Directors and certain executive staff of the Company after shareholder approval. The options were granted in accordance with performance guidelines established by the Directors of the Company and were disclosed in the replacement prospectus dated 11 September 2008.

Options issued to third parties were valued using the same methodology and assumptions as the Director and management options.

Information with respect to the number of options granted is as follows:

| 2012 | | | | Movements (number of shares) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Tranche** | Grant Date | Expiry Date | Exercise Price | Balance at start of year | Granted in year | Exercised in year | Lapsed during year | Balance at end of year | Exercisable at end of year |
| Director and Management | 31 Oct 2008 | 31 Oct 2011 | $1.00 | 500,000 | - | - | (500,000) | - | - |
| Third Party | 28 Feb 2007 | 28 Feb 2012 | $0.55 | 39,063 | - | - | (39,063) | - | - |
| | | | | 539,063 | - | - | (539,063) | - | - |
| **Weighted average exercise price** | | | | 0.97 | - | - | 0.97 | - | - |

The weighted average remaining contractual life of share options outstanding at the end of the prior period was Nil years.

Fair value of options granted
The assessed fair value at the date of grant of options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the option, the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument.

Expenses arising from share-based payment transactions

Total expenses/(revenues) arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Shares and performance rights issued on acquisition of Opirus | 3,671,875 | - |
| Remuneration shares issued to Directors | - | 159,117 |
| | 3,671,875 | 159,117 |

## NOTE 18 RELATED PARTY and KEY MANAGEMENT PERSONNEL

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### Key management personnel compensation

Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity.

| Summary | 2013 $ | 2012 $ |
|---|---|---|
| Short-term benefits | 613,248 | 881,274 |
| Long-term benefits | - | - |
| Post-employment benefits | 33,750 | 56,799 |
| Termination benefits | - | 32,500 |
| Share-based payments | - | 159,117 |
| | 646,998 | 1,129,690 |

Detailed remuneration disclosures are provided in the Remuneration Report on pages 15 to 18.

### Director/Key Management Personnel shareholdings (number of shares)

| 2013 | Opening Balance | Additions | Granted as remuneration | Disposals | Closing Balance |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Richard Trevillion | 2,826,040 | - | - | - | 2,826,040 |
| Craig Rugless | 10,525,000 | 100,000 [1] | - | - | 10,625,000 |
| Rod Williams | 7,010,000 | - | - | - | 7,010,000 |
| Rick Anthon | 250,000 | - | - | - | 250,000 |
| **Key Management Personnel** | | | | | |
| Paul Marshall | 80,000 | - | - | - | 80,000 |
| Total | 20,691,040 | 100,000 | - | - | 20,791,040 |

[1] Purchased on market

| 2012 | Opening Balance | Reduction on share consolidation | Granted as remuneration | Net Change Other | Closing Balance |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Richard Trevillion [2] | - | | 2,700,000 | 126,040 | 2,826,040 |
| Craig Rugless [2] | - | | - | 10,525,000 | 10,525,000 |
| Rod Williams [2] | - | | - | 7,010,000 | 7,010,000 |
| Rick Anthon [2] | - | | - | 250,000 | 250,000 |
| Brian Pethica [1] | - | | 250,000 | (250,000) | - |
| Rick Taylor [1] | 2,454,555 | (2,301,145) | 1,800,000 | (1,953,410) | - |
| **Key Management Personnel** | | | | | |
| Paul Marshall | - | | - | 80,000 | 80,000 |
| Total | 2,454,555 | (2,301,145) | 4,750,000 | 15,787,630 | 20,691,040 |

1 Net change other - movement on retirement as Director.
2 Net change other – shares acquired through the 2012 prospectus.

**NOTE 18 RELATED PARTY and KEY MANAGEMENT PERSONNEL (continued)**

**Director/Key Management Personnel option holdings (number of options)**

There were no options held by Directors, key management personnel or other related parties during the year ended 30 June 2013 (2012: Nil).

**Amounts Owed to Key Management Personnel and Other Related Parties**

**Director Loans**

During the 2010 financial year, former Directors of the Company issued secured loans to the Company. No interest was charged on these loans during the year ended 30 June 2012 and amounts were only repayable once the Company had sufficient funds to do so. These loans were ultimately settled through the issue of shares to the former Directors. The movements in loan balances are as follows:

| 2012 | Opening Balance $ | Amounts Forgiven $ | Repayments $ | Settlement in Shares $ | Closing Balance $ |
|---|---|---|---|---|---|
| **Former Directors** | | | | | |
| Rick Taylor | 31,816 | (6,892) | (24,924) | - | - |
| John Fletcher | 159,078 | (34,740) | - | (124,338) | - |
| David Weber | 31,734 | (6,811) | - | (24,923) | - |
| Total | 222,628 | (48,443) | (24,924) | (149,261) | - |

**Other Payables**

2013:

The Company owed Norvale Pty Ltd, an entity associated with Rod Williams, $10,833 at 30 June 2013 in relation to Director fees. The Company also owed Norvale Pty Ltd $59,323 (excluding GST) for geological services provided to the Company during the year.

The Company owed Rick Anthon $45,000 at 30 June 2013 in relation to Director fees.

The Company owed Hemming and Hart Lawyers, an entity associated with Rick Anthon, $1,782 (excluding GST) at 30 June 2013 in relation to legal advice provided to the Company during the year.

The Company owed Craig Rugless $1,532 for expenses incurred on behalf of Lamboo Resources Limited.

2012:

The Company owed Norvale Pty Ltd, an entity associated with Rod Williams, $30,992 at 30 June 2012 in relation to Director fees. The Company also owed Rod Williams $4,490 for expenses incurred on behalf of Lamboo Resources Limited.

The Company owed Hemming and Hart Lawyers, an entity associated with Rick Anthon, $44,096 (excluding GST) at 30 June 2012 in relation to legal advice provided to the Company during the year.

At 30 June 2011, the Company owed Richard Trevillion $55,890, Rick Taylor $27,945 and Brian Pethica $27,945 in relation to Director fees outstanding from the period 13 March 2011 to 30 June 2011.

**Transactions with Related Parties**

Hemming and Hart Lawyers, an entity associated with Rick Anthon, provided legal advice totaling $126,438 (2012: $44,096 to the Company during the year.

Norvale Pty Ltd, an entity associated with Rod Williams, provided geological services totaling $68,135 (2012: $Nil) to the Company during the year.

Pathfinder Exploration Pty Ltd, an entity associated with Craig Rugless, provided geological services totaling $78,074 (2012: $Nil) to the Company during the year.

## NOTE 19 FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risks arising from the financial instruments is cash flow interest rate risk and liquidity risk.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board is responsible for managing the Consolidated Entity's identification and control of financial risks and for evaluating treasury management strategies in the context of the most recent economic conditions and forecasts. For the period under review, it has been the entity's policy not to trade in financial instruments.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

### (a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity.

The maximum exposure to credit risk at balance date in relation to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There is no collateral held as security at 30 June 2013.

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions. The Consolidated Entity did not have any material credit risk exposure to debtors or group of debtors under financial instruments entered into by the Consolidated Entity.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Maximum exposure to credit risk** | | |
| Non-trade receivables | 128,145 | 53,035 |
| Cash and cash equivalents | 1,034,769 | 6,114,586 |
| | 1,162,914 | 6,167,621 |
| **Ageing of receivables** | | |
| Not past due | 128,145 | 53,035 |
| Past due 0-90 days | - | - |
| Past due >90 days | - | - |
| Impaired | - | - |
| | 128,145 | 53,035 |

**Credit risk - Cash and cash equivalents**

The credit quality of financial assets that are neither past due nor impaired is considered strong. The counterparty to these financial assets is National Australia Bank and Korea Exchange Bank; financial institutions with strong credit ratings.

## NOTE 19 FINANCIAL RISK MANAGEMENT (continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board. The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| *Less than one year* | | |
| Trade and other payables | 333,160 | 807,075 |

Terms and conditions relating to the above financial instruments:

- Trade creditors are unsecured, non-interest bearing and are normally settled on 7 - 60 day terms
- Other creditors are unsecured and non-interest bearing

### (c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

**Interest rate risk**

Interest rate risk is managed by constant monitoring of interest rates. The Consolidated Entity's interest rate exposure is limited to its variable rate cash and cash equivalent assets.

Interest rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

| Judgments of reasonably possible movements: | Post Tax Profit Higher/(Lower) | | Equity Higher/(Lower) | |
|---|---|---|---|---|
| | 2013<br>$ | 2012<br>$ | 2013<br>$ | 2012<br>$ |
| +1.00% (100 basis points) | 1,035 | 5,096 | 1,035 | 5,096 |
| -1.00% (100 basis points) | (1,035) | (5,096) | (1,035) | (5,096) |

**NOTE 19 FINANCIAL RISK MANAGEMENT (continued)**

**Foreign Currency Risk**

Foreign currency risk arises as a result of having assets/cash flows denominated in a currency other than the functional currency in which they are reported. At 30 June 2013, the Consolidated Entity had the following exposure to foreign currency:

| | 2013 $ | 2012 $ |
|---|---|---|
| **Financial Assets:** | | |
| Cash and cash equivalents – US Dollar | 6,101 | 6,101 |
| Cash and cash equivalents – Euro | 46 | 46 |
| Cash and cash equivalents – South Korean Won | 15,736 | - |
| Trade and other receivables– South Korean Won | 50,212 | - |
| | 72,095 | 6,147 |
| **Financial Liabilities:** | | |
| Trade and other payables – Euro | - | 17,811 |
| Trade and other payables – USD | 23,585 | - |
| | 23,583 | |

Exchange rates over the 12 month period were analysed and a sensitivity determined to show the effect on profit and equity after tax if the exchange rates at reporting date had been 10% basis higher or lower, with all other variables held constant. The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date:

| Judgments of reasonably possible movements: | Post Tax Profit Higher/(Lower) | | Equity Higher/(Lower) | |
|---|---|---|---|---|
| | 2013 $ | 2012 $ | 2013 $ | 2012 $ |
| +10.00% | (4,851) | 1,166 | (4,851) | 1,166 |
| -10.00% | 4,851 | (1,166) | 4,851 | (1,166) |

**(d) Capital Risk Management**

The Board controls the capital of the Consolidated Entity in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital, reserves and accumulated losses. Further detail on the value share capital can be found in Note 14. There are no externally imposed capital requirements. The Board effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

**(e) Fair Values**

The fair values of financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial statements.

## NOTE 20 SEGMENT REPORTING

### Reportable Segments

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

For the purpose of segment reporting, the Consolidated Entity is deemed to have operated in two segments during the year:

- Exploration for minerals within Australia; and
- Exploration for minerals within South Korea.

### Segment Revenue and Results

| 30 June 2013 | South Korea $ | Australia $ | Consolidated $ |
|---|---|---|---|
| **Revenue:** | | | |
| Interest revenue | 38 | 106,897 | 106,935 |
| **Expenses:** | | | |
| Expenses | (3,761,419) | (1,561,116) | (5,322,535) |
| Segment result | (3,761,381) | (1,454,219) | (5,215,600) |
| Income tax | - | - | - |
| **Net Loss** | (3,761,381) | (1,454,219) | (5,215,600) |
| | | | |
| Non-cash items included in loss above: | | | |
| Depreciation and amortisation | 5,710 | 6,802 | 12,512 |
| Exploration costs expensed | 3,671,875 | - | 3,671,875 |
| | | | |
| **Assets:** | | | |
| Segment assets | 90,134 | 3,875,726 | 3,965,860 |
| Unallocated corporate assets | - | - | - |
| **Consolidated Total Assets** | | | 3,965,860 |
| **Liabilities:** | | | |
| Segment liabilities | 6,939 | 360,743 | 367,682 |
| Unallocated corporate liabilities | - | - | - |
| **Consolidated Total Liabilities** | | | 367,682 |
| | | | |
| Segment acquisitions: | | | |
| Acquisition of property, plant and equipment | 29,891 | 38,421 | 68,312 |
| Capitalised exploration expenditure | 59,183 | 2,677,869 | 2,737,052 |
| | | | |
| Details on non-current assets: | | | |
| Trade and other receivables | 47,970 | 13,888 | 61,858 |
| Plant and equipment | 24,181 | 31,618 | 55,799 |
| Exploration expenditure | 59,183 | 2,677,869 | 2,737,052 |

Operations in the South Korean segment only commenced during the year ended 30 June 2013. Accordingly all financial information relating to the prior year relates to the Australian segment.

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |

**NOTE 21 COMMITMENTS**

| | | |
|---|---|---|
| **Operating leases** | | |
| *Minimum lease payments:* | | |
| Payable within one year | 76,443 | - |
| Payable within one year and five years | 72,290 | - |
| Payable later than five years | - | - |
| Total contracted at balance date | 148,733 | - |

Operating leases relate to various offices under non-cancellable operating leases.

**Future exploration**

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

| | 2013 | 2012 |
|---|---|---|
| | $ | $ |
| *Exploration obligations to be undertaken:* | | |
| Payable within one year | 74,090 | 118,000 |
| Payable between one year and five years | 2,440,817 | - |
| | 2,492,117 | 118,000 |

**NOTE 22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Administration of Gelcompany GmbH

On 20 October 2011 Gelcompany GmbH ("Gelco"), a 100% owned subsidiary of the Parent Company based in Germany, was placed into administration.

The Directors consider that, from 20 October 2011, the Parent Company no longer controls Gelco as the Parent Company does not have the power to govern the financial and operating policies of Gelco so as to obtain benefits from Gelco's activities.

Accordingly, the results of Gelco have been de-consolidated after 20 October 2011 in the financial statements of the Consolidated Entity. Refer Note 2 for further details of the discontinued operation.

The administration process is ongoing and it is expected that this process will be completed by the end of the 2013 calendar year.

Based on available information, the Directors believe that no liabilities will arise from the administration process.

There are no other known contingent liabilities or contingent assets as at the date of this report.

## NOTE 23 ASSET ACQUISITIONS

**2013**

During the period, the Company agreed to acquire 100% of the issued capital of Opirus Minerals Pty Ltd (Opirus), a company that holds, through its wholly owned subsidiary Won Kwang, a number of flake graphite exploration projects and certain exploration permit applications over potential flake graphite-bearing areas in South Korea.

In consideration for the acquisition the Company issued, pro rata to Opirus shareholders:

(a) 12,500,000 ordinary shares; and

(b) 22,500,000 performance rights, which give the holder the right to acquire shares for no consideration, upon the achievement of the following milestones:

(i) The first 12,500,000 performance rights (Tranche 1 Rights), within 36 months of completion of the acquisition agreement, the tenements or tenement applications achieve a JORC compliant inferred mineral resource of 100,000 tonnes or more of in situ carbon as graphite; and

(ii) The second 10,000,000 Performance Rights (Tranche 2 Rights), within 36 months of completion of the acquisition agreement, a pre-feasibility study is completed that is commercially acceptable to the Company, acting reasonably, in respect of at least one of the projects represented by the tenements or tenement Applications.

The Company has agreed to invest, within 24 months of completion of the acquisition, at least $2,500,000 on direct exploration expenditure in South Korea, to develop the Tenements and the Tenement Applications, in accordance with good commercial practice and excluding head office or corporate costs and general staffing costs.

The purchase consideration was determined with reference to the fair value of the equity instruments issued and in the instance of performance rights, adjusted for the likelihood of the relevant milestone being achieved:

| Consideration | # of Instruments issued | LMB share price at issue date | Estimated probability of achieving milestone[1] | Value |
|---|---|---|---|---|
| | $ | $ | % | $ |
| Ordinary Lamboo shares | 12,500,000 | 0.125 | NA | 1,562,500 |
| Tranche 1 performance rights | 12,500,000 | 0.125 | 75 | 1,171,875 |
| Tranche 2 performance rights | 10,000,000 | 0.125 | 75 | 937,500 |
| | | | | 3,671,875 |
| | | | | |
| Transaction costs relating to the acquisition | | | | 246,176 |
| Other items | | | | 5,228 |
| Total acquisition costs of South Korean exploration projects | | | | 3,923,279 |

[1] Represents the Directors best estimate based on the available geological data at the time acquisition.

The Company has adopted an accounting policy of expensing these costs in accordance with Accounting Standard AASB 6 “Exploration for and Evaluation of Mineral Resources” (AASB6 allows such costs to be expensed as incurred or to be partially or fully capitalised)

**NOTE 23 ASSET ACQUISITIONS (continued)**

**2012**

On 13 February 2012 the Company announced an option to acquire Lamboo Resources No.1 Pty Ltd and McKintosh Resources Pty Ltd. The option was exercised on 5 March 2012.

Following approval by shareholders at a general meeting held on 21 May 2012, Lamboo Resources acquired these entities through the issue of 17,500,000 shares to Pathfinder Exploration Pty Ltd and Norvale Pty Ltd, entities associated with Craig Rugless and Rod Williams.

The acquisitions had the following effects on the Consolidated Entity's assets and liabilities:

| Entity Acquired | Lamboo Resources No.1 Pty Ltd<br>$ | McKintosh Resources Pty Ltd<br>$ |
|---|---|---|
| Total purchase consideration | 2,800,000 | 700,000 |
| Assets and liabilities acquired | | |
| Total assets | - | - |
| Total liabilities | - | - |
| | - | - |
| Acquisition costs for the rights to explore, expensed as incurred in profit or loss | 2,800,000 | 700,000 |

The Company has adopted an accounting policy of expensing these costs in accordance with Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources" (AASB6 allows such costs to be expensed as incurred or to be partially or fully capitalised)

## NOTE 24 DISPOSAL OF SUBSIDIARIES

**2012**

On 20 October 2011, Gelcompany GmbH ("Gelco"), a 100% owned subsidiary of the Parent Company based in Germany, was placed into administration.

The Directors consider that, from 20 October 2011, the Parent Company no longer controls Gelco as the Parent Company does not have the power to govern the financial and operating policies of Gelco so as to obtain benefits from Gelco's activities.

Accordingly, the results of Gelco have been consolidated from 1 July 2011 to 20 October 2011 in the financial statements of the Consolidated Entity for the period ended 30 June 2012. From 20 October 2011, Gelco is no longer consolidated into the financial statements of the Consolidated Entity, and the profit on disposal of Gelco on 20 October 2011 is as calculated below:

| | Period ended 20 Oct 2011 $ |
|---|---|
| Consideration | - |
| Deficiency in net assets on date of administration | |
| Bank overdraft | 8,811 |
| Trade and other receivables | (44,565) |
| Trade and other payables | 189,707 |
| Employee entitlements | 43,146 |
| Gain on disposal | 197,099 |
| Net cash flow on disposal of subsidiary | 8,811 |

Gelcompany GmbH’s contribution to the Consolidated Entity’s loss during the period was as follows:

| | Period ended 20 Oct 2011 $ |
|---|---|
| Revenue | 241,140 |
| Expenses | (300,885) |
| Loss before income tax | (59,745) |
| Income tax expense | - |
| Loss after income tax | (59,745) |

## NOTE 25 EVENTS AFTER BALANCE SHEET DATE

On 22 August 2013 the Company announced a capital raising of $1,000,000 through the placement of 16.67 million shares at 6 cents per share. Subject to shareholder approval, participants in the placement will receive one attaching option for every two shares subscribed for. The proposed options will be exercisable at $0.15 on or before 15 August 2015. As at the date of this report the capital raising is still to be completed.

There have been no other events since 30 June 2013 that impact upon the financial report.

| | 2013 $ | 2012 $ |
|---|---|---|

## NOTE 26 PARENT ENTITY INFORMATION

The Parent Entity of the Consolidated Entity is Lamboo Resources Limited.

Parent Entity Financial Information

| | 2013 $ | 2012 $ |
|---|---|---|
| Current assets | 1,088,233 | 6,167,692 |
| Non-current assets | 2,782,558 | - |
| Total assets | 3,870,791 | 6,167,692 |
| | | |
| Current liabilities | 360,743 | 830,211 |
| Non-current liabilities | - | - |
| Total liabilities | 360,743 | 830,211 |
| | | |
| Net assets | 3,510,048 | 5,337,481 |
| | | |
| Issued capital | 31,615,967 | 30,201,610 |
| Reserves – Performance Rights | 2,109,375 | - |
| Accumulated losses | (30,215,294) | (24,864,129) |
| Total equity | 3,510,048 | 5,337,481 |
| | | |
| Loss after income tax | (5,351,165) | (5,208,530) |
| Other comprehensive income | - | - |
| Total comprehensive income | (5,351,165) | (5,208,530) |

### Commitments, Contingencies and Guarantees of the Parent Entity

The Parent Entity has no contractual commitments for the acquisition of property, plant and equipment.

The Parent Entity's exposure to contingent liabilities is detailed in Note 22. The Parent Entity has no contingent assets or guarantees at balance date.

| Controlled Entities of the Parent Entity | Percentage Owned 2013 % | Percentage Owned 2012 % | Country of Incorporation |
|---|---|---|---|
| Lamboo Resources No.1 Pty Ltd | 100% | 100% | Australia |
| McKintosh Resources Pty Ltd | 100% | 100% | Australia |
| Gel Company Pty Ltd | 100% | 100% | Australia |
| Opirus Minerals Pty Ltd | 100% | - | Australia |
| Won Kwang Inc | 100% | - | South Korea |

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
    b. give a true and fair view of the consolidated entity’s financial position as at 30 June 2013 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors’ opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in paragraphs pages15 to 18 of the directors’ report (as part of audited Remuneration Report), for the year ended 30 June 2013, comply with section 300A of the *Corporations Act 2001.*
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**Director**
**Dated this 30th day of September 2013**

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# INDEPENDENT AUDITOR'S REPORT

To the members of Lamboo Resources Limited

## Report on the Financial Report

We have audited the accompanying financial report of Lamboo Resources Limited, which comprises the consolidated balance sheet as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting *Standard AASB 101 Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the disclosing entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the disclosing entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lamboo Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Opinion**

In our opinion:

(a) the financial report of Lamboo Resources Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion**

In our opinion, the Remuneration Report of Lamboo Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit Pty Ltd**

BDO

**A S Loots**

Director

Brisbane, 30 September 2013