



Bora Bora Resources Ltd

ACN 150 173 032

Corporate Structure

Shares 27,970,000

Options 8,900,000

Perf Rights 5,000,000

Cash \$2.0m

ASX Code - BBR

Directors

Patrick Ford
Non-Exec Chairman

Chris Cowan
Executive Director

Nelson Reynolds
Non-Executive Director

Andrew Johnstone
Non-Executive Director

Nathan Young
Non-Executive Director

Highlights

- 75% interest in Matale Graphite Project, near Kandy, Sri Lanka
- Matale Project is adjacent to the historical Kahatagaha Graphite Mine, which has operated since 1872 and produced >300,000 tonnes of high-grade graphite
- Sri Lanka hosts some of the world's highest grade graphite – averaging +90% total graphitic carbon (TGC). Global average grade is >15% TGC
- Matale Project is well-positioned to capitalise on export markets in China, Japan, South Korea and India

ASX Announcement - 24th JUNE 2014

HEADS OF AGREEMENT SIGNED TO ACQUIRE AN INTEREST IN THE QUEENS GRAPHITE MINE AND GRAPHENE OXIDE PRODUCTION FACILITIES IN SRI LANKA

Bora Bora Resources (ASX: BBR) (the Company or BBR) is pleased to announce that it has entered into a binding Heads of Agreement (HOA) with RS Mines (Pvt) Limited (RSM) to acquire an interest in RSM's Queens Graphite Mine adjoining BBR's exploration areas in central Sri Lanka. The Queens Graphite Mine ore has a run of mine head grade of up to 99%+ total graphitic carbon (TGC) and RSM have developed a process to manufacture graphene oxide, the precursor and building block to graphene technology.

KEY HIGHLIGHTS

- ✓ **The acquisition accelerates BBR into potential commercial production, mining the world's purest known natural crystalline vein graphite at 90% to 99% TGC**
- ✓ **BBR's recent VTEM survey confirms a significant bullseye anomaly over the Queens Mine with a similar intensity to the nearby Kahatagaha Graphite Mine, which has been producing ultra high grade graphite for over 140 years**
- ✓ **Independent analysis rated graphite from the Queens Graphite Mine as the best source outperforming 50 other types of graphite**
- ✓ **RS Mines to toll treat other potential BBR graphite discoveries in Sri Lanka at its value-added graphene oxide processing facility in close proximity to BBR's Matale/Kurunegala Graphite Project**
- ✓ **The RS Mines acquisition enhances BBR's strategy to develop a pipeline of ultra high grade globally strategic graphite and graphene assets**
- ✓ **A drill rig is currently being sought to initiate drill programs for the Queens Mine and also for follow up of targets from the VTEM survey over the Matale/Kurunegala Project where land access agreements are nearing completion**

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Graphite Explorer, Bora Bora Resources (ASX: BBR) (the Company) is pleased to announce that it has entered into a binding Heads of Agreement (HOA) with RS Mines (Pvt) Limited (RSM) (www.graphite.com.co) to acquire up to a 50% interest in RSM, with a first-right-of-refusal over the remaining 50%. Under the terms of the HOA, the Company has paid to RSM a non-refundable deposit of A\$100,000, in order to exclusively conduct due diligence over the producing Queens Graphite Mine and associated graphene oxide production facilities located two kilometres to the north of the Kahatagaha Graphite Mine near Kurunegala/Kandy, Sri Lanka (see Figure 1). The Queens Mine was a historical producer of exceptional quality, high grade natural crystalline vein graphite until it was abandoned in 1948.

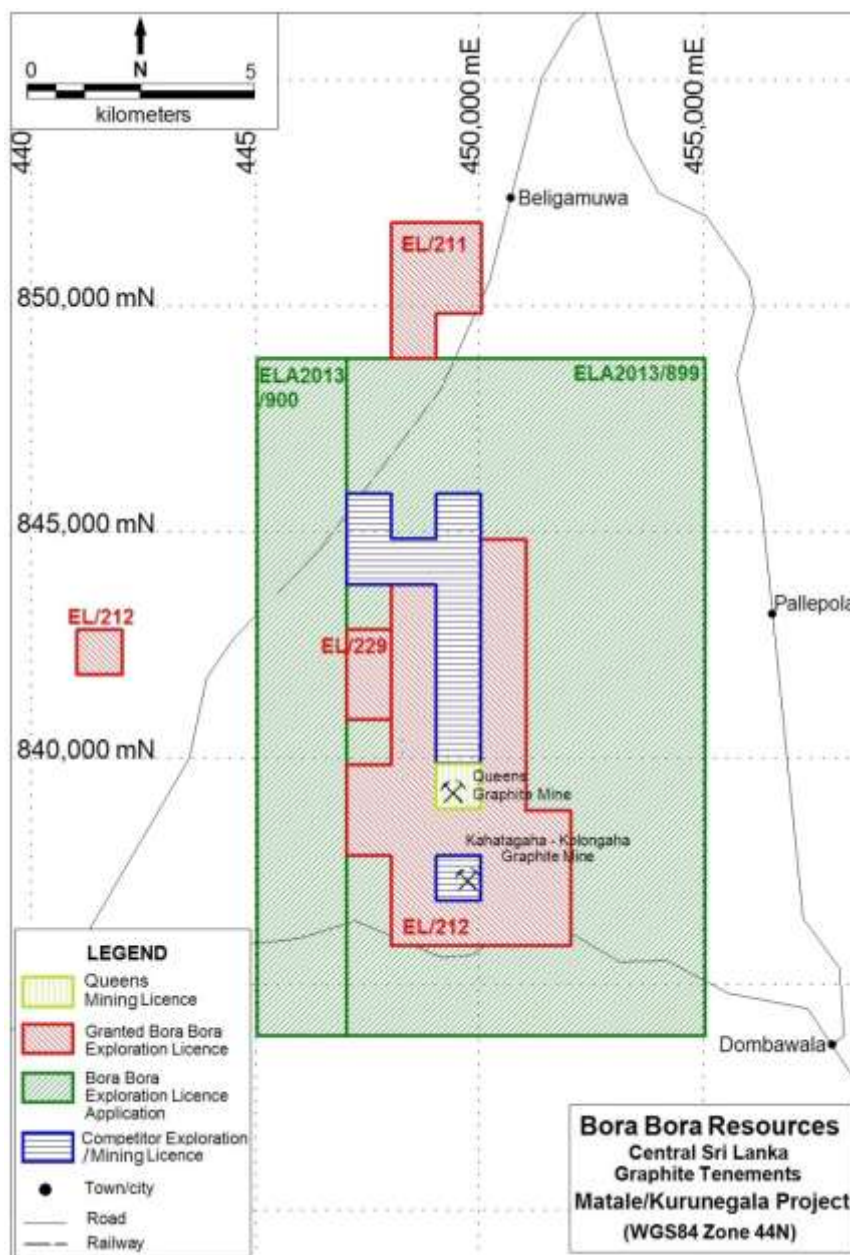


Figure 1: Location of the Queens Graphite Mine

The Queens mining lease covers an area of 21 acres. The land was purchased by RSM in 2011, is fully permitted, and is currently mining graphite.

RSM also owns additional land in other potentially high grade graphite bearing areas of Sri Lanka.

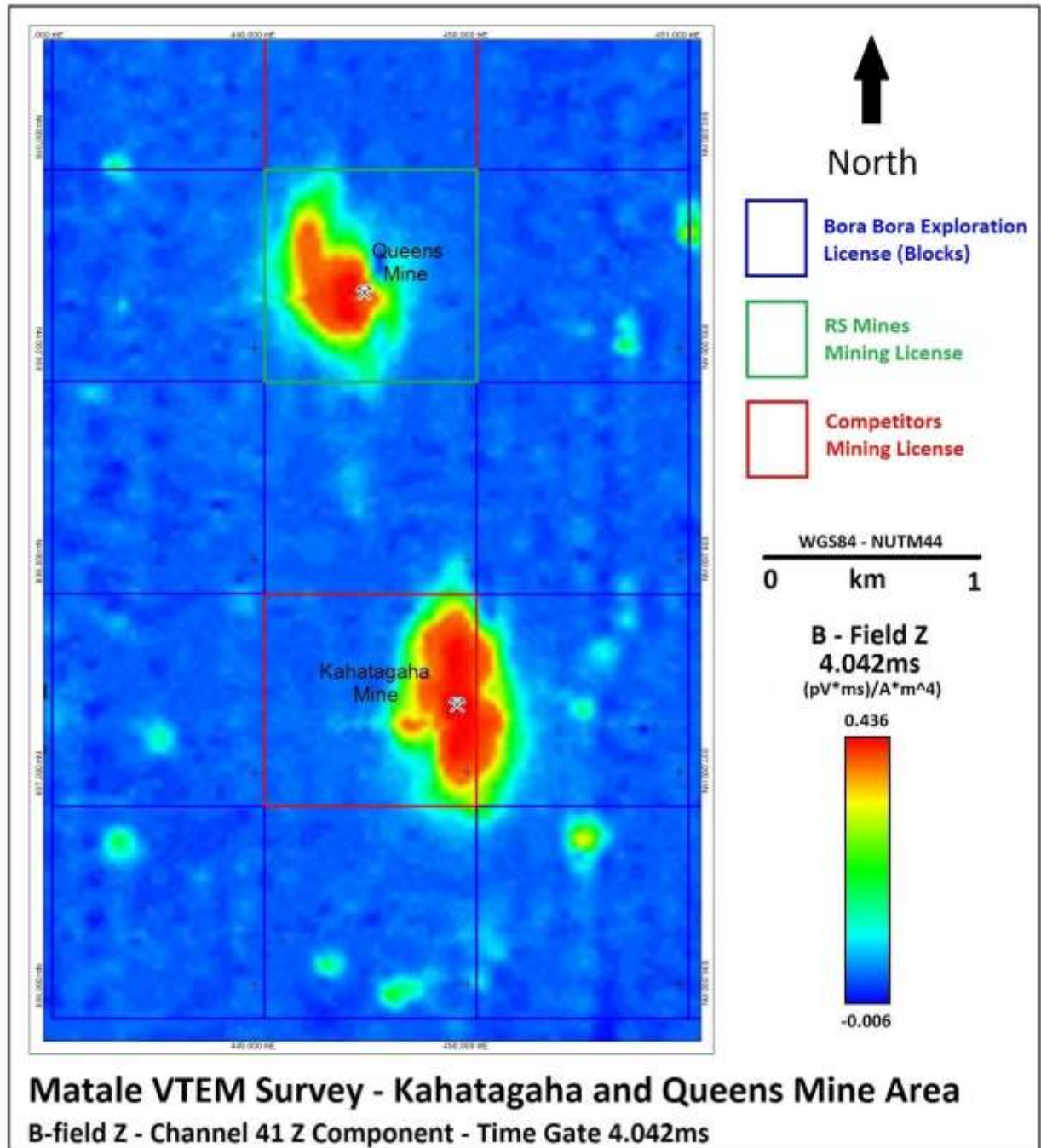


Figure 2: Visual VTEM anomalies over the Kahatagaha Graphite Mine and Queens Graphite Mine

About RS Mines (RSM)

RSM recommissioned the Queens Graphite Mine and has tested and assessed the quality of the high grade natural crystalline vein graphite, supplying potential off-take parties with graphite bulk samples. RSM converted graphite from the Queens Graphite Mine into graphene oxide, and supplied samples of graphene oxide to end users in the battery, solar, high-end electronics and other industries. Currently graphene oxide samples are also being tested for the neutralisation of radionuclide and fracking waste.

“Graphene Batteries of Norway tested over 50 types of graphite from around the world, these included amorphous, flake and spherical graphite. Results showed that the material which yielded the best end performance was that from the RS Group.” Source: News release from Graphene Batteries 30/09/2013, published by Industrial Minerals.

Having now progressed these initiatives to a level where RSM have developed strong interest from end users for these very high quality graphite and graphene oxide products, Bora Bora Resources has agreed under the terms of the HOA to earn-in to RSM by funding the commercial development of the Queens Graphite Mine and scale up of graphene oxide production facilities to meet this demand.

RS Mines is achieving prices for their value added natural graphite product at or above synthetic graphite prices and materially higher prices for graphene oxide.

Subject to Bora Bora Resources making a potential commercially viable graphite discovery, the HOA also requires RSM to process any potential ore supplied by Bora Bora Resources from its other Sri Lankan graphite operations through its facilities on an arm’s length toll treatment basis.

RSM have supplied graphite and/or graphene oxide to clients including:

- A major supplier to the electronics industry with a market capitalisation in excess of US\$2B;
- Norway’s Graphene Batteries;
- Various research institutes including Manchester University;
- Other customers can be viewed on the RSM website (www.graphite.com.co).

Based upon feedback from customers, RS Mines’ Sri Lankan graphite has superior electrical and conductivity properties when compared to flake graphite and synthetic graphite. Additionally, RSM’s graphene oxide produced from high quality, ultra high grade natural crystalline vein graphite has superior properties to other graphene products due to the vast improvement in the number of defects in the graphene made from it. This feedback suggests that the vein graphite from the region where Bora Bora Resources’ Matale/Kurunegala Project is situated potentially hosts highly strategic graphene resources. The prices achieved by RS Mines for these products validate Bora Bora

Resources' regional strategy to explore for and develop multiple sources of high grade, Sri Lankan vein graphite for further value-add.

RSM Chairman, Ranjith Wijekoon commented:

"We look forward to working with Bora Bora Resources to realise the enormous potential of the Queens Graphite Mine and our graphene oxide production facilities. We have been assessing graphite areas in Sri Lanka for the past 7 years and believe the Queens Mine region to be the purest for graphite in Sri Lanka."

Executive Director, Mr Chris Cowan commented on the deal:

"RS Mines are to be commended on their foresight in becoming an early stage leader in the value added graphite and graphene sectors. We are confident based on the VTEM data, site trips, and ongoing discussions with RS Mines there is a strong likelihood that they are sitting on a high grade graphite deposit similar to that originally discovered at the Kahatagaha Graphite Mine. If this is the case, then this accelerates our mine production plans and is another step in the right direction for Bora Bora Resources towards securing a pipeline of high grade vein graphite mines to supply the best quality natural graphite and graphene globally. We will continue to build up a portfolio of these highly strategic and unique graphite and graphene assets in line with our approach to maximise the value for shareholders and lead at the forefront of the battery, solar, high-end electronics and graphene sectors."

Transaction Details

The transaction terms consist of 5 key stages including:

1. Due Diligence
2. Initial earn-in to 15%
3. Subsequent earn-in to 25%
4. Option for BBR to go to 50%
5. First right-of-refusal to acquire remaining 50% in RSM

The below table provides a summary of the stages for Bora Bora Resources to earn-in to RSM. The majority of all funds injected by Bora Bora Resources through the earn-in will be applied toward gearing up mine production to commercial levels and the exponential scale up of graphene oxide production. The transaction is subject to all required ASX, regulatory and shareholder approvals.

Earn-in phase	BBR Cumulative Interest	Consideration
Due Diligence	0%	A\$100,000 non-refundable deposit (to be applied as an investment in RSM, if BBR elects to earn-in)
Initial 15%	15%	<p>4,000,000 fully paid ordinary BBR shares</p> <p>2,000,000 performance shares, subject to any requirements or approvals by ASX, vesting on the achievement of either:</p> <ul style="list-style-type: none"> a) delivering a measured JORC resource of 100,000 tonnes of graphite at 90% or greater total graphitic carbon b) signing a binding supply agreement with a third party for the purchase of 300 tonnes of graphite at a minimum \$US16,000 per tonne and 3,000Kg of graphene oxide at minimum of £85 per kilogram or equivalent prices <p>A\$400,000 payment to RSM shareholders</p> <p>A\$650,000 investment into RSM</p>
Further 10%	25%	<p>A\$500,000 investment into RSM once CAPEX budget, business plan and production specifications have been agreed between BBR and RS Mines.</p> <p>A\$1,750,000 scale up investment into RSM once minimum off-take and supply agreements have been entered into</p> <p>A\$750,000 additional investment into RSM once plant and mine development is completed and has been commissioned</p>
Option to go to 50%	50%	To be negotiated between BBR and RSM or failing this, to be determined by an independent valuation. Consideration can be paid as either cash or the equivalent in BBR shares
First-right-of-refusal over 50%	Up to 100%	As agreed between BBR and RSM or on the same terms as any other third party offer made for shares in RSM that an RSM shareholder agrees to sell

Regional Exploration Strategy

The regional setting of the Queens Graphite Mine site consists of 13 old pits that previously yielded high quality graphite such as that found at Kahatagaha Graphite Mine prior to its abandonment. The region contains 2 other operating high grade graphite mines and is Sri Lanka's best locality for graphite production as the mine's do not experience the watering problems and lower grades such as those found further to the south of Sri Lanka. Bora Bora Resources has applied for all exploration ground around the operating mines in the region and recently flown a VTEM survey over the area.

The Company is focussed on exploring for and developing high grade vein graphite deposits and value adding to supply premium end products such as graphite, spherical graphite and graphene oxide to end users. These products sell at a material premium to graphite produced from other parts of the world due to the unique properties and purity of Sri Lankan vein graphite. By pursuing this strategy, Bora Bora Resources is building a portfolio of the rarest and highest quality graphite and graphene assets globally. The proposed transaction with RSM adds another dimension in fulfilling the Company's objectives.

VTEM Update

Bora Bora Resources is in advanced stages in securing land access over other *bullseye* anomalies generated by the recently flown VTEM surveys. The VTEM data over these targets has been sent for further processing and plate modelling and will be released to the market once land access has been secured and data processing completed. It is envisaged that this information will shortly begin to become available for release. As these targets are further defined and land access is secured, arrangements will be made for ground follow up including geophysics and drilling to occur in parallel to the activities being conducted as part of the due diligence on RSM.

Exploration Program – Drilling and Geophysics

Bora Bora Resources is in the process of sourcing an appropriate drill rig to complete its due diligence on RSM and drill test other *bullseye* anomaly targets generated from the recently flown VTEM survey. In addition to drilling, the Company will also look to utilise ground geophysics techniques. A request for quotes has been submitted to various specialist international engineering groups to oversee the exploration programs. The Company will provide further details on this as they become available.

Based on initial drill rig enquiries, the Company expects to be on the ground drilling in Q3/Q4 of 2014.

Further information

Details of Bora Bora Resources' projects are available at the Company's website

www.boraboraresources.com.au

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About Bora Bora Resources

Bora Bora Resources Limited (ASX: BBR) is a Sydney-based graphite exploration company focused on the Matale/Kurunegala Graphite Project in Sri Lanka. BBR was listed on the Australian Securities Exchange on 11 May 2012.

BBR has acquired a 75% interest in the Matale/Kurunegala Graphite Project near Kandy in Sri Lanka, through a deal with Plumbago Mining Pty Ltd announced in 2012. The project is situated on 145km² of tenements and applications surrounding the historic Kahatagaha Graphite Mine (KGM), which has operated since 1872 and produced more than 300,000 tonnes of high-grade graphite. BBR has added to its Sri Lankan graphite project portfolio with the granting of licences for the Paragoda North and Paragoda South Graphite Projects in central Sri Lanka.

BBR has also established a graphite project portfolio in southern Sri Lanka with the Baduraliya, Neluwa and Ambalangoda Graphite Projects.

About Sri Lankan Graphite

Vein graphite is known under various names including crystalline vein, Plumbago, Sri Lankan graphite, and Ceylon graphite. The name "Sri Lankan" and "Ceylon" are commonly used for vein graphite since the island nation of Sri Lanka (formerly Ceylon) is the only area to produce this material in commercial quantities.

Serious mining and exportation of Ceylon graphite began about 1824, however the unusual deposits of Ceylon have been known since the middle of the 1600s.

Due to the natural fluid-to-solid deposition process, vein graphite deposits are typically above 90% pure with some vein graphite reaching 99.5% graphitic carbon in the "as found" state. This level of purity is possible because the deposition of carbon occurs as a precipitation of solid carbon from a geologic fluid that is traversing emplaced rock. There is no intimate mixing or association of the graphite with country rock as in conventional flake graphite deposits where the non-carbon and carbon phases may be deposited contemporaneously.

Typical veins measure from centimetres to nearly 2m in thickness with the highest purity material being located toward the centre of the vein away from contact with the wall rock. Vein graphite is mined using conventional shaft or surface methods typically used to mine vein-type deposits.

Vein graphite is available in sizes ranging from 8cm lumps to powder as fine as 5-micrometers. Products covering the range of purity from 94% graphitic carbon to 99% graphitic carbon are commonly available. In

many applications vein graphite may offer superior performance since it has slightly higher thermal and electrical conductivity, which result from its high degree of crystalline perfection. Vein graphite also has the highest degree of cohesive integrity of all natural graphite materials. High cohesive "energy" means that vein graphite is easy to mould and can be formed into solid shapes without the aid of a binder addition.

[Source: Asbury Carbons – The world's largest independent processor and merchandiser of graphite]

Competent Persons Statement

The information in this report that relates to the Matale/Kurunegala Graphite Project was first reported by the Company in compliance with the JORC 2012 code in a market release dated 6th March 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement released on this date.

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Andrew Johnstone who is an Officer of the Company. Mr Johnstone is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Johnstone consents to the form and context in which the Exploration Results and the supporting information are presented in this report.

Appendix 1 - JORC 2012 edition – Table 1 Report for Matale Graphite Project including VTEM data over the Kahatagaha Graphite Mine and Queens Graphite Mine	
Section 1	Sampling Techniques and Data
Sampling Techniques	No sampling has taken place. However sampling may occur when ground based exploration begins.
Drilling techniques	No drilling has taken place. However drilling may occur when ground based exploration begins.
Drill sample recovery	No sample recovery has taken place. However sample recovery may occur when ground based exploration begins.
Logging	No Logging has taken place. However logging may occur when ground based exploration begins.
Subsampling techniques and sample	No subsampling has taken place. However logging may occur

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preparation	when ground based exploration begins.
Quality of assay data and laboratory tests	No sampling of any type has taken place, however when it does Bora Bora Resources will ensure the proper QAQC procedures are employed and reported.
Verification of sampling and assaying	No sampling of any type has taken place, however when it does Bora Bora Resources will ensure the proper QAQC relating to verification will be employed and reported.
Location of data points	A Local surveyor (Name withheld) has been used to locate the position of the Kahatagaha Graphite Mine (KGM) mining lease using differential GPS and standard surveying techniques with better than 2cm accuracy. This surveyor will be used for any location work needing a high degree of accuracy. For other work hand held GPS units using WGS84 NUTM44 projection will be used.
Data spacing and distribution	Data spacing and location relating to surface based exploration is not applicable currently, as no surface sampling has taken place. The location of Geophysical Surveys is controlled by contractors using standard aeronautical location equipment principally GPS, (projection for airborne geophysical surveys is WGS84 NUTM44)
Orientation of data in relation to geological structure	No ground surveys have taken place, however airborne geophysical surveys have been orientated to be as close to perpendicular as possible (north-south orientation) to the known reported strike of graphite in the area (principally east - west).
Sample security	No samples have been taken.
Audits or reviews	No audits or reviews have taken place.

Section 2	Reporting of Exploration Results
Mineral tenement and land tenure status	The Matale/Kurunegala Graphite Project Exploration Licences are 100% owned by Sri Lankan company Plumbago Lanka (Pvt) Ltd, which is 75% owned by Bora Bora Resources. The Exploration Licences when granted have a two year term which can be renewed prior to the 2 year anniversary date. Exploration Licences are issued and managed by the Sri Lankan Government GSMB.
Exploration done by other parties	Initial Exploration and Review of the Matale/Kurunegala Graphite Project has been carried out by GSMB Technical Services with reports provided to Bora Bora Resources which include a summary of geology, and graphite potential over the area. Bora Bora Resources has carried out two field trips to the Matale/Kurunegala Graphite Project where graphite occurrences were observed, prior to an airborne VTEM survey being commissioned.
Geology	The area surrounding the Kahatagaha Graphite Mine and Queens Graphite Mine consists of metasediments, charnockitized gneisses and metaigneous rocks. These rocks have folded into three large scale folds namely from West to East, the Dodangaslanda synform, Maduragoda antiform and the Yatawatta synform. The metasediments are mainly metaquartzites, garnet bearing quartzo-feldspar hid gneisses, garnet, corditerite, biotite and sillimanite bearing gneisses and calc-gneisses, metagabbro, metadiorite and metagranitoids. The majority of the gneissic rocks in the eastern part of the area, exposed around the Yatawatta synform are igneous in origin except cordierite gneiss and garnet biotite gneiss. Most of the rocks in the Western half, underlying the Maduragoda antiform and the Dodangaslanda synform are metasediments (GSMB 2013)
Drill hole information	No Drilling has taken place.
Data aggregation methods	Bora Bora Resources Limited principally used MAPINFO to assess and integrate data, at early stages of exploration.
Relationship between mineralisation widths and intercept lengths	No mineralisation has been sampled or intersected by Bora Bora Resources, however Geophysical surveys carried out by air have shown strong anomalies in the data located

	precisely where known mines for graphite are located.
Diagrams	Airborne VTEM data (channel 41 Bfield) is shown in plan format over the Kahatagaha Graphite Mine and Queens Graphite Mine in Figure 2. Figure 1 shows the position of the data shown in Figure 2 with respect to Bora Bora Resources Matale/Kurunegala Graphite Project tenements.
Balanced reporting	Bora Bora Resources will endeavor to produce balanced reports which reflect and accurately report the results obtained from exploration carried out. Any external information included in reports will be adequately referenced to allow scrutiny.
Other substantive exploration data	Kahatagaha Graphite Mine (KGM) – 100% Sri Lankan Government owned. Production started in 1872, underground mine extends as far as 500 metres wide, and to a depth of 610 metres. Unsubstantiated annual production of 2000-3000 tonnes has been recently reported (Sunday Observer, 21 October 2012). Queens Graphite Mine – 100% owned by RS Mines (Pvt) Limited.
Further work	If interpretation of the VTEM data reveals any anomalies of interest then follow up will involve initial site investigation and sampling, sampling may include rock chips, trenching and/or drilling.

Tenements/Licences - Sri Lanka

Licence No.	Interest[#]	Location
EL/211	75%	Central Sri Lanka
EL/212	75%	Central Sri Lanka
EL/229	75%	Central Sri Lanka
ELA2013/899	75%	Central Sri Lanka
ELA2013/900	75%	Central Sri Lanka
EL/246	75%	Southern Sri Lanka
EL/230	75%	Southern Sri Lanka

[#] All interests are direct equity interests. Bora Bora Resources does not currently have in place any farm in or farm out arrangements for any of these tenements

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