

Chairman's Address - EGM 29th May 2015

Dear Fellow Shareholders,

Well it has been an intense 5 months since I joined the board. When I gave the AGM Chairman's address approximately a week after joining Lamboo, I was still getting to grips with the magnitude of hurdles we faced as a company in order to move forward. Whilst three challenges immediately faced us, equally the potential of McIntosh, after the VTEM survey, along with the continuing results from Geumam have certainly got me excited about the future of the company.

Addressing the Past

- a) Firstly, a tough cash position where we would have run out of cash in early January and with no ability to go to the capital markets due to having insufficient cash to produce a Prospectus.
- b) Secondly, a failed Hengda merger deal with a deposit that it appears hadn't been escrowed and had been paid directly to Mr Wang.
- c) And, thirdly some fundamental governance issues that existed within the company.

Since this time, the board has been working hard to address each issue as well as get the company on track and focused. Addressing these issues has been both time consuming and in some cases, expensive.

In addressing the first issue, due to the fact that Lamboo had been suspended for a total of 27 days in a rolling calendar year, the Company was required under ASIC rules to produce a Prospectus in order to raise additional capital, including placements for which this is not normally needed. Unfortunately, at the board meeting after I joined, we realised that we did not have cash left to actually produce a Prospectus, requiring us to find another mechanism to raise cash. A convertible note was the best option on the table at short notice at the time. Having raised money through a convertible note, we then needed to invest in a Prospectus and EGM in order to raise additional capital the company needed to survive. We will remain under Prospectus disclosure requirements until December 2015 (unless ASIC grants us relief, which we are pursuing) and I apologise upfront for the additional EGMs we may need to have until this process is complete.

There is a lot of conjecture around Hengda and the deposit which I would like to clear up;

- a) Whilst we are, as a result of our work, in a stronger position with Hengda today regarding a right to receive the deposit back, recovery of the deposit is still not assured not least because we do not know Hengda's cash position.
- b) The original deposit was not Escrowed. It was paid directly to Mr Wang.
- c) Lamboo has spent over US\$3M (including the US\$2M deposit) on this deal.
- d) Whilst we have provided for the potential non-recovery of this money in our financial statements, we are NOT giving up trying to secure the return of the deposit and to recoup losses. We are now working on a prudent way of moving forward from here, having regard to costs and benefits.
- e) We are further delving into the details of the deal to understand why the due diligence process appears to have failed.

Unfortunately, one of the biggest side effects of Hengda, apart from the monetary loss, is that it has diverted attention from the core business goals which are bringing McIntosh and Geumam into production.

On the issues of Governance, the board of Lamboo has worked to ensure all activities within the company are done within the parameters of a robust governance system. Many of the decisions are now made at a board level, rather than executive level. These include but are not limited to;

- a) Contracts and Agreements with 3rd Parties.
- b) Agreements on work done by board members that is considered beyond their normal scope and remuneration.
- c) Expense Claims, Travel Policies etc.
- d) Sign-off of payments policy.

We will continue to strive to ensure the business is operating at the highest standards of governance.

The cash position of the Lamboo remains tight, due to our limited ability to raise funds in the past 6 months; however, as we committed in the AGM Chairman's address, we are ensuring that every cent of spending is not only maximised but also adequately scrutinized. In doing this, we have taken significant actions including;

- a) Giving notice on our Hong Kong office
- b) Giving notice on our city office in South Korea and moving activities to a home office or on-site.
- c) Finding more cost effective solutions for our Perth office.
- d) Moving out of our Brisbane offices and using our Accounting firms' offices for meetings.
- e) Reducing dramatically the international travel for events and shareholder visits.
- f) Implementing new expense policies.
- g) Utilising online technologies such as Skype for communications.

In terms of the other past issues, we needed to address the re-release of the Conceptual Scoping Study and I am pleased to say we have now got this out to the market and crossed that milestone.

Focusing on the Future

On a more positive note, we are now much more focused on moving the company forward and getting back to our core strategic objective. That is;

Priority 1 : Getting McIntosh into Production

- a) JORC compliant resource upgrade at McIntosh with drill out's at T6 and T5.
- b) Focus on getting out a DFS.
- c) Organise Project Financing.
- d) Move as fast as possible to Production.



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Priority 2 : Firm Up Existing Offtakes and Add More.

- a) Use the new drill core from McIntosh to establish new Offtake Partners and work with our existing Offtake Partners to take each agreement to a detailed offtake (that we can also use in Project Financing Negotiations).
- b) Working with a potential new Offtake Partner to bring it to a firm offtake agreement.

Priority 3: Take Geumam to the Next Level.

- a) Combine all resource estimates to underpin a Scoping Study.
- b) Working on building a DFS.

Some things I would like to make clear on our Strategy.

- 1) Lamboo is focused on exploring and mining high grade, low impurity flake graphite used for high value technology markets, (NOT Industrial markets).
- 2) Whilst we would like to develop the South Korean projects in parallel to McIntosh, given where we are in the mining cycle, it is prudent that we focus on getting the first project into production as soon as possible. Given the potential magnitude of the project, the logical candidate for this is McIntosh.
- 3) We have not forgotten about Target 4 and the large scale, highly conductive anomaly that exists there. We will be doing some exploratory drilling of that target in the upcoming drilling program and will then strategically decide which option we would like to take with this particular prospect once we have the appropriate data. The focus for Lamboo is Flake Graphite.
- 4) If you have any questions about our strategy, which I have just summarised above, please contact Ken Banks who handles our investor relations. He can also put you in touch with Tony and myself if further questions arise.

Corporate

On the corporate side of Lamboo. When cashflow has allowed, we have been paying out the convertible note in cash, we had to pay for the Heritage Clearance Survey and we have had legal and other costs associated with Hengda and whilst we are trying to squeeze everything we can out of each dollar, we will need to raise funds again in the near future.

Having said that, we have also heard the message loud and clear from a number of shareholders that they would like to have access to further raising, so we are taking that into account.

In the coming days, I will also announce a new Director to the Board. The plan is to move back from a four person board to three, more aligned to the needs of Lamboo moving forward.

On the share price, it has certainly been disappointing seeing the share price sinking in the last 6 months from approximately 19c to 6c on news such as;

- a) the Hengda deal falling through and
- b) subsequent Hengda Deposit updates and the news on the collateral,
- c) as well as our difficult cash situation at the end of December.



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However, our core shareholder base have been strong supporters throughout this period and have in a lot of cases, accumulated stock. We had to rebuild post the Hengda fallout and I believe we are definitely now on the right track. Obviously, I have also been a buyer of the stock when I have been able to.

Next Steps

We are currently waiting for the Heritage Survey Report from the survey that was conducted in April. Immediately following the receipt of that report we will commence drilling at McIntosh. Tony will give some more details on our planned drilling and expected outcomes in the presentation he will give today.

We are very excited to be back drilling after a 12 month break and with the outstanding VTEM results from September last year, we have some very exciting prospects.

Finally, I would like to thank the shareholders of Lamboo for having a lot of patience whilst we get the focus of the company back to the development of our Graphite Projects. It is also certainly encouraging to see so many of our smaller shareholders vote via Proxy at the EGM today and to actively participate in the company. I also read the news groups from time to time to monitor where our messaging is not clear and to understand the concerns of that group of shareholders.

We will continue to move forward! I thank the shareholders for their continued patience whilst we get the company back on track. What I am certain of is that we have great assets and a good team on the ground... We just need now to execute.

Best Regards

Neville Miles

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