

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Lanka Graphite Limited

ABN/ARBN

074 976 828

Financial year ended

30 June 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>



this URL on our website: <http://www.lankagraphite.com.au/index.php/pages/corporate-governance> and attached.

The Corporate Governance Statement is accurate and up to date as at 28 September 2017.

Our corporate governance disclosures can be located at:

<http://www.lankagraphite.com.au/index.php/pages/corporate-governance>

Date here: 28 September 2017

Sign here:



Company Secretary

Print name: Justyn Stedwell

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> “Corporate governance statement” is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity’s corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...	
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>www.lankagraphite.com.au (Board Charter)</p>	
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a> (Board Charter)</p>	
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a> (Board Charter)</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a> (Board Charter)</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a> (Nomination and Remuneration Policy)</p>	
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>		<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors:  <input checked="" type="checkbox"/> in our Corporate Governance Statement  ... where applicable, the information referred to in paragraph (b): N/A  ... the length of service of each director:  <input checked="" type="checkbox"/> at this location:  The Directors Report	
2.4	A majority of the board of a listed entity should be independent directors.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b><u>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</u></b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it:  <input checked="" type="checkbox"/> at this location:  <a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a>	
<b><u>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</u></b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with	<input checked="" type="checkbox"/> an explanation why the Company does not fully comply with 4.1 (a) (1) is so in our Corporate

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <b>NOT</b> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>paragraph (1) in part and paragraph (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location: <a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at this location: The Directors Report.</p>	<p>Governance Statement</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
<p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

<b>Corporate Governance Council recommendation</b>	<b>We have followed the recommendation in full for the whole of the period above. We have disclosed ...</b>	<b>We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...</b>
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**PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p>
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**PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p>	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
<b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a risk committee that complies with paragraph (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.lankagraphite.com.au">www.lankagraphite.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> in the Directors Report.</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that we follow this recommendation:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b> (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:  <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b><u>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</u></b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the	[If the entity complies with paragraph (b):] ... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:  <input checked="" type="checkbox"/> in our Corporate Governance Statement,  <input checked="" type="checkbox"/> at this location:  www.lankagraphite.com.au (Nomination and Remuneration Policy)	

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<p>level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><u>AND</u></p> <p><input checked="" type="checkbox"/> at this location: The Remuneration Report</p>	
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement,</p> <p><input checked="" type="checkbox"/> at this location:  www.lankagraphite.com.au (Nomination and Remuneration Policy)</p> <p><u>AND</u></p> <p><input checked="" type="checkbox"/> at this location: The Remuneration Report</p>	
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

28 September 2017

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current position with regards to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition, 2014) (**Principles and Recommendations**).

While the Principles and Recommendations are not mandatory, the Company is required to disclose the extent to which it complies with the Principles and Recommendations.

## ASX BEST PRACTICE RECOMMENDATIONS

Item	ASX Best Practice Recommendation	Comment
<b>Principle 1: Lay a solid foundation for management and oversight</b>		
1.1	A listed entity should disclose:  (a) the respective roles and responsibilities of its board and management; and  (b) those matters expressly reserved to the board and those delegated to management	The Corporate Governance Policy includes a Board Charter, which outlines the specific responsibilities of the board and senior management, and outlines those matters expressly reserved to the board and those delegated to management. Please refer to the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a> to obtain a copy of the Board Charter.
1.2	A listed entity should:  (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and  (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Nomination and Remuneration Policy adopted by the board sets out the process for screening proposed directors and providing security holders with material information regarding whether or not to elect or re-elect a director. The Board undertakes appropriate reference checks before appointing any new members to the Board. Please refer to the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a> to obtain a copy of the Nomination and Remuneration Policy.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The Company's officers and management have all entered into service contracts which outline the responsibilities of each of the company's officers and of management personnel when performing their roles for the Company.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Board Charter provides that the secretary shall be accountable directly to the board in this respect.
1.5	The company should have a diversity policy....	The Company has adopted a Diversity Policy.

		<p>The Company has achieved an appropriate level of gender diversity in accordance with its Diversity Policy.</p> <p>There are currently:</p> <ul style="list-style-type: none"> <li>- Two female (of three) directors on the Board; and</li> <li>- One female (of two) senior executives.</li> </ul> <p>The Company intends to maintain a diverse mix of gender among its Directors and executives.</p> <p>Please refer to the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a> to obtain a copy of the Diversity Policy.</p>
1.6	A listed entity should have a process for periodically evaluating the performance of the board, its committees and individual directors.	The Company has a process of periodic evaluation and disclosure for the board, its committees and individual directors, as included in its Board Charter. A Board review did not occur during the 2017 financial year. The Board intends to conduct a Board review during the 2018 financial year.
1.7	A listed entity should have a process for periodically evaluating the performance of its senior executives.	The Company has a process of periodic evaluation and disclosure for senior executives, as included in its Board Charter. A review of senior executives did not occur during financial year, the Board intends to conduct a review of senior executives in during 2018 financial year.
<b>Principle 2: Structure the board to add value</b>		
2.1	<p>The Board should have a nomination committee...</p> <p>If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Board is responsible for the nomination and selection of directors. Given the size of the Company and the nature of its operations, the Board does not believe it to be appropriate to establish a nomination committee at this time. The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate. The Board has implemented a Nomination and Remuneration Policy, which is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a>.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	The Board has established a Diversity Policy in accordance with the 2014 Amendments to the ASX Corporate Governance Principles and Recommendations, and will endeavour to provide for appointments to the Board and Company in accordance with this Policy as the Company develops and grows. The Board has evaluated the current mix of skills and experience held by current directors and is satisfied with the current Board composition. The Board does not believe it is necessary to develop a formal Board skills matrix at this

		stage.
2.3	A listed entity should disclose the identity of independent directors, and the length of service of such directors.	One of the Company's three directors Directors is independent, being Alison Coutts. The length of service of each director is set out in the Directors Report.
2.4	A majority of the board of a listed entity should be independent directors	The Company considers that the presence of at least one independent director is appropriate for a company of its size and consider that it provides the Board with sufficient independent judgement.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The roles of the Chairman and the CEO are not exercised by the same person. Jitto Arulamaplam is the Company's Executive Chairman and he is not an independent director. The Board believes it is appropriate to have the Chairman engaged in an executive capacity at this critical stage of the Company's development.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	The Board and Company Secretary shall induct new directors and ensure that Board members have access to continuing education to update their skills and knowledge.
<b>Principle 3: Act ethically and responsibly</b>		
3.1	A listed entity should have a code of conduct for its directors, senior executives and employees.	<p>The Board has established a Code of Conduct for the Board and Management. The Code of Conduct is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a>.</p> <p>The Board is committed to meeting their responsibilities under the Constitution and <i>Corporations Act 2001</i> (Cth) when carrying out their functions as company officers.</p>
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
4.1	The Board should have an audit committee....	<p>The Company has established an Audit and Risk Committee and has adopted a Charter for the Audit and Risk Committee, which is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a>.</p> <p>The Committee consists of independent director, Allison Coutts (Chair), and executive director, Jitto Arulampalam. Due to the size of the Company and the Board, the Board believes that committees consisting of two directors and the presence of at least one independent director is sufficient.</p> <p>Meetings of the Committee are chaired by a non-executive independent director, Alison Coutts. The Company recognises that it is appropriate that the Committee be chaired by an independent chair who is not chair of the Board.</p>

4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	The CEO and CFO have provided the Board with a declaration in accordance with recommendation 4.2.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.</p> <p>Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.</p> <p>There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.</p>
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1	Company should have a written policy for complying with its continuous disclosure obligations under the Listing Rules	The Company has adopted a Communication and Disclosure Policy to ensure compliance with the ASX Listing Rules disclosure requirements. The Communication and Disclosure Policy is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a> .
<b>Principle 6: Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	The Board has adopted a Communications and Disclosure Policy, and as part of this policy, will ensure that all relevant announcements and documents are published on the Company's website in a prompt fashion.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	The Board intends to actively engage with security holders at the AGM, meeting with them upon request and responding to any enquiries they may make from time to time.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders	The Board is committed to ensuring that the Company's shareholders receive information relating to the Company on a timely basis and shall endeavour to keep shareholders well informed of all material developments of the Company.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry	The Company provides this option to security holders.

	electronically.	
<b>Principle 7: Recognise and manage risk</b>		
7.1	The board of a listed entity should have a committee or committees to oversee risk...	<p>The Company has established an Audit and Risk Committee, which shall be responsible for monitoring, identifying and managing risks, and ensuring that these risk identification and management procedures are implemented and followed.</p> <p>Detail of the composition of the Audit and Risk Committee is set out under Principle 4.</p> <p>The Audit and Risk Committee has adopted a Charter, which is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a>.</p>
7.2	The board or a committee of the board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound.	<p>Pursuant to the Audit and Risk Committee Charter, the Audit and Risk Committee is responsible for periodically reviewing the Company's risk management framework (at least annually) and disclosing, in relation to each reporting period, whether such a review has taken place, and carrying out any processes or procedures required by the Company's Risk Management Policy as amended from time to time. A review of the Company's risk management framework occurs during each financial year.</p>
7.3	The Company should disclose if it has an internal audit function, how the function is structured and what role it performs.	<p>The Company does not have an internal audit function. Pursuant to the Audit and Risk Committee Charter, the Audit and Risk Committee will be responsible for reviewing and amending where necessary internal financial and audit controls and accountability mechanisms, reviewing the results of audits, and ensuring the independence, objectivity and competency of internal and external auditors and audit processes and the separation of internal and external audit functions.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>As a mining exploration company, the Company may be materially exposed to economic, environmental and social sustainability risks. The Company has adopted a Risk Management Policy to assist with management of these risks, which is available on the website <a href="http://www.lankagraphite.com">www.lankagraphite.com</a>.</p>
<b>Principle 8: Remunerate fairly and responsibly</b>		
8.1	<p>The board of a listed entity should have a remuneration committee....</p> <p>If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and</p>	<p>The Company has not established a separate Remuneration and Nomination Committee. Given the size of the Board and the Company's current operations as at the date of adoption of this Policy, it is considered that no efficiencies or other benefits would be gained by establishing a separate Remuneration and Nomination Committee.</p>



	ensuring that such remuneration is appropriate and not excessive.	Prior to establishment of the Remuneration and Nomination Committee, the full Board will oversee matters usually the responsibility of a Remuneration and Nomination Committee. Upon establishment, the Remuneration and Nomination Committee will be composed of three members. It will, where possible, consist of a majority of independent directors and be chaired by a person who is not Chairman of the Board.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	The Board is responsible for the Company's remuneration policy and has adopted a Nomination and Remuneration Policy which outlines the processes by which the Board shall review officer and management remuneration.
8.3	An entity with an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.	Participants in equity based remuneration schemes are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

For further information about the Company's corporate governance policies, and to obtain copies of these policies, please refer to the Company's website [www.lankagraphite.com](http://www.lankagraphite.com).