

## LANKA GRAPHITE LIMITED NOTICE OF 2016 ANNUAL GENERAL MEETING

Notice is hereby given that the 2016 Annual General Meeting of Lanka Graphite Limited ACN 074 976 828 will be held at Level 18, 101 Collins St, Melbourne, VIC, 3000 on Wednesday, 30 November 2016 at 11:00 a.m. AEDT.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary.

### **1. Agenda for the Meeting**

#### **Financial statements and reports**

The Meeting will consider the financial statements and reports of the Company including the income statement, balance sheet, statement of changes in equity, cash flow statement, the notes to the financial statements, the Directors' declaration and the reports of the Directors and Auditors for the financial year ended 30 June 2016.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the Company's financial statements and reports.

The Company's auditor, BDO East Coast Partnership (BDO), will be present at the Meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

The Lanka Graphite Limited 2016 Annual Report can be viewed online at the Company's website [www.lankagraphite.com](http://www.lankagraphite.com) on the "Annual Report" page under "Investors" and on the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX code:LGR).

#### **Resolution 1 - Adoption of Remuneration Report**

To consider and if thought fit, pass the following resolution as a non-binding resolution:

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2016 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."*

**Voting Exclusion Statement:** In accordance with the Corporations Act the Company will disregard any votes cast in relation to this resolution by or on behalf of the Key Management Personnel, which includes the Directors and executives in the consolidated group whose remuneration is included in the Remuneration Report and their closely related parties (Excluded Persons). However, the Company need not disregard a vote if:

- it is cast by an Excluded Person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Resolution 2 – Re-election of Alison Coutts as a Director**

To consider and if thought fit, pass the following resolution as an ordinary resolution:

*“That, Alison Coutts, being a Director of the Company, retires pursuant to the Company’s constitution, and having offered herself for re-election and being eligible, is re-elected as a Director of the Company.”*

## **Resolution 3 – Approve the Issue of Convertible Notes**

*“That for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of Convertible Notes with a total combined face value of \$1,427,500, as referred to in the Explanatory Statement, is approved.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this resolution by any person who may participate in the issue or might obtain a benefit and any of their associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Resolution 4 – Approval of additional capacity to issue Shares under ASX Listing Rule 7.1A**

To consider and, if thought fit, pass the following resolution as a special resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Placement Facility issue and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if this Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## **2. Determination of voting entitlement**

For the purpose of determining a person’s entitlement to vote at the Meeting, a person will be recognised as a shareholder and the holder of Shares if that person is registered as a holder of those Shares at 7:00 p.m. AEDT on Monday, 28 November 2016.

## **3. Votes**

Unless a poll is demanded in advance of voting on a resolution, voting on each resolution will initially be by way of a show of hands. On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a representative, shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by him, her or it.

## **4. Proxies**

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder.

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company at Lanka Graphite Limited, Suite 14B, Level 18, 101 Collins St Melbourne VIC or by facsimile on +61 (0) 3 8678 1747 by 11:00 a.m. AEDT on Monday, 28 November 2016.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on the Resolutions by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business.

Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

If the proxy is the Chairman, the Chairman can vote undirected proxies on the Resolution 1 provided that proxy form expressly authorises the Chairman to vote undirected proxies even though these Resolutions are connected with the remuneration of key management personnel.

A form of proxy accompanies this Notice of Meeting.

#### **5. Questions and Comments by Shareholders at the Meeting**

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, BDO. These questions should relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2016. Relevant written questions for BDO must be received by the Company no later than 11:00 a.m. AEDT on 23 November 2016. A representative of BDO will provide answers to the questions at the Meeting.

Justyn Stedwell

***Company Secretary***

On behalf of the Board of Directors

Lanka Graphite Limited

## EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

### **Resolution 1: Adoption of remuneration report**

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 30 June 2016.

The Remuneration Report sets out details of the remuneration received by the Directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks Shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of this resolution is not binding on the Company or the Board. However, sections 250U to 250Y of Corporations Act require a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report and provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the 2017 Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Company has not received a 'first strike'.

The Remuneration Report is set out in the Company's 2016 Annual Report. The Lanka Graphite Limited 2016 Annual Report can be viewed online at the Company's website [www.lankagraphite.com](http://www.lankagraphite.com) on the "Annual Report" page under "Investors" and on the ASX website [www.asx.com.au](http://www.asx.com.au) (ASX code:LGR).

### **Resolution 2: Election of Alison Coutts as a Director**

In accordance with the Company's Constitution, Alison Coutts, a Director of the Company retires by rotation at this Annual General Meeting and offers herself for election as a Director.

Details of Alison's qualifications, experience and special responsibilities are set out in the Company's 2016 Annual Report.

### Resolution 3 – Approve the Issue of Convertible Notes

#### Background

In September 2016, the Company entered into agreements to raise \$1,427,500 from the issue of convertible notes (Notes). Subject to shareholder approval, Notes will be convertible into Shares at a Share issue price of \$0.125 per Share at the election of the Noteholder.

Subject to the passing of this Resolution 3 the Company will issue Notes in the Company as consideration for \$1,427,500 received by the Company.

#### ASX Listing Rules 7.1 & 7.3

ASX Listing Rule 7.1 provides that a listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

In accordance with ASX Listing Rule 7.1, Resolution 3 seeks Shareholder approval for the issue of Convertible Notes with a total combined face value of \$1,427,500 and the issue of up to 11,420,000 Shares upon conversion of such Notes (if this occurs).

For the purpose of ASX Listing Rule 7.1, the issue of a convertible security is treated as an issue of the capital of the Company on a fully converted basis.

By obtaining the prior approval of the Shareholders to the issue of Notes, the issue of those Convertible Notes will not count within the 15% limit under Listing Rule 7.1.

In accordance with ASX Listing Rule 7.3 the Company provides the following information to Shareholders in relation to Resolution 3.

#### The number of securities to be issued, the issue price and the names of the allottees

The Company will issue Notes as set out below:

Note #	Note Holder	Face Value / Issue Price	Shares issued upon conversion (if this occurs)	Expiry / End of term
1	Wai Hoey	\$12,500	100,000	26/9/17
2	Huang Tzu Liang	\$100,000	800,000	28/9/17
3	Jin Joen Investment Corp	\$50,000	400,000	28/9/17
4	Jen Kuei Kuo	\$62,500	500,000	26/9/17
5	Teresa Poon	\$5,000	40,000	28/9/17
6	Xiodan Huang	\$110,000	880,000	30/9/17
7	Tzu Liang Huang	\$437,500	3,500,000	30/9/17
8	Everspring Industry Co LTD	\$562,500	4,500,000	30/9/17
9	Wai Leong Hoey <Hoey Family A/C>	\$37,500	300,000	26/9/17
10	Placedina Pty Ltd	\$50,000	400,000	26/9/17
	<b>Total</b>	<b>\$1,427,500</b>	<b>11,420,000</b>	

### **The date by which the Company will issue the securities**

The Convertible Notes will be issued progressively, and in any event, no later than 3 months after the date of this Meeting.

### **The terms of the securities**

Notes will be convertible into Shares at a Share issue price of \$0.125 per Share at the election of the Note holder. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder at (or following) the end of the term. Notes will accrue interest of 10% per annum until conversion to Shares or redemption. Interest on Notes is payable in arrears at the end of the term. Upon redemption, the face value of the Notes plus any outstanding interest becomes payable by the Company to the Noteholder.

All Shares to be issued upon conversion of Notes will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of Shares issued upon conversion of Notes.

If, while any Note remains capable of being converted, there is a reorganisation of the issued capital of the Company, the number of Shares a Noteholder is entitled to on the conversion of a Note will be adjusted so that the Notes are convertible into the same percentage of the issued ordinary share capital as the percentage into which they are convertible immediately prior to the relevant reorganisation event.

Subject to the ASX Listing Rules and the *Corporations Act 2001*, the Noteholder may transfer by way of instrument of transfer, assignment or novation all of its rights, benefits or obligations under this document to any third party.

### **The intended use of funds raised**

Funds raised are being used for working capital purposes and to further advance the current MOU that refers to the potential commercialisation of the Sri Lanka Government graphite mining operations.

### **Voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting.

### **Resolution 4 – Approval of additional capacity to issue shares under ASX Listing Rule 7.1A**

#### **ASX Listing Rule 7.1A**

In 2012, the ASX introduced ASX Listing Rule 7.1A which enables certain 'eligible entities' to issue equity securities of up to 10% of their issued share capital through placements over a 12 month period commencing after the annual general meeting (Additional Placement Capacity). ASX Listing Rules require that Shareholders approve the Additional Placement Capacity by special resolution, at an annual general meeting before any equity securities are issued under the Additional Placement Capacity.

For the purposes of ASX Listing Rule 7.1A an 'eligible entity' is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an 'eligible entity'. The Additional Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. The Company has issued no equity securities in the previous 12 months under its 15% placement capacity under ASX Listing Rule 7.1, therefore, if the Additional Placement Capacity is approved, the Directors will be allowed to issue equity securities of up to 25% (10% pursuant to ASX

Listing Rule 7.1A and 15% pursuant to ASX Listing Rule 7.1) of the Company's issued share capital. If the Additional Placement Capacity is not approved, the Directors will be allowed to issue equity securities of up to 15% of the Company's issued capital under ASX Listing Rule 7.1.

While the Company does not have current plans to undertake a capital raising or issue Shares for the acquisition of assets, the Company seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the Additional Placement Capacity should the need arise.

#### **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

#### **(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- b) plus the number of partly paid shares that became fully paid in the 12 months;
- c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- d) less the number of fully paid shares cancelled in the 12 months.
- e) Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

#### **ASX Listing Rule 7.3A**

In accordance with ASX Listing Rule 7.3A the Company provides the following information.

Any securities issued under the Additional Placement Capacity will be in the same class as existing quoted securities of the Company.

The issue price for each security issued under the Additional Placement Capacity will not be less than 75% of the volume weighted average price for securities in that class over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 trading days of the date above, the date on which the

securities are issued.

The issue of equity securities under the Additional Placement Capacity may result in voting dilution of existing ordinary shareholders (as shown in Table 1). There is also the risk that:

- the market price for equity securities in that class may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

Equity securities under the Additional Placement Capacity may be issued until the earlier of:

- 30 November 2017; and
- the date of approval by ordinary shareholders of a significant change to the Company's activities under ASX Listing Rule 11.1.2 or the date of approval by ordinary shareholders of a disposal of a major asset under ASX Listing Rule 11.2.

Any approval of the Additional Placement Capacity at this Meeting will cease to be valid in the event that ordinary shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.

The Company may issue equity securities under the Additional Placement Capacity for the following purposes:

- non-cash consideration: for the acquisition of new mining assets and/or investments (in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rules); or
- cash consideration: to raise funds for general working capital or the acquisition of new mining assets.

The Company's allocation policy for issues under the Additional Placement Capacity is dependent on prevailing market conditions at the time of any proposed issue.

The identity of the allottees of the equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company, including rights issues or other issues in which existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from the Company's advisors.

As the Company has no current plans to undertake a new capital raising or acquire new assets, the allottees under the Additional Placement Capacity have not yet been determined but if such an exercise was undertaken, allottees may include existing substantial shareholders and or new shareholders who are not related parties or associates of a related party of the Company.



The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2).

The table also shows:

- I. two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- II. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

**Table 1**

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.04 50% decrease in Issue Price	\$0.08 Issue Price	\$0.16 100% increase in Issue Price
Variable A - 71,180,085 Shares	10% Voting Dilution	7,118,009 Shares	7,118,009 Shares	7,118,009 Shares
	Funds Raised	\$284,720	\$569,441	\$1,138,881
50% increase in Variable A - 106,770,128 Shares	10% Voting Dilution	10,677,013 Shares	10,677,013 Shares	10,677,013 Shares
	Funds Raised	\$427,081	\$854,161	\$1,708,322
100% increase in Variable A - 142,360,170 Shares	10% Voting Dilution	14,236,017 Shares	14,236,017 Shares	14,236,017 Shares
	Funds Raised	\$569,441	\$1,138,881	\$2,277,763

**Table 1 has been prepared based on the following assumptions:**

- Variable A is calculated as 7:00 pm AEDT on 11 October 2016.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only Shares.

- The issue price of \$0.08 was the price of Shares as traded on ASX as the time of preparing this Notice (11 October 2016).

The Company previously obtained approval for the additional placement capacity pursuant to ASX Listing Rule 7.1A at its 2015 AGM.

**Information under ASX Listing Rule 7.3A.6(a)**

The table below shows the total number of equity securities issued in the 12 months before the date of the AGM and the percentages those issues represent of the total number of equity securities on issue at the commencement of the 12 month period.

<b>Equity securities on issue at the commencement of the 12 month period</b>	86,588,960*
<b>Equity securities issued in the 12 month period</b>	841,125
<b>Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period</b>	1.20%

\* Comprising an aggregate of 70,338,960 shares and 16,250,000 options.

**Information under ASX Listing Rule 7.3A.6(b)**

- 1 The table below sets out specific details for each issue of equity securities that has taken place in the 12-month period before the date of the AGM.

<b>Date of issue, class and type of equity security and number issued</b>	A. 840,125 Shares on 27/12/15. B. 1,000 Shares on 5/2/16.
<b>Summary of terms</b>	A. Ordinary Shares B. Ordinary Shares
<b>Names of persons who received securities or basis on which those persons were determined</b>	A. Issued as consideration for fees payable to Managing Director, Emily Lee. B. Application under short-form prospectus.
<b>Issue price and discount to market price (if any)</b>	A. \$0.08 per Share representing a 15.79% discount to the closing price of Shares as traded on ASX on the issue date (\$0.095). B. \$0.20 per Share representing a 53.85% premium to the closing price of Shares as traded on ASX on the issue date (\$0.13).
<b><i>For cash issues</i></b>	

<b>Total cash consideration received</b>	A. Nil B. \$100
<b>Approximate amount of cash consideration spent</b>	A. N/A B. \$100
<b>Use of cash consideration</b>	A. N/A B. Working Capital
<b>Intended use for remaining amount of cash (if any)</b>	A. N/A B. N/A
<i>For non-cash issues</i>	
<b>Non-cash consideration paid</b>	A. Issued as consideration for \$67,210 in fees payable. B. No consideration
<b>Current value of that non-cash consideration</b>	A. \$67,210 B. N/A

A voting exclusion statement has been included in this Notice. However, as at the date of this Notice, the Company has not approached any particular existing shareholder to participate in the issue of equity securities under the Additional Placement Capacity. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **FURTHER INFORMATION**

**Justyn Stedwell**  
**Company Secretary**  
**Phone: +61(0)3 9 041 6663**

**Lanka Graphite Limited**  
**Suite 14B, Level 18, 101 Collins Street**  
**Melbourne VIC 3000**  
**[www.lankagraphite.com](http://www.lankagraphite.com)**

## **GLOSSARY**

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

**AEDT** means Australian Eastern Daylight Savings Time.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the listing rules of ASX.

**Board** means the board of directors of the Company.

**Company** or **Lanka Graphite** means Lanka Graphite Limited (ACN 074 976 828).

**Corporations Act** means Corporations Act 2001 (Cth).

**Director** means a current director of the Company.

**Explanatory Statement** means the explanatory statement to this Notice of Meeting.

**Meeting** means the 2016 Annual General Meeting of the Shareholders of the Company to be held on 30 November 2016, to which the Notice of Meeting and Explanatory Statement relate.

**Notice of Meeting** means this notice of meeting of the Company dated 27 October 2016.

**Resolution** means a resolution referred to in the Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

Words importing the singular include the plural and vice versa. All references to currency are in Australian dollars.

# Proxy Form

Lanka Graphite Limited  
 ACN 074 976 828  
 Suite 14B, Level 18, 101 Collins St  
 Melbourne VIC 3000

## STEP 1 - Appointment of Proxy

I/We

being a shareholder/s of Lanka Graphite Limited and entitled to attend and vote hereby appoint

the Chairman of the General Meeting (mark with an 'X')

**OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered security holder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **2016 Annual General Meeting of Lanka Graphite Limited to be held at 11:00 am AEDT on Wednesday, 30 November 2016 at Level 18, 101 Collins Street, Melbourne, Victoria** and at any adjournment of that Meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default, by signing and returning this form, you expressly authorise the Chairman of the Meeting to exercise your proxy in relation to Resolution 1 even though Resolution 1 is connected with the remuneration of the Company's key management personnel. Where permitted, the Chairman of the General Meeting intends to vote undirected proxies in favour of Resolutions 1 to 4. **If you do not wish to appoint the Chairman of the Meeting to vote on Resolutions 1 to 4 in this manner, it will be necessary for you to complete the vote directions in Step 2.**

## STEP 2 - Voting directions to your Proxy – please mark to indicate your directions

Ordinary Business	For	Against	Abstain
Resolution 1 - Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Re-election of Alison Coutts as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Approve the Issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Approve additional placement capacity pursuant to ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## STEP 3 - PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name ..... Contact Daytime Telephone ..... Date / / 2016

# Proxy Form

Lanka Graphite Limited  
ACN 074 976 828  
Suite 14B, Level 18, 101 Collins St  
Melbourne VIC 3000

**YOUR VOTE IS IMPORTANT  
FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 11:00AM AEDT ON 28 NOVEMBER 2016**

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## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. Do not write the name of the issuer company or the registered member in the space.

### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the General Meeting must provide evidence of his or her appointment by providing an "Appointment of Corporate Representative" form prior to admission. An Appointment of Corporate Representative form can be obtained from the Company.

### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote. To direct your proxy how to vote, place a mark in one of the boxes opposite each Resolution. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution, your vote on that Resolution will be invalid.

If you intend to appoint a KMP (including the Chairman) as your proxy, you are encouraged to direct them how to vote on Resolutions 1 and 4 by marking either "For", "Against" or "Abstain" for the item of business in Step 2 of the Proxy Form. If you appoint the Chairman of the meeting as your proxy, you expressly authorise him to cast your votes on Resolution 1 even though Resolution 1 is connected with the remuneration of the KMP of the Company.

### STEP 3 Sign the Form

The form **must** be signed as follows:

**Individual:** this form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders must sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the Company. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a director jointly with either another director or a company secretary. Where the company has a sole director who is also the sole company secretary, this form must be signed by that person.

**Please indicate the office held by signing in the appropriate place.**

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 11:00 am on 28 November 2016. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

**Proxies may be lodged:**

**BY MAIL** - Lanka Graphite Ltd  
Suite 14B, Level 18, 101 Collins St Melbourne VIC 3000

**BY FAX** - +61 (0) 3 8678 1747

**IN PERSON** – Lanka Graphite Ltd  
Suite 14B, Level 18, 101 Collins St Melbourne VIC 3000

### Attending the Meeting

If you wish to attend the Meeting please bring this form with you to assist registration.

### Queries

If you have any queries in relation to the Notice of Meeting or this Proxy Form please contact the Company Secretary on +61(0)3 9 041 6663.