



**Lanka Graphite Limited, ACN 074 976 828**

## **Cleansing Prospectus**

For the issue of 1,000 Shares at an issue price of \$0.20 per Share to raise \$200 before costs of the Offer (**the Offer**).

The Offer is only made to and able to be accepted by invitees determined by the Company who receive a Personalised Application Form.

This Prospectus has been prepared primarily for the purposes of section 708A(11) of the Corporations Act to facilitate secondary trading of Shares issued prior to the Closing Date.

### **THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY**

It is important that you read this Prospectus carefully before deciding to accept the Offer described in the Prospectus. If you do not understand its contents you should consult your professional adviser.

**The securities under this Prospectus are considered speculative.**

## 1. Corporate Directory

### Directors

Jitto Arulampalam, Executive Chairman

Emily Lee, Managing Director

Alex Cowie, Non-Executive Director

Alison Coutts, Non-Executive Director

### Company Secretary

Justyn Stedwell

### Share Registry\*

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street

Abbotsford VIC 3067

### Auditor\*

BDO

Level 14, 140 William Street

Melbourne VIC 3000

### Registered Office

Suite 32, Level 18, 101 Collins Street

Melbourne VIC 3000

Telephone: +61 3 9221 6394

Facsimile: +61 3 9620 0777

Email: [info@lankagraphite.com.au](mailto:info@lankagraphite.com.au)

Website: [www.lankagraphite.com.au](http://www.lankagraphite.com.au)

### ASX Code

LGR

### Solicitors

Fuse Advisory

Lawyers and Consultants

184 Moorabool Street

Geelong VIC 3220

\* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

## **2. Important Notices**

### **2.1 About this Prospectus**

This Prospectus is dated 2 February 2016 and was lodged with the ASIC on the same date. Neither ASIC or ASX nor their respective officers take any responsibilities as to the contents of this Prospectus.

The expiry date of this Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Share will be issued on the basis of this Prospectus after the expiry date.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **2.2 Risk Factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Share in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

### **2.3 Overseas investors**

The distribution of this Prospectus in jurisdictions outside Australian may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

### **2.4 Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

### 3. Timetable

Event	Date
Lodgement of Prospectus with ASIC and ASX	2 February 2016
Opening Date of Offer	3 February 2016
Closing Date of Offer*	5 February 2016

*\* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.*

## 4. Details of the Offer

### 4.1 Summary of the Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 Shares at an issue price of \$0.20 per Share payable in full on application, to raise up to \$200.

The Offer will only be extended to specified parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (1) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (2) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptances on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

### 4.2 Opening and Closing Date of the Offer

The Opening Date of the Offer will be 9.00am AEST on 3 February 2016 and the Closing Date for the Offer will be 5.00pm AEST on 5 February 2016.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

### 4.3 Minimum subscription

There is no minimum subscription in respect of the Offer.

### 4.4 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full by cheque made payable to “**Lanka Graphite Limited**” and crossed “Not Negotiable” in respect of all Shares applied for at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company in the manner specified on the Application Form so they are received no later than 5pm AEST on the Closing Date.

#### **4.5 Underwriter**

The Offer is not underwritten.

#### **4.6 ASX Listing**

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the beginning of this Prospectus.

If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such other period as varied by ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **4.7 Issue of Shares**

The issue of Shares offered under the Offer will take place as soon as practicable after the Closing Date.

#### **4.8 Restrictions on the distribution of the Prospectus**

The distribution of this Prospectus outside of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

#### **4.9 Enquiries**

Any questions concerning the Offer should be directed to Justyn Stedwell, Company Secretary, on +61 3 9221 6394.

## 5. Purpose and effect of the Offer

### 5.1 Purpose of the Offer

On 21 August 2015 the Company announced the issue of 110,000 Shares at an issue price of \$0.20 per Share as consideration for services provided. Furthermore, on 29 December 2015 the Company announced the issue of 840,125 Shares at an issue price of \$0.08 per Share as consideration for fees payable as approved by Shareholders at the General Meeting (collectively, the **Allotted Shares**).

The Allotted Shares were issued without disclosure under Chapters 6D of the Corporations Act.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to the Allotted Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$200 (before expenses) will be raised. All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 8.9 of this Prospectus for further details relating to the estimated expenses of the Offer.

### 5.2 Effect of the Offer

The effect of the Offer on the capital structure of the Company is set out below:

#### Shares

	No. of Shares
Shares currently on issue (16,200,000 currently escrowed)	71,179,085
Shares offered pursuant to Offer	1,000
<b>Total shares on issue after completion of Offer</b>	<b>71,279,085</b>

#### Options

	No. of Options
Unquoted Options exercisable at \$0.30 on or before 23 July 2018 (Escrowed)	5,500,000
Unquoted Options exercisable at \$0.30 on or before 23 July 2017 (Escrowed)	10,750,000
<b>Total Options on issue</b>	<b>16,250,000</b>

### **5.3 Financial effect of the Offer**

After paying for the expenses of the Offer of approximately \$5,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$200) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$200 less expenses of the Offer of \$5,000.

## **6. Rights and liabilities attaching to Shares**

### **6.1 Introduction**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **6.2 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

### **6.3 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **6.4 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends, the Directors may from time to time declare a dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.



The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose as they think fit.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as they think fit under which the whole or part of a dividend due to members who participate in the plan on their shares or any class of shares may be applied in subscribing for securities in the Company or of a related body corporate.

## **6.5 Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability

## **6.6 Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

## **6.7 Transfer of shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

## **6.8 Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

## **6.9 Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, of if

authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

**6.10 Alteration of Constitution**

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

## 7. Risk Factors

### 7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which related directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed:

### 7.2 Company specific

(a) Exploration costs

While the Company's tenements are considered sufficiently prospective for minerals to justify further exploration, no mineral resources have been announced for the tenements.

Exploration is a high risk undertaking. The Company does not give any assurance that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

(b) Mineral licence and title risk

Mining tenements are governed by Sri Lankan laws and the Company must obtain and maintain mining licences from the Sri Lankan Geological Survey and Mines Bureau (GSMB) in order to conduct its activities in Sri Lanka.

Each tenement is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

(c) Future capital needs and additional funding

Further funding may be required by the Company to undertake its exploration activities. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the prospects of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(d) Acquisition risks

The Company may seek potential acquisitions to complement its existing exploration activities. Whilst the Company will undertake due diligence on any acquisition, there are risks associated with acquisitions which may not be fully mitigated. Furthermore, any acquisition may require the Company to raise additional capital, which may be dilutive for existing Shareholders.

(e) Commodity prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(f) Environmental

The Company's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(g) Competition risk

The industry in which the Company will be involved in subject to global and domestic competition. The Company shall undertake all reasonable due diligence. However, the Company is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect the Company's financial or operating performance.

(h) Key personnel

The ability of the Company to achieve its objectives depends on the retention of key external contractors and personnel who constitute its technical panel and provide technical expertise. If the Company cannot secure external technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the

Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

While the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Directors believe that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contracts cease to be available.

(i) Risks associated with identity as emerging market issuer

The Company is considered to be an emerging market issuer as it holds material assets located in an emerging market (Sri Lanka).

In ASIC Report 368 (released August 2013), it was noted that emerging market issuers may face challenges in complying with corporate governance requirements, internal controls and risk management. Likewise, emerging market issuers may utilise complex ownership structures to accommodate restrictions on the foreign ownership of assets, hindering transparency.

To address these risks, the Company intends to strictly comply with all applicable financial reporting and continuous disclosure requirements. The Company also intends to require management to design and implement risk management and internal controls, and report on whether those risks are being managed effectively.

### 7.3 General risks

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Economic risk

Changes in both Australian, Sri Lanka and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disputes, natural disasters, civil war and economic growth may impact on future operations and earnings.

(c) Liquidity risk

The market for the Company's securities may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

#### **7.4 Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

## **8. Additional information**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

### **8.2 Continuous disclosure obligations**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a 'transaction specific prospectus'. In general terms a 'transaction specific prospectus' is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arising for the purposes of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (1) the annual financial report most recently lodged by the Company with ASIC;
- (2) any half-yearly financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (1) above and before the lodgement of this Prospectus with ASIC; and
- (3) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (1) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of the lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below:

<b>Date</b>	<b>Description of Announcement</b>
29/01/2016	Quarterly Cashflow Report
29/01/2016	Quarterly Activities Report
29/12/2015	Appendix 3B
22/12/2015	Lanka Graphite signs MOU with Government of Sri Lanka
16/12/2015	Vein graphite assay achieves exceptional high grade purity
03/12/2015	Change of Director's Interest Notice
27/11/2015	Results of Meeting
23/11/2015	New Mapping and Geophysics Update
30/10/2015	Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report
27/10/2015	Appendix 4G
27/10/2015	Annual Report to Shareholders
27/10/2015	Company Presentation
27/10/2015	Platinum Sponsorship of RPGR2015

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.



The announcements are also available through the Company's website [www.lankagraphite.com.au](http://www.lankagraphite.com.au).

### 8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale price of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

	\$	Date
Highest	0.13	28 January 2016
Lowest	0.07	15 December 2015
Last	0.125	1 February 2016

### 8.4 Details of substantial holders

8.5 As at the date of this Prospectus, no Shareholder has a relevant interest in 5% or more of the Shares on issue in the Company.

### 8.6 Interest of Directors

#### ***Security holdings***

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (1) the formation or promotion of the Company; or
  - (2) the Offer.

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
Jitto Arulampalam	350,000	3,000,000 <sup>1</sup>
Emily Lee	71,711	4,000,000 <sup>2</sup>
Alex Cowie	-	500,000 <sup>3</sup>
Alison Coutts	-	500,000 <sup>4</sup>

Notes:

<sup>1</sup> The options carry an exercise price of \$0.30 with an expiry date of 23 July 2017.

<sup>2</sup> The options carry an exercise price of \$0.30 with an expiry date of 23 July 2018.

<sup>3</sup> The options carry an exercise price of \$0.30 with an expiry date of 23 July 2018.

<sup>4</sup> The options carry an exercise price of \$0.30 with an expiry date of 23 July 2018.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of shareholders in general meeting in accordance with the Constitution, the Corporations act and the ASX Listing Rules, as applicable.

The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors.

Director	FY2016	FY2015
Jitto Arulampalam	\$150,000	Nil
Emily Lee	\$150,000	\$146,400
Alex Cowie	\$30,000	Nil
Alison Coutts	\$30,000	Nil

## 8.7 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial service licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (1) its formation or promotion; or
  - (2) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Fuse Advisory has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Fuse Advisory \$2,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Fuse Advisory has been paid fees totalling \$108,000 (excluding GST and disbursements) for legal services provided to the Company, including the issue of 110,000 Shares as consideration for services provided.

## 8.8 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaims and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and

- (c) Fuse Advisory has given its written consent to being named as the solicitors of the Company in this Prospectus. Fuse Advisory has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

#### **8.9 Expenses of the Offer**

The estimated expenses of the Offer are estimated to be approximately \$5,000 (excluding GST) and are expected to comprise of ASIC fees, ASX fees, legal fees and other general administrative expenses. The estimated expenses will be paid out of the Company's existing working capital.

#### **8.10 Electronic prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 3 9221 6394 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.lankagraphite.com.au](http://www.lankagraphite.com.au).

The Company reserves the right not to accept an Application Form for a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not issue share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to reply upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **8.12 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are no guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risks are set out in Section 7 of this Prospectus.

### **8.13 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct, and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information requested on the application for Securities, the Company may not be able to accept or process your application.

## 9. Directors' consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.



Jitto Arulampalam  
Executive Chairman  
For and on behalf of Lanka Graphite Limited

Dated: 2 February 2016

## 10. Glossary

<b>Term</b>	<b>Meaning</b>
<b>\$, \$A or AUD</b>	Australian dollars.
<b>AEST</b>	Australian Eastern Standard Time as observed in Melbourne, Victoria.
<b>Applicant</b>	A Shareholder who applies for Shares pursuant to the Offer.
<b>Application Form</b>	the Applicant Form attached to or accompanying this Prospectus.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited or the stock exchange conducted by ASX Limited (as the context requires).
<b>ASX Listing Rules</b>	The listing rules of the ASX.
<b>ASX Settlement Operating Rules</b>	The settlement rules of the securities clearing house which operates CHES.
<b>Board</b>	The board of Directors unless the context indicates otherwise.
<b>Business Day</b>	A day which is not a Saturday, Sunday or public holiday in Melbourne, Victoria.
<b>Closing Date</b>	The date specified in the timetable set out at the commencement of this Prospectus (unless varied by the Board).
<b>Company</b>	Lanka Graphite Limited, ACN 074 976 828.
<b>Constitution</b>	The constitution of the Company as at the date of this Prospectus.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Directors</b>	The directors of the Company as at the date of this Prospectus.
<b>Offer</b>	The offer of 1,000 Shares the subject of this Prospectus.
<b>Official Quotation</b>	Official quotation on ASX.
<b>Options</b>	An option to acquire a Share.
<b>Prospectus</b>	This prospectus dated 2 February 2016.
<b>Securities</b>	The Shares offered pursuant to the Offer.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	A holder of a Share.
<b>Share Registry</b>	Computershare Investor Services Pty Limited (ACN 087 279 277).