

CORPORATE GOVERNANCE STATEMENT FOR THE PERIOD TO 2 DECEMBER 2016

The Board of Directors is responsible for the corporate governance of the Company. Corporate governance describes the framework of rules, relationships, systems and processes within a company and the way in which authority is exercised and controlled within an organisation. The Board guides and monitors the business and affairs of the company on behalf of security holders by whom they are elected and to whom they are accountable.

The Board has considered the eight principles of corporate governance as set out by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles and Recommendations"). The Principles and Recommendations are not mandatory and the statement below discloses the extent to which the Company has followed the Principles and Recommendations during the period to 2 December 2016. The Company's Corporate Governance Statement and Corporate Governance Plan have been approved by the Board and are available on the Company's website at www.tritonminerals.com.

PRINCIPLES AND RECOMMENDATIONS

The essential corporate governance principles are:

- 1 Lay solid foundations for management and oversight;
- 2 Structure the board to add value;
- 3 Act ethically and responsibly;
- 4 Safeguard integrity in corporate reporting;
- 5 Make timely and balanced disclosure;
- 6 Respect the rights of security holders;
- 7 Recognise and manage risk;
- 8 Remunerate fairly and responsibly.

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1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT.

1.1: Companies should disclose the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management.

Roles and Responsibilities:

The roles and responsibilities of the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies, and ensure appropriate resources are available to meet objectives and monitor management performance;
- Assess and review risk exposure, including systems of risk management, internal compliance and control, codes of conduct;
- Monitor financial performance and approve major capital expenditure, capital management and significant acquisitions, divestitures and issue of new securities;
- Oversee compliance, corporate governance, and legal obligations;
- Approve the annual and half-year financial statements;
- Recommend to shareholders to appoint and remove the Company's Auditor;
- Approve significant changes to the organisational structure;
- Appoint and assess the performance of the Managing Director and senior executives and determine their terms and conditions including remuneration and termination;
- Promote ethical and responsible decision making; and
- Report to shareholders.

The roles and responsibilities of management are to:

- Develop and recommend internal control and accountability systems for the Company;
- Implement and maintain mission systems, corporate strategy and performance objectives;
- Implement and maintain systems of risk management and internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance and if approved, ensure compliance with such systems;
- Monitor employees' performance, recommend appropriate resources and review and approve remuneration;
- Prepare all required financial reports, tax returns, budgets and any other appropriate financial reports, meet all statutory deadlines and monitor performance against budgets;
- Protect the assets of the Company and prepare recommendations on acquisitions and divestments of assets;
- Implement decisions of the Board of Directors on key standards of the Company covering such areas as ethical standards, reputation and culture of the Company and influence and provide guidance for employees on these areas; and
- Undertake best endeavours to add value to the Company in a professional, ethical and accountable manner.

The Company's Board charter is included in the Corporate Governance Plan which is available on the Company's website www.tritonminerals.com.

1.2: Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information. Companies should also 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 Company undertakes appropriate checks before appointing a new director or putting forward to security holders a candidate for election as a director. These checks include a review of the person's character, references, experience, education, qualifications, criminal record and/or bankruptcy record.

The Company provides all material information in its possession relevant to security holders to assist in their decision on whether or not to elect or re-elect a director. This information includes:

- biographical details; including relevant qualifications, skills and experience;

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- details of any other material directorships or executive roles;
- any material adverse information revealed by background checks;
- positions, responsibilities or interests that might impact independent judgement;
- if the candidate is an independent director; and
- the term of the office currently served by the director.

This information will typically be provided in the relevant notice of meeting for a shareholders' meeting and also on the Company's website.

1.3: Companies should have a written agreement with each director and senior executive setting out the terms of their appointment

All directors and senior management are appointed through a written agreement that sets out the terms of appointment, including their duties, rights and responsibilities.

The directors receive a letter of appointment which includes the following matters:

- estimated time commitment for the role;
- indemnity and insurance arrangements;
- remuneration;
- the requirement to disclose director interests and any matters which affect director independence;
- rights to obtain independent professional advice;
- obligation not to divulge confidential information;
- consent to the use of electronic means to hold or call a directors meeting; and
- access to the company secretary.

Executive directors and senior executives receive an executive service agreement which includes the following matters:

- appointed role, title and reporting line;
- executive duties and use of company property
- remuneration and benefits;
- leave entitlements;
- insurance arrangements;
- intellectual property rights;
- obligation not to divulge confidential information; and
- terms of termination.

1.4: The Company Secretary 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 makes provision that the Company Secretary is accountable to the Board through the Chairman and that each Director is able to communicate directly with the Company Secretary and vice versa. The Company Secretary is responsible for:

- advising the Board on corporate governance matters, the Company's constitution and ASX listing Rules and other applicable laws;
- managing the company secretarial function and facilitating the flow of information of the Board, between the Board and its committees and between senior executives and non-executive directors;
- to facilitate the induction of new directors and the implementation and maintain Board policies and procedures; and
- organise Board and Shareholder meetings, taking minutes and communicating with the ASX.

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1.5: The Company should have a diversity policy which include requirements for the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them. The Company should disclose that policy or a summary of it and its progress towards achieving the objectives.

Diversity Policy

The Company is dedicated to managing diversity as a means of enhancing the Company's performance and organisational capabilities by recognising and utilising the contribution of diverse skills and attributes of all of its directors, officers and employees.

Diversity involves recognising and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives. Diversity may result from a range of factors including age, gender, ethnicity, cultural background or other personal circumstance or attribute. The Company values the differences between its personnel and the valuable contribution that these differences can make to the Company.

The Company encourages diversity and fosters an environment within the Company that respects diversity in the work place and promotes equal opportunities for employment and a work environment that is free from harassment. The Company will not permit unwanted conduct based on an officer, employee or contractor's personal circumstances or characteristics.

The Company's Diversity policy is included in the Corporate Governance Plan which is available on the Company's website.

The Board has set measurable diversity objectives which include:

- recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- reviewing succession plans to ensure an appropriate focus on diversity;
- identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including targeted training and development;
- developing a culture which takes account of domestic responsibilities of employees; and
- any other procedural or structural objectives; initiatives and programs and/or targets in respect of diversification of employees, management and supporting roles that are appropriate for the Company.

During the year all senior executives undertook training and professional development programs to broaden their skill sets and encourage the development of technical knowledge to support them in their roles and in their career development.

The Company has a culture that strives to establish an appropriate work/life balance. All employees have access to flexible working arrangements which support employees and consider their domestic responsibilities.

The Board of Directors totals 5 members at the reporting date with 1 female director and 4 male directors. Therefore, the proportion of women on the Board at the reporting date was 20%. In future, the Company will, as part of any further board appointments, undertake a process which evaluates the current skill set and diversity existing on the Board and will seek to appoint appropriately skilled candidate for any vacancy.

Currently the role of the Company Secretary & Group Financial Controller was undertaken by a female, representing 50% of the current senior executive team. Senior executives are those persons who have reporting staff and financial authority delegated by the Board.

The proportion of women employees across the whole organisation at the reporting date was 33%.

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1.6: Companies should disclose the process for periodically evaluating the performance of the board, its committees, and individual directors. The entity should disclose whether a performance evaluation was undertaken during the reporting period in accordance with that process.

The Board Charter that forms part of the Corporate Governance Plan requires that an annual performance evaluation be undertaken by the Board to ensure that the responsibilities of the Board are discharged in an appropriate manner. The Nomination Committee will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively. The performance review is led by the Chairman of the Remuneration and Nomination Committee, who is a Non-Executive Director.

The performance evaluation process is detailed in the Corporate Governance Plan which is available on the Company's website and the review will include:

- (i) comparing the performance of the Board with the requirements of its Charter;
- (ii) examination of the Board's interaction with management;
- (iii) the nature of information provided to the Board by management; and
- (iv) management's performance in assisting the Board to meet its objectives.

A similar review will be conducted for each Committee by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

During much of 2016 the Company has been in Voluntary Administration. As such a formal evaluation of board performance has not occurred during the previous 12 months. On 22 July 2016, the Administrators removed Christopher James Catlow and Alfred John Gillman as directors of the Company and appointed Xingmin (Max) Ji and Guanghui (Michael) Ji representing Minjar Gold Pty Ltd and Patrick Burke representing Somers & Partners Pty Ltd as directors of the Company. The Company will undertake a formal performance evaluation of the Board within 12 months of the above appointments.

1.7: Companies should disclose the process for periodically evaluating the performance of its senior executives. The entity should disclose whether a performance evaluation was undertaken during the reporting period.

During the majority of 2016 the Company has been in Voluntary Administration and all employees of the Company were terminated under this Administration. As such performance evaluations were not undertaken. An annual review of senior executives' performance and remuneration by the Managing Director or Chief Executive Officer, in accordance with the terms and conditions of the executive's employment agreement, will be undertaken within 12 months of the senior executive joining the Company. The Managing Director or Chief Executive Officer will make recommendations to the Nomination and Remuneration Committee ("Committee"). The Chairman of the Board will undertake the review of the Chief Executive Officer's performance and will make a recommendation to the full Board.

The Committee will meet at least annually or as required, usually on the anniversary date of each service agreement for the Director or Key Management Personnel. At these meetings, the particular Director declare his/her interest and not vote, and will depart from the meeting, so as not to be present whilst the matter in which they have an interest is being discussed.

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2. STRUCTURE THE BOARD TO ADD VALUE.

2.1: The board should establish a nomination committee. The nomination committee should be structured so that it:

- **has at least three members;**
- **consists of a majority of independent directors;**
- **is chaired by an independent director;**
- **disclose the charter and the members of the committee; and**
- **disclose the number of times the committee met throughout the period and the individual attendances.**

The Company has a formal charter for the Nomination Committee to assist the Committee to discharge its duties, which are included as a part of the Company's Corporate Governance Plan and is available on the Company's website.

In accordance with the charter, the Committee will periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors. In particular, the Committee is to:

- (a) identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company;
- (b) approve and review induction procedures for new appointees of the Board to ensure that they can effectively discharge their responsibilities;
- (c) assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board;
- (d) consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting;
- (e) review Directorships in other public companies held by or offered to Directors and senior executives of the Company;
- (f) review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board;
- (g) arrange an annual performance evaluation of the Board, its Committee and individual Directors;
- (h) make recommendations to the Board on the appropriate size and composition of the Board; and
- (i) make recommendations to the Board on the terms and conditions of appointment to, and removal and retirement from, the Board.

The members of the Remuneration and Nomination Committee are Max Ji (Alternate member - Michael Ji) and Patrick Burke. Mr. Ji is not an independent director however Mr. Burke is independent. Mr. Burke is Chair of the Committee. The Remuneration and Nomination Committee did not meet during the year as they were only appointed in July 2016 and the Deed of Company Arrangement ("DOCA") was effectuated on 22 September 2016.

The Company was not in compliance with principle 2.1 as the Remuneration and Nomination Committee did not meet during the year due to the Company being in Voluntary Administration. In addition, the majority of the committee were not independent.

2.2: The board should 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 current Board's membership and structure was overseen by the Voluntary Administrator of the Company. The Board was selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. At the reporting date the Board consisted of five members: Non-Executive Chairman, three Non-Executive Directors and the Managing Director.

The Directors bring a range of knowledge and skills to the Board including geological, legal, finance, marketing, corporate governance and geographical knowledge. Triton will consider making additional director/s to the Board in 2017 to enhance the Board's skill set.

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The Board has a skills matrix and the skills and experience of the Directors are reviewed on a regular basis. The table below shows the skills and experience that the Board considers important for the Company and number of members that have the relevant skills and/or experience.

TRITON MINERALS LTD – BOARD SKILLS MATRIX	
2 DECEMBER 2016	
DIRECTOR EXPERIENCE, SKILLS & ATTRIBUTES	BOARD MEMBERS
Board Composition	5
EXPERIENCE	
Resources industry experience Experience in exploration phase of the mining industry	3
Board level experience Board member of other organisations	5
Geographical experience Africa, in particular Mozambique	2
Capital market experience	2
Project development experience	3
SKILLS & ATTRIBUTES	
Strategic	5
Leadership	5
Corporate Governance	3
Risk management	3
Mining	2
Legal, corporate finance, accounting, and tax	3

2.3: The board should disclose the names of the directors considered by the Board to be independent directors and the length of service of each director

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that his or her independence may have been compromised.

At the reporting date, the Deputy Chairman Mr Patrick Burke appointed 22 July 2016 and Non-Executive Director, Ms Paula Ferreira appointed 24 August 2015, are considered to be independent.

Non-Executive Chairman, Mr. Max Ji and Non- Executive Director Mr. Michael Ji are representatives of Shandong Tianye Co. Ltd, substantial shareholder of the Company and therefore are not considered independent. The Managing Director, Mr. Peter Canterbury is not considered to be independent due to his executive role.

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2.4: A majority of the board of the Company should be independent directors.

At the reporting date, the Board was comprised of 2 independent directors and 3 non-independent directors. During the year, the Company did not comply with principle 2.4, as the majority of the Board were not independent directors.

The Company maintains a mix of directors from different backgrounds with complementary skills and experience, however is aware of the importance of having a Board with a majority of its directors being independent. In the future the Company intends to seek out and appoint independent directors to the Board when additional directors are required in order to meet the ASX recommendation of maintaining a majority of independent Non-Executive Directors.

2.5: The chair of the Board should be an independent director and should not be the same person as the CEO.

During the year, the Company had a Non-Executive Chairman and a Managing Director therefore in accordance with the ASX Corporate Governance Principles, the role of Chair and Chief Executive Officer were not undertaken by the same individual.

2.6: The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain their skills and knowledge needed to perform their roles as directors effectively.

All new directors are appointed through a written agreement that sets out their duties, rights and responsibilities. The Company Secretary through the Board is responsible for the program to induct new directors.

The Board encourages directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities.

Independent professional advice

Each Director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required, and is not unreasonably withheld. A copy of any such advice received is made available to all members of the Board.

3. ACT ETHICALLY AND RESPONSIBLY**3.1: Companies should establish a code of conduct for its Directors, senior executives and employees and disclose the code or a summary of the code.**

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is made aware of the Company's Policies and Procedures at the commencement of their employment with the Company and regularly throughout their employment.

The Company's Corporate Code of Conduct is included in the Corporate Governance Plan which is available on the Company's website. All Directors, senior executive and employees are expected to:

- behave honestly and with integrity and report other employees who are behaving dishonestly;
- operate within the law at all times;
- follow the policies of the Company;
- act in the best interests of the Company;
- act in an appropriate business-like manner when representing the Company, and
- avoid conflicts of interest.

Unethical practices or inappropriate behavior can be reported to the Managing Director, Chief Executive Officer, Chairman or Company Secretary, or in relation to the Board, unethical practices may be reported to the Company's auditor.

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4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1: The board should have an audit committee. The audit committee should be structured so that it:

- has at least three members;
- consists only of Non-Executive Directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board;
- has a formal charter and disclose the charter of the committee;
- disclose the relevant qualifications and experience of the members of the committee; and
- the number of times the committee met throughout the period and the individual attendances.

If the Company does not have an audit committee disclose the fact and the process it employs that independently verify and safeguard the integrity of its corporate reporting, including the process for appointment and removal of the external auditor and rotation of the engagement partner.

The Company has a formal charter for its Audit and Risk Committee, whose members at the reporting date include Mr Patrick Burke and Mr Max Ji. At the reporting date, the Chairperson of the Audit Committee was Mr. Patrick Burke, who is not the Chairperson of the Board. The Company has determined that Mr. Burke is the most suitable Director to Chair the Audit and Risk committee due to his competency in ASX listed entities, law, and corporate governance.

The Audit Committee's primary purpose is to assist the Board in fulfilling its statutory and fiduciary responsibilities and provides an active role in the following activities:

- Review the appropriateness of the Company's accounting policies;
- Review the content of financial statements;
- Review the scope of the external audit, its effectiveness, and independence of the external auditor;
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements;
- Monitor systems used to ensure financial and other information provided is reliable, accurate, and timely;
- Establish procedures for treatment of accounting complaints;
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues;
- Present half and full year financial statements to the Board;
- Monitor the need for a formal internal audit function and its scope;
- Assess the performance and objectivity of any internal audit procedures that may be in place; and
- Identification and management of business risks.

The Company's Audit Committee charter is included in the Corporate Governance Plan which is available on the Company's website www.tritonminerals.com.

4.2: The Board should, before it meets to approve the entity's financial statements for a financial period, receive from its Managing Director and the Chief Financial Officer 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 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.

Prior to the Board's approval of its financial statements, the Company's Managing Director and Chief Financial Officer will report in writing to the Board regarding the consolidated financial statements of the Company for the half and full financial year, that:

- the financial records have been properly maintained;
- the financial statements and notes comply with the accounting standards; and

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- present a true and fair view, in all material respects, of the Company's financial position and performance during the period; and
- the financial statements have been prepared on a sound system of risk management and internal control which is operating effectively.

4.3: The company's external auditor should attend the annual general meeting (AGM) and must be available to answer questions from security holder relevant to the audit.

The Company's external auditor, Nexia Perth Audit Services Pty Ltd, attends each annual general meeting, and is available to answer questions from shareholders regarding:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditors in relation to the conduct of the audit.

Shareholders can also provide written questions before the AGM. A list of these questions will be distributed at the meeting and the Chairman will allow reasonable opportunity for the auditor to respond to the questions.

5. MAKE TIMELY AND BALANCED DISCLOSURE**5.1: Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose the policy or a summary of it.**

Being a listed entity on the ASX, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market in a timely and balanced manner of all information, required to be disclosed in accordance with the ASX Listing Rules, which the Board believes would have a material effect on the price of the Company's securities.

The Company has a Continuous Disclosure Policy which appoints the Company Secretary as the person responsible for communication with the ASX. This role includes responsibility for:

- ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules;
- overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public; and
- providing guidance to directors and employees on disclosure requirements and procedures.

Directors and senior executives have the responsibility to disclose to the Board and the Company Secretary of any matters or information that may have a material effect on the price of the Company's securities, including misinformation that may be in the public domain.

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6. RESPECT THE RIGHTS OF SECURITY HOLDERS**6.1: The company should provide information about itself and its governance to investors via its website.**

The Company's website (www.tritonminerals.com) provides timely and equal access to security holders about the Company's activities so that they can make informed decisions. The website has a dedicated Investors section which publishes all important Company information and relevant ASX announcements made to the market as soon as practicable after their release

The Company's website has a Corporate Governance section that includes a Corporate Governance Plan, the Corporate Governance Statement, the Company Constitution and the Securities Trading Policy. The Company's Corporate Governance Plan includes the Company's key governance policies and charters.

The Company's website also includes information regarding the Company's directors and senior executives as well as various videos and company information to assist security holders and potential investors to understand the Company's business.

6.2 Companies should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company is committed to keeping shareholders fully informed of significant developments involving the Company's affairs. In addition to the Company's ASX announcements of its financial statements, periodic reporting and Notices of Meeting, the Company also provides regular communication on significant operational matters.

The Company's external auditor, Nexia Perth Audit Services Pty Ltd, attends each annual general meeting, and is available to answer questions from shareholders. Shareholders can also provide written questions before the AGM. A list of these questions will be distributed at the meeting and the Chairman will allow reasonable opportunity for the auditor to respond to the questions.

Investor information is also released through the Company's website and directly to email subscribers. The Company has made available the relevant contact details (via the website) for security holders to make enquires and have also included contact details of the share registry in the Corporate Directory section.

6.3: Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company provides the opportunity for shareholders to question the Board and management about its activities at the Company's general and annual general meetings, including those that are not able to attend the meetings. The Company's meetings are accompanied by an investor presentation which contributes to greater shareholder engagement and has increased the number of attendees at meetings.

6.4: Companies should give security holders the option to receive communications from, and send communications to the entity and its security register electronically.

Security holders have the option to receive communication from the Company and the share register electronically. The Company provides the option on the website for all investors or interested to subscribe to e-mail alerts from the Company. The Company has provided the opportunity (via the website) for security holders to make electronic enquires to the company.

The electronic contact details for the share registry are included in the Corporate section of the Company's website.

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7. RECOGNISE AND MANAGE RISK

7.1 Companies should have a committee or committees to oversee risk each of which:

- has at least three members a majority of whom are independent directors;
- is chaired by an independent director;
- disclose the charter of the committee;
- disclose the members of the committee; and
- disclose the number of times the committee met throughout the period and the individual attendances.

If the Company does not have a risk committee or committees disclose the fact and the process it employs to oversee the entity's risk management framework.

The Company has a formal charter for its Audit and Risk Committee, whose members at the reporting date include Mr Patrick Burke and Mr Max Ji. At the reporting date, the Chairperson of the Audit Committee was Mr Patrick Burke, who is not the Chairperson of the Board. The Company has determined that Mr Burke is the most suitable director to chair the Audit and Risk committee due to his competency in ASX listed entities, law, and corporate governance.

The Board oversees the Company's risk profile and identifies the material business risks. The financial position of the Company and matters of risk are considered by the Board on a regular basis, ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor, and manage risk are in place, being maintained and adhered to.

In accordance with the charter the Audit and Risk Committee's role is to:

- (a) Oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- (b) Review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company has adopted the risk management procedure disclosed in the Company's Corporate Governance Plan as a part of the Company's risk management framework.

The Chief Financial Officer and Managing Director/Chief Executive Officer have stated in writing to the Board that:

- The statement given in accordance with best practice recommendation 4.2 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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; and disclose in relation to each reporting period whether such a review has taken place.

The Company has a risk management framework in place that is based on the principles of AS/NZS 31000:2009 and the ASX Corporate governance principles and recommendations. During the period under review Management and Board of the Company undertook a comprehensive review of the risk management framework and made amendments as required.

7.3: Companies should disclose if it has an internal audit function, how the function is structured and what role it performs or if it does not have an internal audit function the fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company is not of a size at the moment that requires a separate internal audit function. The Company has a risk management framework and an Audit and Risk Committee charter in place that is reviewed by the Board on an annual basis and amended as required. The Company also has adequate policies in relation to risk management, compliance and internal control systems. The Company's has a risk register in place which is reviewed regularly and ensures that strategic,

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operational, legal, reputational and financial risks are identified, assessed effectively, efficiently managed and monitored to enable achievement of the Company's business objectives.

7.4 A company 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.

The Company is an ASX listed exploration company focussed on graphite. Due to the nature of its business the company is exposed to economic, environmental and social sustainability risks. The Company has a risk management framework in place and a risk register and policies to ensure compliance and sufficient internal control systems. The risk register is reviewed and assessed on a regular basis and embedded in the culture and practices of the company. Risk treatment plans are in place to identify how risk identified will be mitigated. For more information on the material risks of the Company refer to the Operating and Financial Review contained within the Directors' Report of the Company's Annual Report.

8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1: The Board should establish a remuneration committee which:

- **has at least three members a majority of whom are independent directors;**
- **is chaired by an independent director;**
- **disclose the charter of the committee;**
- **disclose the members of the committee; and**
- **disclose the number of times the committee met throughout the period and the individual attendances**

If the Company does not have a remuneration committee disclose the fact and the process it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Company has a formal charter for the Remuneration and Nomination Committee to assist the Committee to discharge its duties, which are included as a part of the Company's Corporate Governance Plan and is available on the Company's website.

In accordance with the charter, the primary purpose of the Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- (i) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- (ii) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (iii) recommending to the Board the remuneration of executive Directors;
- (iv) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- (v) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- (vi) reviewing and approving the remuneration of Director reports to the Managing Director, and as appropriate other senior executives; and
- (vii) reviewing and approving any equity based plans and other incentive schemes.

The members of the Remuneration and Nomination Committee are Max Ji (Alternate Michael Ji) and Patrick Burke. Mr Ji is not an independent director however Mr Burke is independent. Mr Burke is Chair of the Committee. The Remuneration and Nomination Committee did not meet during the year as the Directors were only appointed in July 2016 and the Deed of Company Arrangement ("DOCA") was effectuated on 22 September 2016.

The Company was not in compliance with principle 8.1 as the Remuneration and Nomination Committee did not meet during the year due to the Company being in Voluntary Administration. In addition, the majority of the committee were not independent.

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8.2: The company 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 objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice. The Remuneration and Nomination Committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance linked;
- Transparency; and
- Capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

8.3: Companies which has 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 and disclose that policy or a summary of it.

The Company has a policy to prohibit its directors and employees, who participate in an equity-based incentive plan of the Company, from entering into transactions which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities. Directors and employees are encouraged to take sufficient professional advice in relation to their individual financial position.