



## CORPORATE GOVERNANCE STATEMENT

The Graphex Mining Limited ("**Graphex**" or the "**Company**") board of directors (the "**Board**") is committed to conducting Graphex's business in accordance with the highest standards of corporate governance to create and deliver value for its shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework will be reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to the Company's business. A copy of these charters, procedures and policies are available on the governance page of Graphex's website and are referred to in this document where relevant.

As a listed entity, Graphex must comply with Australian laws including the *Corporations Act 2001* (Cth) (Corporations Act) and the Australian Securities Exchange Listing Rules (the "**ASX Listing Rules**"), and to report against the ASX Corporate Governance Council's Principles and Recommendations (the "**ASX Principles**").

As required by the ASX Listing Rules, this Corporate Governance Statement (the "**Statement**") discloses the extent to which Graphex has followed the ASX Principles and Recommendations. Except where otherwise explained, Graphex followed the ASX Principles and Recommendations during the period.

This Statement should be read in conjunction with the material on the Company's website [www.graphexmining.com.au](http://www.graphexmining.com.au), including the 2018 Annual Report.

This Statement is current as at 30 June 2018 and has been approved by the Board.

## **THE BOARD OF DIRECTORS**

Key policies and charters with respect to the Board are the Company's Constitution and the Board Charter.

### **ROLE AND RESPONSIBILITIES**

The Board is responsible to shareholders for the long-term performance of the Company and for overseeing the implementation of appropriate corporate governance with respect to Graphex's affairs.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available under Corporate Governance on our website at: [www.graphexmining.com.au](http://www.graphexmining.com.au).

The Charter sets out the matters specifically reserved for the Board and the powers delegated to any of its committees and to the Managing Director.

The Board delegates responsibility for the day-to-day management of Graphex to the Managing Director, but retains responsibility for the overall strategy, governance and performance of the Company. The Managing Director then delegates authority to the appropriate senior executives for specific activities and transactions. This authority is governed by a formal 'delegations of authority' policy.

### **SELECTION AND APPOINTMENT OF DIRECTORS**

It is the policy of the Board that in determining candidates for the Board, the following process shall occur.

- a) The Board evaluates the range of skills, experience and expertise of the existing Board and seeks to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.
- b) A potential candidate is considered with reference to their skills, experience and expertise in relation to other Board members.
- c) Appropriate background checks are undertaken on potential candidates, including checks as to the potential candidate's character, experience, education, criminal record and bankruptcy history.
- d) If relevant, the Board (or the Nomination and Remuneration Committee if applicable) recommends an appropriate candidate for appointment to the Board and on passing of a resolution of directors approving such an appointment, an appointment is made. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

All new directors are appointed through a written agreement with the Company that sets out their duties, rights and responsibilities. In addition, the Board is responsible for ensuring that new directors undergo an induction process in which they will be given a full briefing on the Company, including meeting with key executives, tours of the premises and an induction package.

### **Size and Composition of the Board**

The Board should be structured in such a way that it has a proper understanding of, and competence to deal with, the current and emerging issues of Graphex's business and encourages enhanced performance of the Company. Reference is made to the Company's size and operations as they evolve from time to time.

In accordance with the Constitution and the Corporations Act, the Board shall at all times have at least three directors, a majority of which shall be independent directors.

Details of the skills, experiences and expertise of each director are set out in the 2018 annual report and on the Company's website under Board and Management at [www.graphexmining.com.au](http://www.graphexmining.com.au).

### **Commitment to the Board**

Non-executive directors shall satisfy the Board, prior to their appointment that they are able to allocate sufficient time to carry out their non-executive director position, provide details of other commitments and an indication of the time involved in carrying out those other commitments.

All directors are required to consider the number and nature of their directorships and calls on their time from other commitments.

### **Informing Shareholders**

Shareholders shall be informed of the names of candidates submitted for election as directors at a general meeting of shareholders. In order to enable shareholders to make an informed decision regarding the election, the following information shall be supplied to shareholders:

- a) Biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate);
- b) Details of material business relationships between the candidate and the Company and the candidate and directors of the Company;
- c) Directorships held;
- d) The term of office currently served by any directors subject to re-election; and
- e) Any other particulars required by law.

### **BOARD SKILLS AND EXPERIENCE**

Our objective is to have an appropriate mix of expertise and experience on the Board, and where appropriate its committees, so that the Board can effectively discharge its corporate governance and oversight responsibilities.

The Board considers key areas of expertise to include:

- a) Strategy and business development;
- b) Commercial acumen;
- c) Risk management;
- d) Health and safety;
- e) Financial knowledge and experience;
- f) Government relations; and
- g) Executive leadership.

The Board considers key areas of experience to include:

- a) Metals and minerals exploration;
- b) Mining project development;
- c) Non-executive directorships; and

d) African based experience.

The Company is committed to the continuing development of its Directors and will consider covering the cost of Directors participating in training and development programs.

### **Board Experience, Skills and Attributes Matrix**

A summary of the experience, skills and attributes of the Board is shown in the table below.

<b>Experience, skills and attributes</b>	<b>Board</b>
<b>Corporate leadership</b> Successful experience in CEO/Managing Director and/or other senior corporate leadership roles	3
<b>African experience</b> Senior experience in African locations	2
<b>Metals and mining exploration</b> Relevant industry (resources, mining, exploration) experience	3
<b>Other board level experience</b> Directors of other listed entities (last 3 years)	3
<b>Project development</b> Resources capital project development and management	2
<b>Strategy</b> Development and implementation of corporate strategy	3
<b>Capital markets and business development</b> Experience and capability in equity financing, joint ventures, mergers and acquisitions	3

### **PERFORMANCE REVIEWS**

Performance evaluation of the Board and any applicable Board committees is managed by the Chairman of the Board, working with the Company Secretary.

Each director will be required to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board, any applicable committees and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires.

Responses to the questionnaires are confidential and provided directly to the Company Secretary with the results then communicated to the Chairman of the Board. The Chairman of the Board meets individually with each Board member to discuss their comments. The Chairman of the Board then meets with the Board as a whole during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board.

Individual directors' performance evaluations are completed by the Chairman. The Chairman meets with each individual director and discusses their participation, preparedness and general contribution to the

Board. The Board identifies weaknesses in their performance and may recommend strategies to correct those points.

The Chairman's performance evaluation is completed by an independent director, after canvassing the views of the other directors.

The Managing Director's performance evaluation is reviewed by the Board. The Board conducts a performance evaluation of the Managing Director at a Board meeting, without the Managing Director being present, for each director to provide feedback on the performance of the Managing Director. The Chairman of the Board then meets with the Managing Director to discuss his overall performance. The Chairman may recommend strategies to correct weaknesses.

As the Company only commenced trading on the ASX in June 2016, a formal performance review of the Board and its members has not yet been carried out. The Board is satisfied that its current composition is appropriate in the Company's current circumstances and is satisfied that the performance of the Board and its members meets the Company's requirements.

The Managing Director reviews the performance of the Company's senior executives. This is conducted by the Managing Director meeting with senior executives to discuss their overall performance, having regard to individual performance objectives and Company performance objectives. The Managing Director may recommend strategies to correct weaknesses.

## **INDEPENDENCE OF THE BOARD**

An independent director is a non-executive director who is not aligned with the interests of management, a substantial security holder or other relevant stakeholder, and can and will bring an independent judgement to bear on issues before the Board.

It is the Board's policy that in determining a director's independence, the Board considers the relationships which may affect independence as set out in Box 2.3 of the ASX Principles as follows:

When determining the independent status of a director, the Board should consider whether the director:

- a) Is a substantial shareholder<sup>1</sup> of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- b) Is employed, or has previously been employed, in an executive capacity by the Company or another Graphex group company, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- c) Is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or another Graphex group company;
- d) Is, or has within the last three years been, a material supplier or customer of the Company or other Graphex group company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- e) Has a material contractual relationship with the Company or another Graphex group company other than as a director;
- f) Has close family ties with any person who falls within any of the categories described above; or

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<sup>1</sup> For this purpose, a "substantial holder" is a person with a substantial holding as defined in section 9 of the Corporations Act, which as at the date of this Corporate Governance Statement equals 5%.

- g) Has been a director of the Company for such a period that his or her independence may have been compromised.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence and should be disclosed to the Board.

The Board's assessment of the independence of each current director is set out below.

Name	Status	Appointment Date
Stephen Dennis (Chairman)	Independent	2 March 2016
Grant Davey	Independent	2 March 2016
Phil Hoskins	Executive Director	21 January 2016

Details regarding the Chairman and the Directors, including experience and qualifications, are set out in the Company's 2018 Annual Report and on the Company's website.

#### **Access to independent advice**

Under the Board Charter, directors may seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities with the prior written approval of the Chairman.

#### **Access to Board materials and information**

Under a Deed of Indemnity, Insurance and Access between the director and the Company, directors have access to inspect the Company's records which have been prepared during, or relate to, the director's tenure or discharge of duties as a director in respect of the Company.

#### **CHAIRMAN**

The directors elect one of their number to the office of Chairman and may determine the period for which that director is to be Chairman. The Chairman presides over meetings of the Board and general meetings of shareholders and is responsible for leading and managing the Board in the discharge of its duties.

#### **COMPANY SECRETARY**

The Company Secretary has a dual reporting line to the Managing Director and the Chairman. The Company Secretary in his capacity as company secretary is appointed by the Board and directors have access to the Company Secretary.

The Company Secretary is accountable to the Board through the Chairman on matters regarding the proper functioning of the Board, including assisting the Board and any of its committees with meetings and directors' duties, advising the Board on corporate governance matters, and acting as the interface between the Board and senior executives.

The role is described in more detail in the Board Charter.

Details regarding the Company Secretary, including his experience and qualifications, are set out in the Company's 2018 Annual Report and on the Company's website.

## **SENIOR EXECUTIVES**

Graphex's senior executives are appointed by the Managing Director and their key performance indicators (KPIs) contain specific financial and other objectives. These KPIs are reviewed annually by the Managing Director and approved by the Board. The performance of Graphex's senior executives against these objectives is evaluated annually. Performance evaluations are described in more detail in the Company's 2018 Annual Report.

## **REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES**

Information regarding the Company's approach to remuneration of directors and senior executives is described in more detail in the Company's 2018 Annual Report, including a summary of the approach to equity-based remuneration. The Company's policy on executive director and non-executive director remuneration is set out below.

### **REMUNERATION POLICY**

#### **Executive and Executive Director remuneration**

##### Composition of remuneration

Remuneration packages for Executive Directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration. For further details in relation to the role of Executive Directors, see Annexure A.

##### Fixed remuneration

Fixed remuneration is to be reasonable and fair, taking into account the Company's obligations at law and labour market conditions, and relative to the scale of the Company's business. It reflects core performance requirements and expectations.

For further details in relation to the fixed remuneration of the Executive Directors, see Annexure A.

##### Performance-based remuneration

Performance-based remuneration is linked to clearly specified performance targets. These targets are aligned to the Company's short and long-term performance objectives and are appropriate to its circumstances, goals and risk appetite.

For further details in relation to the receipt of performance-based remuneration by the Executive Directors, see Annexure A.

##### Equity-based remuneration

The Company strives to have a well-designed equity-based remuneration scheme, including options or performance rights, which can be an effective form of remuneration, especially when linked to hurdles that are aligned to the Company's longer-term performance objectives. The Company takes care in the design of equity-based remuneration schemes to ensure that they do not lead to "short-termism" on the part of senior executives or the taking of undue risks.

For further details in relation to the equity-based remuneration of Executive Directors, see Annexure A.

### Termination and other benefits

Termination payments, if any, for senior executives are agreed in advance and the agreement clearly addresses what will happen in the case of early termination. There is no payment for removal for misconduct.

For further details in relation to the termination benefits of Executive Directors, see Annexure A.

### **Non-Executive Director remuneration**

#### Composition of remuneration

Non-Executive Directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity).

#### Fixed remuneration

Levels of fixed remuneration for Non-Executive Directors reflect the time commitment and responsibilities of the role.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. The sum each Non-Executive Director is paid is determined by the Board from time to time. Additional fees can be paid for participation on Board Committees, however the total fees paid to Non-Executive Directors, including fees paid for participation on Board Committees, are required to be kept within the total amount approved by shareholders.

#### Performance-based bonus

Non-executive Directors do not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity.

The Company's Non-Executive Directors do not receive performance-based bonuses.

#### Equity-based remuneration

It is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration to align their interests with the interests of other security holders.

Subject to obtaining any required approvals, the Company's Non-Executive Directors may choose to receive shares in the Company as part of their remuneration instead of receiving cash and may participate in equity schemes of the Company, such as option schemes.

#### Superannuation benefits

Non-Executive Directors should not be provided with retirement benefits other than superannuation. The Company's Non-Executive Directors are entitled to statutory superannuation.



## **Annexure A – Further Executive Director remuneration details**

### **1. Composition**

There is one Executive Director currently on the Board – the Managing Director. The Managing Director is accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board and is responsible for formulating and recommending business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets.

### **2. Fixed remuneration details including termination and other benefits**

- (a) On 1 April 2016, an Executive Services Agreement was entered into between the Company and the Managing Director, Phil Hoskins. Under the terms of the agreement and amendments thereto:
  - (i) Phil Hoskins was appointed as Managing Director;
  - (ii) Phil Hoskins, working in a full-time capacity, is paid a remuneration package of \$310,049 per annum, comprising a base salary plus statutory superannuation, effective from 1 July 2017;
  - (iii) under the general termination of employment provision, the Company may terminate the agreement by the giving of six months' notice and Mr Hoskins may terminate the agreement by the giving of three months' notice; and
  - (iv) the Company may terminate the agreement at any time without notice if serious misconduct has occurred. On termination with cause, the Executive is not entitled to any payment.

### **3. Performance-based remuneration**

To align with market practices and to provide a competitive total remuneration package, the Board introduced a short-term incentive (**STI**) plan to motivate and reward executives for the achievement of key strategic goals in the respective financial year.

The quantum offered under the plan is expressed as a set percentage of base salary, with executives' performance assessed against metrics contained within a weighted scorecard over a 12-month period.

The STI plan provides rewards where significant outperformance is achieved with any awards made in shares in the Company. The metrics are specific and measurable. Metrics within the weighted scorecard are cascaded from the organisational strategy and fall within the following key focus areas:

- (a) Corporate goals:
  - (i) project development, including offtake and financing agreements, permitting and completion of a definitive feasibility study
  - (ii) health and safety;
  - (iii) capital management and financial strength; and

- (b) Individual performance against a balanced scorecard applicable to the executive's responsibilities.

Individual performance is assessed through a formal performance review which includes assessment of whether the corporate goals have been achieved is undertaken formally by the Board.

#### **4. Equity-based remuneration**

In March 2016, the Board introduced a structured approach to delivery of equity to executives in the form of a long-term incentive (**LTI**) plan.

Grants under the LTI plan are made to executives annually with vesting conditions to apply which will align executives' interests with those of shareholders and the generation of long-term sustainable value.

The value of grants made under the LTI plan are made with reference to a set percentage of base salary, with executives' performance assessed against pre-determined performance hurdles over a three-year period and continued employment through that period to vesting. Grants under the LTI plan vest over a three-year time horizon and expire five years from the date on which LTIs are granted.

Performance hurdles are a combination of share price and key milestone hurdles.

## **BOARD COMMITTEES**

The Company intends to establish a nomination and remuneration committee and audit committee when warranted by the composition of the Board and the Company's circumstances. Until that time, the responsibilities of these committees will be performed by the Board.

If established, each Committee will adopt a formal, Board-approved charter that will detail its role, authority, responsibilities, membership and operations. The Board committee charters will be reviewed annually and will be available on the Company's website at: [www.graphexmining.com.au](http://www.graphexmining.com.au).

Each committee will regularly report to the Board on matters relevant to the committee's roles and responsibilities and the minutes of each committee meeting shall be made available to each director unless that director is otherwise precluded due to a potential conflict. Special Board committees are formed as required to give guidance and provide oversight concerning specific matters to the Board.

### **Nomination and Remuneration Committee**

In order to minimise corporate overhead costs, the Board is currently comprised of three directors, two of whom are independent, non-executive directors (Mr Dennis and Mr Davey) and one of whom is an executive director (Mr Hoskins). Owing to the size and composition of the Board, a separate nomination and remuneration committee is not considered to be appropriate at the present time.

If established, the nomination and remuneration committee will assist the Board in fulfilling its responsibilities in overseeing the:

- Overall remuneration strategy of the Company and its specific application to the Managing Director and direct reports;
- Selection, remuneration and succession of directors; and
- The appointment, performance evaluation and succession of the Managing Director and senior executives.

In the meantime, these responsibilities are performed by the Board as a whole.

In determining executive remuneration, the Board has sought to balance cash and equity compensation that links individual performance to Company performance. The Company has adopted an option plan that is aligned with current legislation and leading practice.

### **Audit Committee**

In order to minimise corporate overhead costs, the Board is currently comprised of three directors, two of whom are independent, non-executive directors (Mr Dennis and Mr Davey) and one of whom is an executive director (Mr Hoskins). Owing to the size and composition of the Board, a separate audit committee is considered by the Board not to be appropriate at the present time.

If established, the audit committee will assist the Board to protect the interests of Graphex's shareholders and stakeholders by overseeing on behalf of the Board:

- The integrity of financial reporting;
- The adequacy of the control environment and the processes for identifying and managing financial risk;
- The external audit function; and

- Compliance with applicable legal and regulatory requirements and internal codes of conduct, as requested by the board.

In the meantime, these responsibilities are performed by the Board as a whole.

The Company has not complied with Recommendation 4.1 of the ASX Principles as it does not have a separate audit committee. The Board believes that due to the Company's size, an audit committee's function and responsibilities can be adequately and efficiently discharged by the Board as a whole. The directors are given the opportunity to liaise with the Company's auditors separately and before the final signing of the half-year and annual financial statements.

The Board considers and deals with matters which would otherwise be attended to by an audit committee, particularly as they relate to corporate reporting, such as:

Responsibilities	Board	Senior Executives
Overseeing the Graphex group, including its control and accountability systems	√	√
Monitoring and guiding the Graphex group in accordance with its planned and approved strategic direction and required performance	√	√
Approving and monitoring the Graphex group's budgets	√	√
Reporting to shareholders and authorities, as required, on the performance and state of the Company	√	√
Approving and monitoring the progress of capital management, capital expenditure, acquisitions and divestments	√	√
Receiving at Board meetings monthly management reports on the financial condition, cash flow forecast and operational results of Graphex and its controlled entities	√	√
Seeking assurance from the external auditor that accounting policies and practices are in accordance with current and emerging accounting standards promulgated by the Australian Accounting Standards Board	√	√
Reviewing any significant disagreements between the external auditor and management, irrespective of whether they have been resolved	√	
Continually monitoring and implementing Graphex's systems of internal compliance and control, financial risk management and legal compliance and ensuring the integrity and effectiveness of those systems	√	√
Approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other authorities as required.	√	√
Approving and monitoring procedures for the selection of the external auditor and rotation of external audit partners	√	
Assessing the performance and independence of the external auditors	√	

#### External auditor

The Board is responsible for the initial appointment of the external auditor and the appointment of a new

external auditor when any vacancy arises and should the Board have an audit committee, in doing so may take into account any recommendation of that committee.

In relation to rotation of the audit engagement partner, the Company follows the approach in Section 342DA of the Corporations Act, which requires the audit partner to rotate after completing five years as auditor and must then have a two-year cooling off period before recommencing in that capacity. The current audit engagement partner has signed off on the reporting periods ending 30 June 2016, 30 June 2017 and 30 June 2018, which means that a further two years remain before rotation shall occur.

Please see the section below titled 'External Auditor' for further information.

## **DIVERSITY**

The Company is committed to building a diverse and inclusive workforce across a wide range of workforce demographics that extends beyond gender. While it remains committed to workforce diversity, in light of its scope of activity and employee numbers, it is not considered appropriate that the Board:

- a) Set and disclose measurable objectives for achieving gender diversity; and
- b) Annually assesses diversity related objectives and the entity's progress in achieving them.

## **CORPORATE REPORTING AND RISK MANAGEMENT**

### **CEO AND CFO DECLARATION**

In connection with the year-end financial reports, the CEO (or Managing Director) and CFO (or his equivalent) will provide a declaration to the Board that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board is satisfied that a formal declaration is not needed for the half year results and that an annual declaration is sufficient.

### **AUDIT ARRANGEMENTS**

The Board is committed to the basic principles that:

- a) Graphex's financial reports represent a true and fair view of the Company's financial position and financial performance;
- b) Graphex's accounting practices are comprehensive, relevant and in compliance with applicable accounting standards and regulatory requirements; and
- c) The external auditor is independent and serves shareholders' interests.

### **EXTERNAL AUDITOR**

Our external auditor, PwC, was appointed on 9 June 2016. Where appropriate, PwC is invited to Board meetings and where relevant, Board papers, are made available to PwC. PwC representatives are also available to all Board members.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises and in doing so may take into account any recommendation of the

audit committee, should such a committee be in place. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other than the mandatory criteria outlined above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

The Board has adopted an external auditor selection and rotation policy which requires the Board to review the performance of the external auditor and their independence at least annually.

The audit committee (or the Board) oversees the guidelines covering the terms of engagement of Graphex's external auditor. The guidelines include provisions directed at maintaining the independence of the external auditor and in assessing whether the provision of any proposed non-audit services by the external auditor is appropriate.

At least annually, the audit committee (or the Board), is required to assess the performance and independence of the external auditor and whether the independence of this function is maintained, having regard to the provision of non-audit related services, and provide to the Board the written advice as required by the *Corporations Act*.

Where the external auditor provides non-audit services, reporting will state whether the audit committee (or the Board) is satisfied that provision of those services has not compromised the external auditor's independence.

The audit committee (or the Board) will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

## **INTERNAL AUDIT**

Owing to the current size of the Company, the Company does not maintain a designated internal audit function within the Company.

The scope of work carried out by the external auditor shall include a review of internal controls, especially for the Company's Tanzanian domiciled subsidiary. The report from the external auditor specifically addresses any weaknesses associated with internal controls as they relate to corporate reporting and any identified weaknesses form the basis of an action plan, the purpose of which is to address any such weaknesses. Implementation and monitoring of the progress of the action plan is undertaken by the Company's financial controller, who is an experienced internal auditor.

Comprehensive reporting to the Board on the Company's activities, in particular, the application of funds, is carried out on a monthly basis and forms an important part of the internal control process.

## **RISK MANAGEMENT**

The Company does not have a separate risk committee. The Board oversees the Company's risk management framework. The Company recognises that there are inherent risks in being involved in the minerals exploration industry and operating in overseas jurisdictions, such as Tanzania. The policy of the Board is to

monitor and if considered necessary, seek advice on areas of operational and commercial risk and implement strategies for appropriate risk management arrangements.

Specific areas of risk, which are regularly considered at Board meetings, include expenditure levels relative to exploration success, going concern, foreign currency and commodity price fluctuations, performance of activities, human resources, community and environment, land access, political instability and internal control.

Owing to the current size of the Company, there is no committee of the Board with specific responsibility for overseeing risk, this function being carried out by the Board. The Board and senior executives are responsible for overseeing the implementation of the Company's approach to risk management.

The Company's approach to risk management is based on the identification, assessment, monitoring, management and reporting of material risks related to its business and management systems.

Risk management governance originates at Board level and flows through to the Managing Director and the Company's business units through the Company's risk register, management and reporting against the risk register and delegated authorities.

The Company's risk register identifies risks to which the Company is exposed, designating such risks by business function. For each risk in the Company's risk register, the likelihood and consequence of each risk materialising is assessed and risks are then ranked accordingly. Existing risk mitigation measures are recorded in the risk register and risk rankings are adjusted according to existing risk mitigation initiatives in place.

The Board is responsible for reviewing and ratifying systems of risk management and internal control and compliance, codes of conduct and legal compliance. It uses a number of mechanisms to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- a) The Board receives monthly reports on the Company's exploration and development activities with respect to its Chilalo Graphite Project, including the management of operational risks and risks related to the Company's 'licence to operate';
- b) The implementation of Board approved annual operating budgets and plans which are monitored against actual cost and progress;
- c) During the financial year, the Managing Director reports to the Board on financial risks and financial risk management;
- d) During the financial year, the General Manager Technical (or his equivalent) reports to the Board on the approach to management of occupational health and safety risk and the implementation of an occupational health and safety risk management system;
- e) Application of the Company's risk register which identifies risks by aspect of the Company's business, assesses the likelihood and consequence of each risk and ranks each risk, taking account of existing control measures; and
- f) Ensuring the executive management team is responsible for developing policies, processes and procedures to identify, prioritise and manage risks related to Graphex's activities.

Levels of insurance cover on insurance policies maintained by the Company to mitigate some operational risks are disclosed to the Board for review.

The Company's key business risks and issues that affect achievement of our strategy, together with our approach to managing those risks, are outlined in the Directors' Report section in our 2016 Annual Report.

## **RESPONSIBLE AND ETHICAL BEHAVIOUR**

### **CODES OF CONDUCT**

The Board has adopted the Code of Business Conduct which applies to all senior executives, employees, contractors and consultants, and provides a decision-making framework by establishing principles and values to guide our decisions and actions. The Code of Business Conduct promotes an organisational culture that enables our employees to respond appropriately in a variety of situations and to be accountable for their decisions.

The Code of Business Conduct requires directors, management and employees to deal with the Company's customers, suppliers, competitors, regulatory bodies and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.

Graphex has a zero-tolerance approach to bribery or corruption in its business. The Code of Business Conduct, together with the Anti-bribery and Corruption Compliance Guide, documents the Company's commitment to ensure all officers, employees, contractors, agents and any other party representing Graphex, will act fairly, honestly, with integrity and in compliance with the law. The Code of Business Conduct, together with the Anti-bribery and Corruption Compliance Guide, set out the standards and behaviour Graphex expects of its officers, employees and representatives and links with the Whistleblowing Policy for the reporting of any actual or suspected breaches.

The Code of Business Conduct and the Company's Anti-bribery and Corruption Compliance Guide are supported by the Whistleblowing Policy.

The Code of Business Conduct, the Anti-bribery and Corruption Compliance Guide and the Whistleblowing Policy are available on the Company's website at: [www.graphexmining.com.au](http://www.graphexmining.com.au).

### **CONTINUOUS DISCLOSURE AND COMMUNICATIONS WITH SHAREHOLDERS**

Graphex is committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules.

In order to comply with these obligations, the Board has adopted a Continuous Disclosure Policy and Communications Policy. The Continuous Disclosure Policy is available on the Company's website at: [www.graphexmining.com.au](http://www.graphexmining.com.au).

Graphex's Continuous Disclosure Policy reinforces Graphex's commitment to the ASX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance.

The Continuous Disclosure Policy requires that procedures are in place to ensure that:

- a) Information is reviewed by Company management, including consultation with the Board and external advisors as required to determine if disclosure is required;
- b) The Managing Director and/or Chairman are advised of and approve all information to be disclosed to the market; and
- c) The Board is kept fully informed of all information subsequently disclosed to the market.



The Company Secretary has primary responsibility for administration of the Continuous Disclosure Policy, including monitoring compliance with its disclosure obligations and managing all communications with the ASX.

## **RESPECTING THE RIGHTS OF SHAREHOLDERS**

Graphex endeavours to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, Graphex aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Company's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Graphex has an investor relations program that aims to facilitate effective two-way communication with investors, which includes:

- a) Issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report which address the Company's strategy and performance;
- b) Making available on the Company's website important information such as broker research and Company presentations;
- c) Sending and receiving shareholder communications electronically, both from Graphex and our share registry;
- d) Maintaining the Board and governance section and investor and media centre on the Graphex website, including posting all announcements after they have been disclosed to the market;
- e) Engaging in a program of interactions with current and potential investors, and analysts;
- f) Promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM; and
- g) Ensuring that continuous disclosure obligations are understood and complied with throughout the Company.

To ensure that security holders have the opportunity to participate at meetings of members:

- a) At the Annual General Meeting, shareholders elect the directors and have the opportunity to express their views, ask questions about Company business and vote on items of business for resolution by shareholders; and
- b) PwC, the Company's external auditor, shall attend the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

## **DEALING IN GRAPHEX SECURITIES**

Graphex has in place a Securities Trading Policy which applies to Graphex's directors and employees (and their "connected persons"). The policy prohibits directors and employees from trading in Graphex securities if they are in possession of price-sensitive information which is not generally available to the market. It also prohibits dealings by directors and certain employees during defined "blackout periods" except where clearance has been granted for exceptional circumstances or the dealing falls within an excluded category under the Securities Trading Policy.

Defined blackout periods under the Share Trading Policy relate to:

- a) Release of the annual financial statements;
- b) Release of the half-year financial statements; and
- c) Release of the quarterly activities report.

Outside of these blackout periods and prior to any proposed trade, directors and management must seek approval prior to trading in Graphex securities.

Directors and employees are also restricted from engaging in short-term trading of Graphex securities and from hedging their securities, unless those securities have fully vested and are no longer subject to restrictions. Key management personnel must not at any time enter into a transaction that involves using Graphex's securities as collateral in any financial transaction, including margin lending arrangements.

A copy of the Company's Securities Trading Policy is available on the Company's website at: [www.graphexmining.com.au](http://www.graphexmining.com.au).

## Appendix 4G

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

Name of entity

Graphex Mining Limited

ABN/ARBN

77 610 319 769

Financial year ended

30 June 2018

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

- ☐ these pages of our annual report: \_\_\_\_\_
- ☒ this URL on our website:  
<http://www.graphexmining.com.au/corporate-profile/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 30 June 2018 and has been approved by the board of directors.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 27 September 2018

Sign here:



Company Secretary

Print name: Stuart McKenzie

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

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

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

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

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

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2018 Corporate Governance Statement</p> <p><a href="http://www.graphexmining.com.au/corporate-governance/">http://www.graphexmining.com.au/corporate-governance/</a></p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2018 Annual Report &gt; Directors' Report</p> <p><a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2018 Annual Report &gt; Remuneration Report</p> <p><a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.graphexmining.com.au/corporate-governance/">http://www.graphexmining.com.au/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	<p>[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:  _____ <i>Insert location here</i></p> <p>... and a copy of the charter of the committee: <input type="checkbox"/> at this location: ... and the information referred to in paragraphs (4) and (5): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:</p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:</p>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location: <a href="http://www.graphexmining.com.au/corporate-governance/">http://www.graphexmining.com.au/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at this location: <a href="http://www.graphexmining.com.au/corporate-governance/">http://www.graphexmining.com.au/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at this location: <a href="http://www.graphexmining.com.au/corporate-governance/">http://www.graphexmining.com.au/corporate-governance/</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b> (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	[If the entity complies with paragraph (a):] ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:  <div style="border-bottom: 1px solid black; width: 100%;"></div> <i>Insert location here</i>  ... and a copy of the charter of the committee: <input type="checkbox"/> at this location:  <div style="border-bottom: 1px solid black; width: 100%;"></div> <i>Insert location here</i>  ... and the information referred to in paragraphs (4) and (5): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at this location:	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p>	
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<p>... the fact that we follow this recommendation:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b> (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:  <a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes 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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
		<p>appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2018 Annual Report &gt; Remuneration Report</p> <p><a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.graphexmining.com.au/category/annual-reports/">http://www.graphexmining.com.au/category/annual-reports/</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <u>OR</u></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>