

ANNUAL REPORT

2016



GRAPHITECORP LIMITED

ABN 54 157 690 830

Annual Report – 30 June 2016

Corporate directory	2
Review of operations and activities	3
Directors' report	11
Directors and Company Secretary	
Principal activities	
Dividends	
Review of operations	
Significant changes in the state of affairs	
Events since the end of the financial year	
Likely developments and expected results of operations	
Environmental regulation	
Information on Directors	
Meetings of Directors	
Remuneration report	
Shares under option	
Insurance of officers and indemnities	
Proceedings on behalf of the Company	
Non-audit services	
Auditor's independence declaration	25
Corporate governance statement	26
Financial report	27
Directors' declaration	60
Independent auditor's report to the members	61
Shareholder information	63

Corporate directory

Directors	A Bellas <i>B.Econ, DipEd, MBA, FAACD, FCPA, FAIM</i> G A J Baynton <i>M.Econ St, MBA, B.Bus</i> P M St Baker <i>B.Eng</i>
Secretary	S M Yeates <i>CA, B.Bus</i> A formal notice of meeting is enclosed.
Principal registered office in Australia	Level 12, 144 Edward Street, Brisbane QLD 4000
Share register	Link Market Services Limited Level 15, 324 Queen Street Brisbane QLD 4000 www.linkmarketservices.com.au
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 www.bdo.com.au
Solicitors	McCullough Roberson Level 11, Central Plaza Two 66 Eagle Street Brisbane QLD 4000 www.mccullough.com.au
Bankers	Commonwealth Bank of Australia
Stock exchange listing	Graphitecorp Limited shares are listed on the Australian Securities Exchange (ASX).
Website address	www.graphitecorp.com.au

Competent Person's Statement

The information in this Annual Report that relates to the JORC Mineral Resource for Graphitecorp's Mt Dromedary Project has been based on information compiled by Mr Robert Dennis who is a Member of Australian Institute of Geoscientists and a full time employee of RPM Limited. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dennis has consented to the inclusion of the matters based on his information in the form and context in which it appears.

Review of operations and activities

Highlights

- Planned and completed two sequential exploration drilling programs and planned a third (completed in July 2016), all within the Mount Dromedary graphite deposit.
- Confirmed Mount Dromedary as a large world class* high grade flake deposit with an average of 18.8% TGC within the graphitic schist main unit of economic interest.
- Completed independent tests in Australia and confirmed 95%+ concentrates can consistently be produced from the deposit's graphitic schist using simple flotation processes.
- Completed independent tests in Germany and confirmed the Mount Dromedary graphite concentrate can be purified above 99.9% and has multiple potential applications including the advanced battery materials market.
- Completed comminution tests and confirmed the ore is soft with low hardness and low abrasiveness and can be mined with minimal energy.
- Completed an independent transport logistics study and confirmed multiple competitive transport solutions including both Townsville and Brisbane container port options.
- Completed wet and dry season environmental surveys and commence preparation of the environmental authority application.
- Concluded a long form Joint Venture Agreement with Washington HI Soul Pattinson and Company Limited (ASX: SOL) subsidiary Exco Resources Limited.
- Graphitecorp was appointment manager and marketing agent for the Joint Venture.
- Completed two pre-marketing / equipment supply visits to Asia including China and Japan
- Completed a successful IPO and pre-IPO capital raising
- Acquired 100% interest in EPM 17323 which includes approximately 10% of the currently surface mapped mineralisation.

Note: * The "World Class" description used in the highlights above is based on extensive benchmarking by Graphitecorp of competing natural graphite projects around the world. Based on its ongoing internal review of international deposits, this classification includes deposits with over 1 million tonnes of contained graphite independently measured to JORC or equivalent standards and associated with a Measured Resource with an estimated mine stripping ratio under 3:1, an independent estimate of average Total Graphitic Carbon Content (TGC%) above 10% and a flake size distribution showing >15% Jumbo (>300 microns) and >30% Jumbo and Large (>150 microns). Graphitecorp considers deposits with these attributes likely to fall in the top quartile ranking for natural flake graphite deposits. This description of the deposit does not consider other critical elements that also materially impact prospects of economic extraction of the deposit such as sovereign risk, political and social stability, infrastructure, logistics, etc. Having a World Class deposit is one of many essential requirements for a project's successful economic extraction and commercial longevity.

About Graphitecorp

Graphitecorp (ASX: GRA) is a developer of one of the highest-grade flake graphite deposits in the world, located in an established mining province in Queensland, Australia, and referred to as the Mount Dromedary Project.

The deposit includes a large high grade “Graphite Schist” mineralisation zones averaging 18.8% TGC (up to 35% TGC), with large flake size distribution including 43% jumbo to large flake size. The deposit outcrops over a strike-length of at least 3km with a variable width between 35m and 350m.

Graphitecorp has an 82% effective interest in the deposit, based on currently mapped surface area, with the remaining interest held by the Company’s joint venture partner Washington H. Soul Pattinson and Company Limited (ASX: SOL) subsidiary Exco Resources Limited.

The project is favourably located next to a sealed highway 125km north of Cloncurry with well-developed transport and mining supply infrastructure available. Key characteristics of the Mount Dromedary Graphite Project include:

- Location in Australia with low levels of sovereign risk, ability to provide long term security of supply, alternate sourcing to China and Africa, and higher environmental and other sustainability related standards
- Large open-cut deposit located within one kilometre of a sealed all-weather bitumen highway maintained by the State Government and gazetted for use by road-trains
- Daily road-train transport to the Ports available from major freight haulage companies with large-scale backhaul capacity
- Highway networks connect the project with Queensland export ports including the Port of Brisbane which is regularly serviced by major shipping liners and has back-haul capacity to target markets, and
- Located in a well-established mining region with abundant skills, services and experience, and playing a significant role in the Queensland economy.

Given strong project fundamentals and positive demand outlook for specialised graphite products, Graphitecorp is diligently progressing a feasibility study with its joint venture partner to assess the economic opportunity of establishing a business to mine, process, manufacture and market high quality graphite products into Asian, and other global markets.



Containerised Ocean Transport Possibilities: Port of Brisbane and/or Townsville to Potential Asian, West Coast USA Graphite Users

Exploration

PHASE 1 DRILLING PROGRAM – SEPTEMBER 2015

Based on surface mapping, sampling and flotation testing of surface samples the company proceeded with a maiden drilling program in September 2015 comprising nine Reverse Circulation drill holes totalling 400m. This drilling program confirmed the presence of a high grade flake graphite deposit at Mount Dromedary and fulfilled our farm-in obligations with permit holders. Six of nine holes drilled ended open in graphite mineralisation and most holes commenced in graphite mineralisation.

RungePincockMinarco (RPM), Graphitecorp's independent technical expert defined the following JORC Mineral Resource:

- a maiden Inferred Mineral Resource of 4.3Mt @ 15% C Graphitic; and
- an Exploration Target of 101-156Mt @ 12%-18% C Graphitic.

PHASE 2 DRILLING PROGRAM – DECEMBER 2015

Based on the results of the Phase 1 Drilling Program in September 2015 the company raised additional capital, including an Initial Public Offer (IPO) on the ASX, and executed a Phase 2 Drilling Program. The Phase 2 Drilling Program was also supported by a small Competitive Drilling Initiative (CDI) Grant awarded during 2015 by the Geological Survey of Queensland.

The primary objective of the Phase 2 Drilling Program was to define an Indicated and Inferred JORC 2012 compliant mineral resource estimate for the Central Zone of the Mount Dromedary Graphite Deposit.

A total of 9 Diamond Core (807.83m) and 17 Reverse Circulation drill holes (1,095m) were completed during November-December, 2015 testing a 500m strike length of the Central Graphite Zone on a 50m section spacing, with holes spaced at 35m on each section, designed to provide a shallow, near surface Indicated and Inferred Mineral Resource estimate down to 100m depth.

A secondary objective of the drill program was to collect bulk representative drill core samples of each identifiable graphite ore type for metallurgical testing.

In February 2016 RPM completed an update to the JORC Mineral Resource.

This Mineral Resource estimate is based on exploration drilling and test results covering less than 25% of the total surface-mapped prospect area.

By far the most prominent ore type and zone throughout the deposit is the Graphitic Schist unit referred to below as the “High Grade” mineralisation. This zone of the deposit represents 916kt (or 80%) of the measured Contained Graphite Mineral Resource of 1,147kt.

This Graphitic Schist (“High Grade”) zone of the deposit is the highest grade with Total Graphitic Carbon content (TGC%) ranging between 15% and 35% and averaging 18.8%.

The Graphitic Schist (“High Grade”) zone of the deposit is also the highest quality in terms of particle size distribution with 24.5% Jumbo flakes (>300 microns) and 43.4% Jumbo or large flake (>150 microns).

Table: Mineral Resource Estimate (4% Total Graphitic Carbon Cut-off)

Domain	Type	Total Mineral Resource			Cont. Graphite kt
		Tonnage Mt	TGC %	TC %	
High Grade (>10% TGC)	Weathered	0.8	17.7	18.9	148
	Primary	4.0	19.0	19.9	768
	Sub-Total	4.9	18.8	19.7	916
Medium Grade (4 to 10% TGC)	Weathered	0.7	5.1	6.2	35
	Primary	3.6	5.5	6.4	196
	Sub-Total	4.3	5.4	6.4	232
	Total	9.1	12.5	13.5	1,147

Note:

1. Totals may differ due to rounding, Mineral Resources reported on a dry in-situ basis.
2. Flake sizes for the Mineral Resource is tabulated below.
3. The Statement of Estimates of Mineral Resources has been compiled under the supervision of Mr. Robert Dennis who is a full-time employee of RPM and a Member of the AusIMM and AIG. Mr. Dennis has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code (2012).
4. All Mineral Resources figures reported in the table above represent estimates at 29th February, 2016. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

5. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).
6. Reporting cut-off grade selected based on other known economically viable deposits around the world.
7. TGC = total graphitic carbon.

Table: Graphitic Schist Flake Size Distribution (>10% Total Graphitic Carbon Cut-off)

Classification	Sieve Size (µm)	% in Interval	Cumulative %
Jumbo	>300	24.5	24.5
Large	180-300	18.9	43.4
Medium	150-180	6.8	50.2
Fine	75-150	23.9	74.1
Very Fine	<75	25.9	100.0

PHASE 3 DRILLING PROGRAM

Based on the results of the previous drilling programs the company undertook planning and preparation for the Phase 3 Drilling Program at Mount Dromedary which was run in conjunction with drilling of four water monitoring bores beyond the current mining pit shells.

The drilling program was successfully completed in July 2016 comprising seven Reverse Circulation drill holes (639m).

The drilling program focused on the area between the Phase 1 and Phase 2 drilling programs and encountered significant high-grade graphite intersections that are expected to bridge, broaden and deepen the orebody footprint at Mount Dromedary.

One of the water monitoring bores located approximately 200m from the mapped orebody also encountered a significant graphite intersection as did a subsequent exploration hole drill at approximately 100m from the previously mapped orebody.

Drilling samples from the Phase 3 Drilling Program are currently being dispatched for assays and testwork which will be followed by a further update of the Project's JORC Mineral Resource.

METALLURGICAL TESTWORK

There have been three phases of metallurgical testwork completed on the Mount Dromedary Graphite Project to date.

In the 2015 financial year the initial metallurgical testwork was undertaken on the surface samples by an independent German-based company specializing in graphite. This confirmed the graphite was flake and could be concentrated to 93%+ via simple flotation.

In the 2016 financial year two phases of metallurgical testwork were undertaken after the Phase 1 and Phase 2 Drilling Programs respectively.

Following the Phase 1 Drilling Program, two independent laboratories (one in Germany and the other in Canada), both with extensive experience in graphite, undertook the metallurgical testwork on Mount Dromedary ore. This testwork reconfirmed the Mount Dromedary graphite was flake and could be concentrated to 94%+ via simple flotation, and also confirmed the graphite flake could be purified to 99.93%+ and presented characteristics amenable for the advanced battery and other markets.

Following the larger Phase 2 Drilling Program, the company undertook an extensive metallurgical testwork program which was planned and supervised in conjunction with RungePincockMinarco (RPM), in Australia using a number of laboratories. This work was 90% complete at the end of the financial year and is expected to conclude in August 2016.

The current testwork program was designed to:

- characterise the processing properties and requirements of the various ore types
- determine product quality and recoveries
- determine a suitable flowsheet
- generate engineering data for plant design, including equipment selection and sizing, as well as water and power requirements
- produce marketing samples as well as product characterisation
- establish static environmental base-line data
- support a pre-feasibility study including capital and operating costs

Test results received to date include:

- Completed Open Circuit Cleaning Tests and Locked Cycle Tests on primary ore type
- Confirmation that 95+% Cg concentrates can be consistently produced from simple flotation
- Comminution tests confirming a “soft” hardness with low abrasiveness

Continuing work during 2016 includes:

- Provisional flow sheet for the project, based on testwork results (completed)
- Preparation of customer samples
- Concentrate characterisation tests
- Completion of oxidation and flotation test
- Thickening and filtration tests for concentrate and tailings
- Variability tests covering feed grade-recovery relationship
- Static environmental tests
- Flow sheet optimisation

MINING

Graphitecorp engaged RPM to complete a preliminary mining study based on the first two drilling programs and associated assay and metallurgical results. The study incorporated the review of project parameters, geological model, metallurgical results and other key technical inputs, developed pit shells, mining and mine plan options, high level production plans, quantities and high level overall optimization and economic analysis. With the completion of Phase 3 drilling, RPM has been engaged to advance this work to support submission of the Mining License Application and the Environmental Authority Application.

ENVIRONMENTAL

Significant environmental planning and investigation work was completed for the Mount Dromedary Project during the year.

Graphitecorp engaged NRA (Environmental Consultants) to perform the requisite wet and dry season environmental surveys at the Mount Dromedary project area. The survey collected important baseline fauna, flora, surface water, sediment and other environmental data and provided information to assist with environmental evaluation, planning and the preparation of an Environmental Authority Application.

This work is part of a comprehensive environmental work program underway that will culminate in the submission of an Environmental Authority Application to the Queensland Department of Environment and Heritage Protection.

Graphitecorp engaged Rob Lait Associates (RLA) (Hydrogeologists) to perform a desktop ground water study on and around the Mount Dromedary project area, and to advise on the design of a suitable ground water monitoring program to provide base line data for the project. Graphitecorp also undertook a preliminary assessment of water supply options from Sunwater's Lake Julius and the North West Queensland Water Pipeline.

TRANSPORT

A high level transport logistics study was completed during the year by an independent expert which examined all transport logistic options for base case tonnages and also higher level tonnages in the event higher-volume production plans were required in the future. The study confirmed that the project has multiple competitive existing transport solutions adding the Port of Townsville to the Port of Brisbane as a viable commercial option for the project. The study also confirmed that capacity exists for significantly higher tonnages, should that be considered for the project.

PRE-MARKETING / EQUIPMENT SUPPLY VISITS TO ASIA

The company has undertaken two pre-marketing and preliminary equipment supply and benchmarking visits in Asia during the year including China and Japan. The visits included graphite mines, processors, agents, trade facilitators end users and equipment suppliers.

Information gained on this visit will assist with the feasibility study, marketing and further refining the Company's commercial strategy.

SUCCESSFUL IPO AND PRE-IPO CAPITAL RAISING

Based on the results of the Phase 1 Drilling Program, flotation testing on surface samples and combined with other favourable fundamentals such as logistics, the company decided to proceed with a more detailed feasibility assessment.

To fund this work, the company undertook a private placement and an IPO to raise \$3.05 million. The Initial Public Offer (IPO) on the Australian Stock Exchange (ASX) opened on 10 November 2015, closed on 13 November 2015 and the company commenced trading on the ASX 1 December 2015.

JOINT VENTURE AGREEMENTS

The company concluded long form joint venture agreements with its partner in the Mount Dromedary Graphite Joint Venture for the exploration and development of the northern and central areas of the Mount Dromedary Graphite Deposit (the **Joint Venture Area**).

The Company holds an 80% interest in the Joint Venture Area, with Exco Resources Limited, a subsidiary of Washington H. Soul Pattinson and Company Limited, holding the remaining 20% interest.

Graphitecorp retains 100% ownership of the southern area of the Mount Dromedary Graphite Deposit within its wholly-owned EPM 17323 which it acquired from Queensland Mining Corporation Limited prior to the completion of the IPO.

The Mount Dromedary Graphite Joint Venture agreements with Exco Resources Limited govern the management development of the major portion of the Mount Dromedary Graphite Project and confirm the appointment of Graphitecorp Operations Pty Ltd, a wholly-owned subsidiary of Graphitecorp, as the Manager of the joint venture. Under the arrangements Graphitecorp (or its nominee) will also be appointed as the Marketing Manager and Agent for all products produced by the joint venture.

TENEMENT LIST

During the financial year Graphitecorp earned an 80% interest in the minerals (excluding metals) rights within EPM 26025 (sub-block Normanton 3123 D, J, N, O and S), and acquired EPM 17323 and EPM 17246 from Queensland Mining Corporation Limited subsidiary, Flamingo Copper Mines Pty Ltd.

Tenement	Permit Holder	Grant date	Graphitecorp Rights	Expiry date
EPM 26025	Exco Resources Limited	14/12/2015	80% Graphite Rights (Sub-Blocks Normanton 3123 D, J, N, O and S)	13/12/2020
EPM 17323	MD South Tenements Pty Ltd (Subsidiary of Graphitecorp Limited)	20/10/2010	100%	19/10/2021
EPM 17246	MD South Tenements Pty Ltd	26/10/2010	100%	25/10/2018

Directors' report

Your Directors present their report on the consolidated entity consisting of Graphitecorp Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016. Throughout the report, the consolidated entity is referred to as the Group.

Directors and Company Secretary

The following persons were Directors of Graphitecorp Limited during the whole of the financial year and up to the date of this report:

G A J Baynton (appointed 5 April 2012)

A Bellas and P M St Baker were appointed as Directors on 11 August 2015 and 31 August 2015 respectively, and continue in office at the date of this report.

The Company Secretary is Mrs S Yeates. Mrs Yeates was appointed to the position of Company Secretary on 18 September 2015. She is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Principal activities

During the year, the principal continuing activity of the Group was exploring and developing high grade flake graphite deposits in Queensland.

Dividends

The Directors do not recommend the payment of a dividend. No dividend was paid during the year.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 3 – 10 of this annual report.

Significant changes in the state of affairs

During the financial year, Graphitecorp Limited raised pre-IPO funding of \$1.4million from sophisticated investors. The Company then went on to gain admission to the official list of the Australian Securities Exchange after an Initial Public Offering (IPO) raising \$2,000,000.

There were no other significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

Comments on likely developments and expected results of operations are included in the review of operations and activities on pages 3 – 10.

Events since the end of the financial year

In an effort to simplify the joint venture arrangements, Graphitecorp and Exco Resources Limited, a wholly-owned subsidiary of Washington H. Soul Pattinson and Company Limited (WHSP), on 29 August 2016 entered into:

- a development rights agreement, pursuant to which WHSP has agreed to grant Graphitecorp certain development rights and to vary its own priority rights over the project area in exchange for the issue of shares Graphitecorp (JV Simplification Transaction); and
- a placement agreement, pursuant to which WHSP has agreed to subscribe for 500,000 fully paid ordinary shares in Graphitecorp at \$0.60 per share (Placement), settlement of which will occur contemporaneous with settlement of the JV Simplification Transaction.

Under the JV Simplification Transaction, WHSP will be issued 15,528,818 fully paid ordinary shares in Graphitecorp which, together with the Graphitecorp shares to be issued under the Placement, will give WHSP voting power of 18.73% in Graphitecorp on completion of the transaction. The shares issued on completion of the JV Transaction will be issued in consideration of WHSP granting the rights that it currently holds as a 20% joint venture participant in the Mount Dromedary Graphite Project to Graphitecorp and agreeing to extinguish the metal rights that it holds over the area of the proposed mining lease for the Mount Dromedary Graphite Project (refer to section 8.2 of Graphitecorp's replacement prospectus dated 10 November 2015 for a description of those rights).

WHSP has agreed that the Graphitecorp shares issued to it as part of the JV Simplification Transaction, will be subject to voluntary escrow until 3 December 2017. The escrow arrangement is subject to customary carve-outs in the event that a takeover bid or other control transaction is made for Graphitecorp.

The Placement and the JV Simplification Transaction are subject to Graphitecorp shareholder approval. The board of Graphitecorp expects that the resolutions to approve the Placement and the JV Transaction will be put at Graphitecorp's upcoming annual general meeting (in mid-late October).

Separately, Graphitecorp has entered into a mandate with Pitt Capital Partners (PCP), pursuant to which PCP is engaged to act as Graphitecorp's financial adviser for a period of 12 months, to be extended on mutual agreement, in relation to potential control transactions and advice surrounding the advancement of the project.

Under the mandate arrangements, PCP will be compensated on a success fee basis upon the successful completion of a transaction which it has introduced and facilitated and will receive an alternative fee in the event of completion of a transaction that it has not introduced.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration activities in Australia and is committed to undertaking all its operations in an environmentally responsible manner.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Information on Directors

The following information is current as at the date of this report.

A Bellas. Chair – non-executive

Experience and expertise	<p>Tony was appointed as Chair of the Company on 11 August 2015. He brings almost 30 years of experience in the public and private sectors. Tony was previously CEO of the Seymour Group, one of Queensland’s largest private investment and development companies. Prior to joining the Seymour Group, Tony held the position of CEO of Ergon Energy, a Queensland Government-owned corporation involved in electricity distribution and retailing. Before that, he was CEO of CS Energy, also a Queensland Government-owned corporation and the State’s largest electricity generation company, operating over 3,500 MW of gas-fired and coal-fired plant at four locations.</p> <p>Tony had a long career with Queensland Treasury, achieving the position of Deputy Under Treasurer.</p> <p>Tony is a director of the listed companies shown below and is also a director of Loch Exploration Pty Ltd, West Bengal Resources (Australia) Pty Ltd and the Endeavour Foundation.</p>
Other current directorships	Chairman of Corporate Travel Management Ltd, ERM Power Ltd and Shine Chairman of the Endeavour Foundation.
Former listed directorships in last 3 years	None.
Special responsibilities	Chairman of the Board Member of the Audit Committee
Interests in shares and options	3,929,354 ordinary shares

G A J Baynton. Executive Director

Experience and expertise	Mr Baynton founded Graphitecorp in April 2012. He has been a Director of Australian exploration companies for over 18 years. He is founder and Executive Director of investment and advisory firm, Orbit Capital. Mr Baynton has experience in investment banking, merchant banking, infrastructure investment, IPOs, public company directorships, Queensland Treasury and the Department of Mines and Energy.
Other current directorships	Non-executive Director of Superloop Limited (ASX: SLC)
Former listed directorships in last 3 years	Asia Pacific Data Centre Group (ASX:AJD) – resigned 04/02/2015 Hexagon Resources Limited (ASX: HXG) - resigned 11/09/2014 COALBANK LIMITED (ASX:CBQ) – resigned 22/11/2013
Special responsibilities	Chairman of the Audit Committee
Interests in shares and options	29,395,160 ordinary shares

P M St Baker. Managing Director

Experience and expertise	Mr St Baker was previously the Managing Director and CEO of ERM Power Limited for eight years until October 2014 during which time the company transformed from a private power development company into one of Australia’s fastest growing diversified energy companies with an annual turnover growing from \$10million to over \$2 billion. Mr St Baker oversaw the development of ERM Power’s retail sales and gas exploration business and the expansion of its power generation business. Prior to joining ERM Power, Mr St Baker had a 16 year career with BHP Billiton. His focus there was on delivering improved operational performance.
Other current directorships	None.
Former listed directorships in last 3 years	Managing Director of ERM Power Limited.
Special responsibilities	Managing Director.
Interests in shares and options	7,976,903 ordinary shares 1,562,500 performance rights

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Full meetings of Directors		Meetings of Audit Committee	
	A	B	A	B
A Bellas	13	13	1	1
G A J Baynton	14	14	1	1
P M St Baker	11	13	N/A	N/A

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

Remuneration report

The Directors present the Graphitecorp Limited 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- (a) Key management personnel (KMP) covered in this report
- (b) Remuneration policy and link to performance
- (c) Elements of remuneration
- (d) Link between remuneration and performance
- (e) Remuneration expenses for executive KMP
- (f) Contractual arrangements for executive KMP
- (g) Non-executive Director arrangements
- (h) Other statutory information

(a) Key management personnel covered in this report

Non-executive and Executive Directors (see pages 13 to 14 for details about each Director)

A Bellas
G A J Baynton
P M St Baker

(b) Remuneration policy and link to performance

The role of a remuneration committee is performed by the full Board of Directors. The board reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders

Element	Purpose	Performance metrics	Potential value	Changes for FY 2016
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning.
LTI	Alignment to long-term shareholder value	Market price vesting conditions	MD – 100% of FR	First time adoption of performance rights.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executive receive their fixed remuneration as cash. FR is reviewed annually. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The board has the flexibility to take into account capability, experience, value to the organisation and performance of the individual. The Group has not engaged an external remuneration consultant during FY2016.

Superannuation is included in FR for executives. In FY 2016, fixed remuneration was not increased.

(ii) Short term incentives

Short term incentives are currently not available to executive.

(iii) Long-term incentives

IPO Bonus Shares

The Managing Director was issued 2,976,903 fully paid ordinary shares the Company on 26 November 2016, representing 5% of the shares on issue just prior to this prospectus for no consideration. These shares were issued in accordance with his employment contract.

Performance rights

The Managing Director has been granted performance rights under Graphitecorp's performance rights plan. The value of the performance rights represents 50% of the total remuneration package for the Managing Director. In order to align this long-term incentive package with the creation of shareholder value, market price vesting conditions have been used. The terms of the performance rights are as follows:

	Number of Rights	Vesting conditions	Vesting date
2016	812,500	Graphitecorp share price closes at \$0.40 on 31 December 2016 ¹	31 December 2016 ²
2017	750,000	Graphitecorp share price closes at \$0.80 on 31 December 2017	31 December 2017

¹ Rights will vest on a pro rata basis if, in respect of the 2016 tranche, Graphitecorp's share price closes above \$0.20 but below \$0.40 and, in respect of the 2017 tranche, Graphitecorp's share price closes above \$0.40 but below \$0.80

² If any 2016 rights do not vest, then the vesting date for those rights is automatically extended to 31 December 2017 and will vest (or lapse) on the same basis as the 2017 tranche rights

Options

On 22 June 2016, 7,000,000 share options were granted to Mr St Baker. These options are subject to shareholder approval which will be sought at the Company's 2016 Annual General Meeting. The terms of the options are set out in the table below.

	Tranche 1	Tranche 2	Tranche 3
Number of Options	2,000,000 Options.	3,000,000 Options.	2,000,000 Options.
Exercise Price	\$0.30 per Graphitecorp share.	\$0.30 per Graphitecorp share.	\$0.30 per Graphitecorp share.
Vesting Date	Any time on or before the Tranche 1 Expiry Date provided the Tranche 1 Vesting Price Trigger has been satisfied.	Any time on or before the Tranche 2 Expiry Date provided the Tranche 2 Vesting Price Trigger has been satisfied.	Any time on or before the Tranche 3 Expiry Date provided the Tranche 3 Vesting Price Trigger has been satisfied.
Vesting Price Trigger	The Vesting Price Trigger will be satisfied if the volume weighted average price (VWAP) of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$0.50 per GRA share any time on or before the Tranche 1 Expiry Date.	The Vesting Price Trigger will be satisfied if the VWAP of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$0.90 per GRA share any time on or before the Tranche 2 Expiry Date.	The Vesting Price Trigger will be satisfied if the VWAP of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$1.20 per GRA share any time on or before the Tranche 3 Expiry Date.
Expiry Date	31 December 2017	30 June 2019	30 June 2019

(d) Link between remuneration and performance

During the year, the Group has generated losses from its principal activity of developing high grade flake graphite deposits in Queensland. As the Company is still in the exploration and development stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of graphite prices and market sentiment towards the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

Given the nature of the Group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market price movements are as follows:

	Share price
Year end 30 June 2016	\$0.35
IPO price	\$0.20

The Company listed on 4 December 2015. This is the first period of operation and accordingly, prior period financial information is not disclosed.

(e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the Group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Name	Year	Fixed remuneration				Variable remuneration		Total
		Cash salary	Annual leave	Post-employment benefits	IPO Bonus shares	Performance rights	Options	
<i>Executive Directors</i>								
G A J Baynton	2016	53,272	-	5,061	-	-	-	58,333
	2015	-	-	-	-	-	-	-
P M St Baker (from 31/8/15)	2016	79,909	-	7,591	595,380	1,595*	9,982	694,457
Total Executive Directors	2016	133,181	-	12,652	595,380	1,595	9,982	752,790
<i>Non-executive Director</i>								
A Bellas (from 11/8/16)	2016	29,167	-	2,771	-	-	-	31,938
Total KMP remuneration expensed		162,348	-	15,423	595,380	1,595	9,982	784,728

* Performance rights granted under the executive performance rights plan are expensed over the performance period, which includes the year in which the rights are granted and the subsequent vesting period.

(f) Contractual arrangements with executive KMP's

Component	MD description	Executive Director description
Fixed remuneration	\$150,000 (3 days per week) Inclusive of superannuation	\$100,000 (2.5 days per week) Inclusive of superannuation
Contract duration	Ongoing contract	Ongoing contract
Notice by the individual / company	6 months	6 months

(g) Non-executive Director arrangements

The non-executive chairman receives fees of \$50,000 per annum plus superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 1 December 2015.

The maximum annual aggregate Directors' fee pool limit is \$250,000 and was set out in the 2015 Prospectus.

All Non-executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of Director.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expenses in the table on page 18:

Relative proportion of fixed vs variable remuneration expense

Name	Fixed remuneration		At risk – LTI	
	2016	2015	2016	2015
Executive Directors				
G A J Baynton	100%	-	-	-
P M St Baker	13%	-	87%	-

(ii) Performance based remuneration granted & forfeited during the year

The table below shows the value of performance rights and options that were granted during the year. No performance rights or options were exercised or forfeited during FY2016.

	LTI performance rights		LTI Options	
	Value granted*	Value exercised**	Value granted*	Value exercised**
2016	\$	\$	\$	\$
P M St Baker	4,467	-	970,000	-

* The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration

** The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

(iii) *Terms and conditions of the share-based payment arrangements*

IPO bonus shares

The table below shows how many IPO bonus shares were issued during the year.

IPO bonus shares

Name	Issue date	Balance at the start of the year	Granted as compensation	Balance at the end of the year
P M St Baker	26/11/2015	-	2,976,903	1,562,500

The bonus shares issued to the Managing Director, in accordance with his employment contract, were issued for zero consideration. The shares issued carry the same rights as other fully paid ordinary shares.

Performance rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per right at grant date	Performance achieved	% vested
31/8/2015	31/12/2016	31/12/2017	-	0.3 cents	N/A	-
31/8/2015	31/12/2017	31/12/2017	-	0.3 cents	N/A	-

The number of performance rights over ordinary shares in the Company provided as remuneration to key management personnel is shown on page 21. The performance rights carry no dividend or voting rights. See page 17 above for conditions that must be satisfied for the performance rights vest.

When exercisable, each performance right is convertible into one ordinary share of Graphitecorp Limited.

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% vested
22/6/2016	31/12/2017	31/12/2017	\$0.30	\$0.13	-	-
22/6/2016	30/06/2019	30/06/2019	\$0.30	\$0.15	-	-
22/6/2016	30/06/2019	30/06/2019	\$0.30	\$0.13	-	-

These options are yet to be issued and are subject to shareholder approval at the Company's 2016 Annual General Meeting. The number of options over ordinary shares in the Company provided as remuneration to key management personnel is shown in the table below. The options carry no dividend or voting rights. See page 17 above for conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of Graphitecorp Limited.

(iv) *Reconciliation of options, performance rights and ordinary shares held by KMP*

The table below shows how many performance rights were granted during the year. No performance rights vested or were forfeited during FY2016.

Performance rights

Name	Year granted	Balance at the start of the year	Granted as compensation	Balance at the end of the year	Maximum value yet to vest*
		Unvested		Unvested	\$
P M St Baker	2016	-	1,562,500	1,562,500	2,872

* The maximum value of the deferred shares yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY2016. As noted above, these options are granted but yet to be issued. There were no vested options at any time during FY2016. No options were exercised or forfeited during FY2016.

Options

2016 Name & Grant dates	Balance at the start of the year	Granted as compensation	Balance at the end of the year
	Unvested		Unvested
P M St Baker 22 June 2016	-	7,000,000	7,000,000

Shareholdings

2016 Name	Balance at the start of the year	Received during the year on the exercise of options	Received during the year on the exercise of performance rights	Other changes during the year	Balance at the end of the year
Ordinary shares					
A Bellas	-	-	-	3,929,354*	3,929,354
G A J Baynton	39,193,549	-	-	(9,798,389)#	29,395,160
P M St Baker	-	-	-	7,976,903^	7,976,903

* Represents shares purchased in the IPO

Represents shares sold pre IPO

^ Represents shares purchased in the IPO and IPO bonus shares issued of 2,976,903

(v) *Other transactions with key management personnel*

A Director loaned funds to the Group during the financial year. The loan was unsecured and did not accrue interest as the company was previously in the start-up phase and would not have secured arms-length finance at this point. Accordingly no differential interest has been disclosed. At 30 June 2016, the loan had been repaid in full. Details of the loan are set out below:

Name	Balance at the start of the year	Funds advanced	Funds repaid	Balance at the end of the year
G A J Baynton	264	59,749	(60,013)	-

End of remuneration report (audited)

Shares under option and performance rights

(a) *Unissued ordinary shares*

At the date of this report, Graphitecorp Limited did not have any options on issue. Options were granted to the Managing Director on 22 June 2016, however, these are subject to shareholder approval at the Annual General Meeting of the Company.

Unissued ordinary shares of Graphitecorp Limited under performance right at the date of this report total 1,562,500. These performance rights are the performance rights granted as remuneration to the Mr St Baker during the year. Details of the performance rights granted to key management personnel are disclosed on pages 16 and 17 above.

No performance right holder has any right under the performance rights to participate in any other share issue of the Company or any other entity.

No options or performance rights have been granted to the Directors of the Company since the end of the financial year.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, Graphitecorp Limited paid a premium of \$15,411 to insure the Directors and secretaries of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Graphitecorp Limited has not agreed to indemnify their auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO Qld Pty Ltd) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

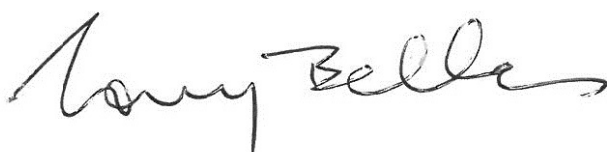
During the year, the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2016	2015
	\$	\$
Taxation services		
BDO Qld Pty Ltd:		
Research and development tax concession services	18,000	-
Investigating accountants report	6,000	
Total remuneration for taxation / non-audit services	24,000	-

Auditor's independence declaration

A copy of the auditors independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

This report is made in accordance with a resolution of Directors.



A Bellas
Chairman

Brisbane
30 August 2016



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF GRAPHITECORP LIMITED

As lead auditor of GRAPHITECORP Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GRAPHITECORP Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'C R Jenkins', written over a horizontal line.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 30 August 2016

Corporate governance statement

Graphitecorp Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Graphitecorp Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 corporate governance statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 26 August 2016. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.graphitecorp.com.au/governance.

GRAPHITECORP LIMITED

ABN 54 157 690 830

Annual financial report – 30 June 2016

Financial statements	
Consolidated statement of profit or loss and other comprehensive income	28
Consolidated balance sheet	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the financial statements	32
Directors' declaration	60

These financial statements are consolidated financial statements for the Group consisting of Graphitecorp Limited and its subsidiaries. A list of major subsidiaries is included in note 11.

The financial statements are presented in the Australian currency.

Graphitecorp Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Graphitecorp Limited
Level 12, 144 Edward Street
Brisbane QLD 4000

All press releases, financial reports and other information are available at our website:
www.graphitecorp.com.au.

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016

		Consolidated	
		2016	2015
	Notes	\$	\$
Revenue	3	34,738	-
Expenses			
Administrative and other expenses		219,753	240
Marketing and project development costs		298,476	3,698
Share based compensation	4	606,957	-
Listing costs		153,349	-
Loss before income tax expense		(1,243,797)	(3,938)
Income tax benefit	5	-	-
Loss from continuing operations		(1,243,797)	(3,938)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(1,243,797)	(3,938)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	8	(2.05 cents)	(0.01 cents)
Diluted earnings per share	8	(2.05 cents)	(0.01 cents)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet As at 30 June 2016

		Consolidated	
		2016	2015
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	1,665,754	10
Trade and other receivables	10	38,756	6,411
		<hr/>	<hr/>
Total current assets		1,704,510	6,421
Non-current assets			
Plant and equipment	12	16,962	-
Exploration and evaluation assets	13	1,203,280	100,749
		<hr/>	<hr/>
Total non-current assets		1,220,242	100,749
		<hr/>	<hr/>
Total assets		2,924,752	107,170
LIABILITIES			
Current liabilities			
Payables	14	211,927	111,098
		<hr/>	<hr/>
Total current liabilities		211,927	111,098
		<hr/>	<hr/>
Total liabilities		211,927	111,098
		<hr/>	<hr/>
Net assets		2,712,825	(3,928)
EQUITY			
Contributed equity	15	3,948,983	10
Reserves	23	11,577	-
Accumulates losses		(1,247,735)	(3,938)
		<hr/>	<hr/>
Total equity		2,712,825	(3,928)
		<hr/>	<hr/>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Contributed equity \$	Accumulated losses \$	Reserves \$	Total \$
Consolidated Group				
Balance at 1 July 2014	10	-	-	10
Loss for the period	-	(3,938)	-	(3,938)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(3,938)	-	(3,938)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Balance at 30 June 2015	10	(3,938)	-	(3,928)
Loss for the period	-	(1,243,797)	-	(1,243,797)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(1,243,797)	-	(1,243,797)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,948,973	-	-	3,948,973
Share-based payments	-	-	11,577	11,577
Balance at 30 June 2016	3,948,983	(1,247,735)	11,577	2,712,825

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2016

		Consolidated	
		2016	2015
	Notes	\$	\$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		153,008	-
Payments to suppliers and employees (GST inclusive)		(793,099)	(264)
Interest received		12,855	-
Net cash outflow from operating activities	17	<u>(627,236)</u>	<u>(264)</u>
Cash flows from investing activities			
Payments for exploration assets		(1,378,292)	-
Receipt of cash calls from JV partner		337,800	-
Payments for property, plant and equipment		(19,867)	-
Net cash outflow from investing activities		<u>(1,060,359)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds on issue of shares		3,421,862	-
Payment of capital raising costs and listing expenses		(68,259)	-
Proceeds from Director loan		59,749	264
Repayment of Director loan		(60,013)	-
Net cash inflow from financing activities		<u>3,353,339</u>	<u>264</u>
Net increase (decrease) in cash and cash equivalents		1,665,744	-
Cash and cash equivalents at the beginning of the year		<u>10</u>	<u>10</u>
Cash and cash equivalents at the end of the year	9	<u>1,665,754</u>	<u>10</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial report, the consolidated entity achieved a net loss of \$1,243,797 and net operating cash outflows of \$627,326 for the year ended 30 June 2016. As at 30 June 2016 the consolidated entity has cash of \$1,665,754.

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise capital as and when necessary;
- the successful exploration and subsequent exploitation of the consolidated entity's tenements; and/or
- receipt of proceeds from research and development claims.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- the consolidated entity has a proven history of successfully raising funds which included during the year raising pre-IPO funding of \$1.4million from sophisticated investors and \$2 million in an initial public offering;
- The Directors believe there is sufficient cash available for the consolidated entity to continue operating until it can raise sufficient further capital to fund its ongoing activities; and
- Management are finalising the preparation of its research and development claims which they intend to submit during the subsequent months.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

The financial statements were authorised for issue by the Directors on 30 August 2016. The Directors have the power to amend and reissue the financial statements.

a. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Graphitecorp Limited ('Company' or 'Parent Entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Graphitecorp Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group.

Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

b. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

c. Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

d. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

e. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

g. Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

h. Exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation assets where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

i. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
---------------------	---------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

k. Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made.

An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

l. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m. Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

n. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Graphitecorp Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

p. New and Amended Accounting Policies Adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 9 Financial Instruments

The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. This supersedes AASB 9 (issued in December 2009-as amended) and AASB 9 (issued in December 2010).

AASB 9 may have a potential increase in the Group's loans and advances provisioning. However, the Group has not yet fully assessed the impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

AASB 15 Revenue from Contracts with Customers

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Group has not yet fully assessed the impact of AASB 15 as this standard does not apply mandatorily before 1 January 2018.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.

The Group has not yet fully assessed the impact of AASB 16 as this standard does not apply mandatorily before 1 January 2019.

Notes to the financial statements for the year ended 30 June 2016

Note 1 Summary of significant accounting policies (continued)

q. Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group intend to commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Notes to the financial statements for the year ended 30 June 2016

Note 2 Parent information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	Notes	2016 \$	2015 \$
Balance sheet			
ASSETS			
Current assets			
Cash and cash equivalents		1,665,754	10
Trade and other receivables		38,756	6,411
		<hr/>	<hr/>
Total current assets		1,704,510	6,421
Non-current assets			
Plant and equipment		16,962	-
Exploration and evaluation assets		1,203,280	100,749
		<hr/>	<hr/>
Total non-current assets		1,220,242	100,749
		<hr/>	<hr/>
Total assets		2,924,752	107,170
LIABILITIES			
Current liabilities			
Payables		211,927	111,098
		<hr/>	<hr/>
Total current liabilities		211,927	111,098
		<hr/>	<hr/>
Total liabilities		211,927	111,098
		<hr/>	<hr/>
Net assets		2,712,825	(3,928)
EQUITY			
Contributed equity		3,948,983	10
Reserves		11,577	-
Accumulates losses		(1,247,735)	(3,938)
		<hr/>	<hr/>
Total equity		2,712,825	(3,928)
Statement of Profit or Loss and Other Comprehensive Income			
Total profit		(1,243,797)	(3,938)
		<hr/>	<hr/>
Total comprehensive income		(1,243,797)	(3,938)
		<hr/>	<hr/>

Notes to the financial statements for the year ended 30 June 2016

Note 2 Parent information (continued)

Guarantees

Graphitecorp Limited has not entered into any guarantees, in the current or previous reporting period, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2016, Graphitecorp Limited did not have any contingent liabilities (30 June 2015: Nil).

Contractual commitments

At 30 June 2016, Graphitecorp Limited did not have any contractual commitments (30 June 2015: Nil).

Note 3 Revenue

	Consolidated	
	2016	2015
	\$	\$
Other revenue:		
Interest received from unrelated parties	14,038	-
Other revenue	20,700	-
	<hr/>	<hr/>
Total revenue	34,738	-

Note 4 Loss for the year

Loss before income tax from continuing operations includes the following specific expenses:

	Consolidated	
	2016	2015
	\$	\$
Expenses		
IPO bonus shares issued for no consideration	595,380	-
Performance rights granted	1,595	-
Options grants	9,982	-
	<hr/>	<hr/>
Total share based compensation expense	606,957	-

Notes to the financial statements for the year ended 30 June 2016

Note 5 Income tax expense

This note provides an analysis of the Group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	Consolidated	
	2016	2015
	\$	\$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	(1,243,797)	(3,938)
Tax at the Australian tax rate of 30% (2015 – 30%)	(373,139)	(1,181)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	182,087	-
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	191,052	1,181
Income tax expense	-	-
(b) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Deferred tax: Share issue costs	68,267	-
Potential tax benefit @ 30%	20,480	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,720,276	104,687
Potential tax benefit @ 30%	516,083	31,406

Notes to the financial statements for the year ended 30 June 2016

Note 5 Income tax expense (continued)

	Consolidated	
	2016	2015
	\$	\$
(d) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	516,083	31,406
Share issue costs	53,186	-
Other	4,428	-
Total deferred tax assets	573,697	31,406
Set-off of deferred tax liabilities pursuant to set-off provisions	(360,984)	(30,225)
Deferred tax assets not recognised	(212,713)	(1,181)
Net deferred tax assets	-	-
(e) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	360,984	30,225
Total deferred tax liabilities	360,984	30,225
Set-off of deferred tax liabilities pursuant to set-off provisions	(360,984)	(30,225)
Net deferred tax liabilities	-	-

Unused losses which have not been recognised as an asset, will only be obtained if:

- (i) the group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the group in realising the losses.

Offsetting within tax consolidated entity

Graphitecorp Limited and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

Notes to the financial statements for the year ended 30 June 2016

Note 6 Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	162,348	-
Post-employment benefits	15,423	-
Share-based compensation	606,957	-
Total KMP compensation	<u>784,728</u>	<u>-</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman as well as all salary, paid leave benefits and fringe benefits paid to Executive Directors.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, performance rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Directors report.

Note 7 Auditor's Remuneration

	Consolidated	
	2016	2015
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	21,777	-
- <i>Remuneration for non-audit services</i>		
- Taxation services	18,000	-
- Investigating accountants report	6,000	-
	<u>45,777</u>	<u>-</u>

Notes to the financial statements for the year ended 30 June 2016

Note 8 Earnings per share

	2016	2015
	Cents	Cents
(a) Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>(2.05 cents)</u>	<u>(0.01 cents)</u>
(b) Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(2.05 cents)</u>	<u>(0.01 cents)</u>
(c) Reconciliations of earnings used in calculating earnings per share		
	2016	2015
	\$	\$
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>(1,243,797)</u>	<u>(3,938)</u>
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	<u>(1,243,797)</u>	<u>(3,938)</u>
(d) Weighted average number of shares used as the denominator		
	2016	2015
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>60,795,412</u>	<u>39,193,549</u>

(e) Information concerning the classification of securities

(i) Share split

On 6 November 2015, the Company did a subdivision of its share capital on a 1:2.25 basis (share split), as approved by shareholders on the same date, which resulted in the total number of fully paid ordinary shares on issue increasing from 25,138,286 to 56,561,144 shares. The basic and diluted loss per share for the 30 June 2016 and 30 June 2015 years have been calculated on a post-share split basis.

(ii) Options and rights

Options and rights on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2016. These options and rights could potentially dilute basic earnings per share in the future. Details relating to options and rights are set out in note 18.

Notes to the financial statements for the year ended 30 June 2016

Note 9 Cash and cash equivalents

	Consolidated	
	2016	2015
	\$	\$
Cash at bank	1,665,744	-
Cash on hand	10	10
	<u>1,665,754</u>	<u>10</u>

The above figures reconcile to cash and cash equivalents at the end of the financial period.

Cash at bank includes \$97,905 (2015: nil) in funds that are held on behalf of the Joint Venture Partner. Refer Note 14 for the corresponding liability.

Note 10 Trade and other receivables

	Consolidated	
	2016	2015
	\$	\$
CURRENT		
Other receivables	38,756	6,411
Total current trade and other receivables	<u>38,756</u>	<u>6,411</u>

Credit risk

The Group has no significant concentration of credit risk with respect to any counterparties or on a geographical basis.

Notes to the financial statements for the year ended 30 June 2016

Note 11 Interests in subsidiaries

Information about Principal Subsidiaries

The Company has two subsidiaries being MD South Tenements Pty Ltd and Graphitecorp Operations Pty Ltd. The share capital of these companies consists solely of ordinary shares which are held directly by the Group. All subsidiaries are wholly owned and each subsidiary's principal place of business and country of incorporation is Australia. Both subsidiaries were incorporated during the financial year and have not transacted.

The Company (the parent) entered into the Mt Dromedary Graphite Joint Venture with Exco Resources Limited on 5 April 2016. The Company holds an 80% interest in the Mt Dromedary Graphite Joint Venture, between the Group and Exco Resources Limited. The joint venture does not meet the definition of a joint arrangement under *AASB 11 Joint Arrangements*, and accordingly, has been accounted for as exploration expenditure under *AASB 6 Exploration for and Evaluation of Mineral Resources* as incurred.

Note 12 Property, plant and equipment

	Consolidated	
	2016	2015
	\$	\$
Plant and equipment		
At cost	19,867	-
Accumulated depreciation	(2,905)	-
Total property, plant and equipment	16,962	-
Movements in Carrying Amounts		
<i>Plant and equipment</i>		
Balance at 1 July	-	-
Additions	19,867	-
Depreciation expense	(2,905)	-
Balance at 30 June	16,962	-

Notes to the financial statements for the year ended 30 June 2016

Note 13 Exploration and evaluation assets

	Consolidated	
	2016	2015
	\$	\$
Exploration and evaluation assets – at cost	<u>1,203,280</u>	<u>100,749</u>
The capitalised exploration and evaluation assets carried forward above have been determined as follows:		
Balance at the beginning of the year	100,749	-
Expenditure incurred during the year	1,138,531	100,749
Government grant funds received	<u>(36,000)</u>	<u>-</u>
Balance at the end of the year	<u>1,203,280</u>	<u>100,749</u>

The Company (the parent) entered into the Mt Dromedary Graphite Joint Venture with Exco Resources Limited on 5 April 2016. The Company holds an 80% interest in the Mt Dromedary Graphite Joint Venture, between the Group and Exco Resources Limited. The joint venture does not meet the definition of a joint arrangement under AASB 11 Joint Arrangements and accordingly, has been accounted for as exploration expenditure under AASB 6 Exploration for and Evaluation of Mineral Resources as incurred.

The recoverability of the carrying amount of the exploration and development expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

Note 14 Trade and other payables

	Consolidated	
	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	45,237	111,098
Sundry payables and accrued expenses	<u>166,690</u>	<u>-</u>
	<u>211,927</u>	<u>111,098</u>

Notes to the financial statements for the year ended 30 June 2016

Note 15 Issued capital

	2016 Shares	2015 Shares	2016 \$	2015 \$
(a) Share capital				
Ordinary shares				
Fully paid	69,538,047	1,000	3,948,983	10

(b) Movements in ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 July 2014	Balance		1,000		10
August 2015	Share split	(c)	17,418,355		-
August 2015	Issue to sophisticated investors	(d)	4,803,382	\$0.0775	372,262
October 2015	Issue to sophisticated investors	(e)	2,915,549	\$0.36	1,049,598
November 2015	Share split	(f)	31,422,858		-
November 2015	Shares issued under prospectus	(g)	10,000,000	\$0.20	2,000,000
November 2015	Shares issued to Director	(h)	2,976,903	\$0.20	595,380
	Share issue costs		-		(68,267)
30 June 2016	Balance		<u>69,538,047</u>		<u>3,948,983</u>

(c) Share split

Share subdivision on a 1 for 17,418 basis

(d) Issue to sophisticated investors

The issue of 4,803,382 fully paid ordinary shares to sophisticated investors at an issue price of \$0.0775 cash.

(e) Issue to sophisticated investors

The issue of 2,915,549 fully paid ordinary shares to sophisticated investors at an issue price of \$0.36 cash.

(f) Share split

Share subdivision on a 1 for 2.25 basis.

(g) Shares issued under prospectus

The issue of 10,000,000 ordinary shares at an issue price of \$0.20 per share to raise \$2,000,000 cash before expenses of the Offer. All ordinary shares issued pursuant to the Prospectus were issued as fully paid. Transaction costs of \$221,615 were incurred as a result of listing the Company, of which \$68,267 were directly attributable to capital raising and the remainder of \$153,348 has been expensed.

Notes to the financial statements for the year ended 30 June 2016

Note 15 Issued capital (continued)

(h) Shares issued to Director

The issue of 2,976,903 fully paid ordinary shares the Company, representing 5% of the shares on issue just prior to this prospectus, to Mr St Baker in accordance with his employment contract. Refer to Note 18.

(i) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group has no externally imposed capital requirements. The Group's strategy for capital risk management is unchanged from prior years.

Note 16 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The Company is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board. The Group does not have any products/services where it derives revenue.

Management currently identifies the Company as having only one operating segment, being graphite exploration in Australia. All significant operating decisions are based upon analysis of the Company as one segment. The financial results from the segment are equivalent to the financial statements of the Company as a whole.

Notes to the financial statements for the year ended 30 June 2016

Note 17 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2016	2015
	\$	\$
Profit / (loss) for the period	(1,243,797)	(3,938)
Adjustments for		
Share based payments	606,957	-
Change in operating assets and liabilities:		
(Increase)/decrease in other operating assets	(32,355)	(6,411)
Increase in trade creditors	30,459	10,085
Increase in other operating liabilities	11,500	-
Net cash inflow (outflow) from operating activities	(627,236)	(264)

Note 18 Share-based payments

(a) Issue of shares to Director

During the year, Mr St Baker was issued 2,976,903 fully paid ordinary shares in the Company, representing 5% of the enlarged capital of Graphitecorp Limited prior to any issue under the prospectus, in accordance with his employment contract at \$0.20 per shares for \$595,380.

(b) Performance rights

In accordance with Mr St Baker's employment contract, he was granted performance rights as set out in the table below. The assessed fair value at grant date of performance rights granted is allocated equally over the period from grant date to the estimated vesting date. Fair values at grant date have been determined using the Monte Carlo Simulation method that takes into account the exercise price, the term of the performance right, the impact of dilution, the share price at grant date and expect price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right.

Tranche	Number of Rights	Vesting conditions	Vesting date	Value per right
2016	812,500	Graphitecorp share price closes at \$0.40 on 31 December 2016 ¹	31 December 2016 ²	0.31 cents
2017	750,000	Graphitecorp share price closes at \$0.80 on 31 December 2017	31 December 2017	0.29 cents

¹ Rights will vest on a pro rata basis if, in respect of the 2016 tranche, Graphitecorp's share price closes above \$0.20 but below \$0.40 and, in respect of the 2017 tranche, Graphitecorp's share price closes above \$0.40 but below \$0.80

² If any 2016 rights do not vest, then the vesting date for those rights is automatically extended to 31 December 2017 and will vest (or lapse) on the same basis as the 2017 tranche rights

Notes to the financial statements for the year ended 30 June 2016

Note 18 Share-based payments (continued)

The weighted average fair value of performance rights granted during the year was 3 cents (2015: nil). These values were calculated using the Monte Carlo Simulation Model applying the following inputs:

Weighted average exercise price:	nil
Expected share price volatility:	53.8%
Risk-free interest rate:	2.56%

(c) Share options

On 22 June 2016, 7,000,000 share options were granted to Mr St Baker. These options are subject to shareholder approval which will be sort at the Company's 2016 Annual General Meeting. The terms of the options are set out in the table below.

	Tranche 1	Tranche 2	Tranche 3
Number of Options	2,000,000 Options.	3,000,000 Options.	2,000,000 Options.
Exercise Price	\$0.30 per Graphitecorp share.	\$0.30 per Graphitecorp share.	\$0.30 per Graphitecorp share.
Vesting Date	Any time on or before the Tranche 1 Expiry Date provided the Tranche 1 Vesting Price Trigger has been satisfied.	Any time on or before the Tranche 2 Expiry Date provided the Tranche 2 Vesting Price Trigger has been satisfied.	Any time on or before the Tranche 3 Expiry Date provided the Tranche 3 Vesting Price Trigger has been satisfied.
Vesting Price Trigger	The Vesting Price Trigger will be satisfied if the volume weighted average price (VWAP) of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$0.50 per GRA share any time on or before the Tranche 1 Expiry Date.	The Vesting Price Trigger will be satisfied if the VWAP of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$0.90 per GRA share any time on or before the Tranche 2 Expiry Date.	The Vesting Price Trigger will be satisfied if the VWAP of GRA shares traded on the ASX over any ten consecutive trading day period meets or exceeds \$1.20 per GRA share any time on or before the Tranche 3 Expiry Date.
Expiry Date	31 December 2017	30 June 2019	30 June 2019

Options are granted for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

There are no share options outstanding at the end of the year.

Notes to the financial statements for the year ended 30 June 2016

Note 18 Share-based payments (continued)

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2016 are set out in the table below. The fair value at grant date is independently determined using the Monte Carlo simulation that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

All options are granted for no consideration. Other model inputs for the options granted during the year ended 30 June 2016 included:

	Tranche 1	Tranche 2	Tranche 3
Exercise price	\$0.30	\$0.30	\$0.30
Grant date	22/06/2016	22/06/2016	22/06/2016
Expiry date	31/12/2017	30/06/2019	30/06/2019
Vesting price trigger	\$0.50	\$0.90	\$1.20
Volatility	99.68%	91.48%	91.48%
Dividend yield	0%	0%	0%
Risk-free interest rate	3.25%	2.75%	2.75%
Fair value at grant date	\$0.13	\$0.15	\$0.13

The expected price volatility is based on the historic volatility of comparable companies share transactions over the same period of time as the expected life of the option.

Note 19 Events after the reporting date

In an effort to simplify the joint venture arrangements, Graphitecorp and Exco Resources Limited, a wholly-owned subsidiary of Washington H. Soul Pattinson and Company Limited (WHSP), on 29 August 2016 entered into:

- a development rights agreement, pursuant to which WHSP has agreed to grant Graphitecorp certain development rights and to vary its own priority rights over the project area in exchange for the issue of shares Graphitecorp (JV Simplification Transaction); and
- a placement agreement, pursuant to which WHSP has agreed to subscribe for 500,000 fully paid ordinary shares in Graphitecorp at \$0.60 per share (Placement), settlement of which will occur contemporaneous with settlement of the JV Simplification Transaction.

Notes to the financial statements for the year ended 30 June 2016

Note 19 Events after the reporting date (continued)

Under the JV Simplification Transaction, WHSP will be issued 15,528,818 fully paid ordinary shares in Graphitecorp which, together with the Graphitecorp shares to be issued under the Placement, will give WHSP voting power of 18.73% in Graphitecorp on completion of the transaction. The shares issued on completion of the JV Transaction will be issued in consideration of WHSP granting the rights that it currently holds as a 20% joint venture participant in the Mount Dromedary Graphite Project to Graphitecorp and agreeing to extinguish the metal rights that it holds over the area of the proposed mining lease for the Mount Dromedary Graphite Project (refer to section 8.2 of Graphitecorp's replacement prospectus dated 10 November 2015 for a description of those rights).

WHSP has agreed that the Graphitecorp shares issued to it as part of the JV Simplification Transaction, will be subject to voluntary escrow until 3 December 2017. The escrow arrangement is subject to customary carve-outs in the event that a takeover bid or other control transaction is made for Graphitecorp.

The Placement and the JV Simplification Transaction are subject to Graphitecorp shareholder approval. The board of Graphitecorp expects that the resolutions to approve the Placement and the JV Transaction will be put at Graphitecorp's upcoming annual general meeting (in mid-late October).

Separately, Graphitecorp has entered into a mandate with Pitt Capital Partners (PCP), pursuant to which PCP is engaged to act as Graphitecorp's financial adviser for a period of 12 months, to be extended on mutual agreement, in relation to potential control transactions and advice surrounding the advancement of the project.

Under the mandate arrangements, PCP will be compensated on a success fee basis upon the successful completion of a transaction which it has introduced and facilitated and will receive an alternative fee in the event of completion of a transaction that it has not introduced.

Note 20 Related party transactions

A Director loaned funds to the Group during the financial year. The loan was unsecured and did not accrue interest. At 30 June 2016, the loan had been repaid in full. Details of the loan are set out below:

Name	Balance at the start of the year	Funds advanced	Funds repaid	Balance at the end of the year
G A J Baynton	264	59,749	(60,013)	-

Notes to the financial statements for the year ended 30 June 2016

Note 21 Commitments

	Consolidated	
	2016	2015
Notes	\$	\$
Exploration commitments		
Commitments for payments under exploration permits in existence at the reporting date but not recognised as liabilities payable	28,500	-

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be unprospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

Note 22 Financial risk management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2016	2015
Notes	\$	\$
Financial assets		
Cash and cash equivalents	1,665,754	10
Receivables	29,576	6,411
Total financial assets	1,695,330	6,421
Financial liabilities		
Trade and other payables	211,927	111,098
Total financial liabilities	211,927	111,098

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Notes to the financial statements for the year ended 30 June 2016

Note 22 Financial risk management (continued)

Credit risk

Credit risk is managed on a Group basis. Credit risk arises primarily from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'AAA' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

All financial assets and financial liabilities mature within one year.

Cash flow and fair value interest rate risk

As the Group has interest-bearing cash assets, the Company's income and operating cash flows are exposed to changes in market interest rates. The Company manages its exposure to changes in interest rates by using fixed term deposits.

At 30 June 2016, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$16,658 lower/higher (2015 – change of 100 bps: \$nil higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

Fair Value

The carrying value of all other assets and liabilities approximate their fair value.

Notes to the financial statements for the year ended 30 June 2016

Note 23 Reserves

	Consolidated	
	2016	2015
	\$	\$
Reserves		
Share-based payment reserve	<u>11,577</u>	<u>-</u>
Movements:		
Balance 1 July	-	-
Share based payments	<u>11,577</u>	<u>-</u>
Balance 30 June	<u>11,577</u>	<u>-</u>

The share-based payment reserve is used to recognise:

- (a) the grant date fair value of performance rights issued to Directors
- (b) the grant date fair value of options issued to Directors

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 27 to 59 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



A Bellas
Director
Brisbane, 30 August 2016

INDEPENDENT AUDITOR'S REPORT

To the members of GRAPHITECORP Limited

Report on the Financial Report

We have audited the accompanying financial report of GRAPHITECORP Limited, which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GRAPHITECORP Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of GRAPHITECORP Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements and/or receipt of proceeds from research and development claims. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 22 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of GRAPHITECORP Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd



C R Jenkins
Director

Brisbane, 30 August 2016

Shareholder information

The shareholder information set out below was applicable as at 24 August 2016.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security	
	Ordinary shares	
1 - 1,000		2
1,001 – 5,000		55
5,001 – 10,000		120
10,001 – 100,000		176
100,001 and over		45
		398

There was 1 holder of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	% of issued shares
Allegro Capital Nominees Pty Ltd	29,395,160	42.27
Philip St Baker and Peta St Baker	7,976,903	11.47
Loch Explorations Pty Ltd	3,919,354	5.64
Pigeon Equity Holdings LLC	2,369,517	3.41
W.A. Halpin Investments Pty Ltd	2,133,871	3.07
Halpin Family Super Pty Ltd	1,588,871	2.29
Apollan Pty Ltd	1,261,999	1.81
Mr Jamie Pherous	1,249,999	1.8
Lapana Pty Ltd	1,249,999	1.8
Wayne Albert Halpin & Sandra Maree Halpin	783,871	1.13
MEJC Pty Ltd	736,610	1.06
Jonathan Hugh Stretch	624,998	0.90
Noelle Halpin Investments Pty Ltd	587,905	0.85
Stanton Esplanade Pty Ltd	564,998	0.81
Like Goldie Pty Ltd	472,500	0.68
Graeme Eric Fielding & Noelle Lee Halpin	450,000	0.65
Starline Rentals Pty Ltd	427,500	0.61
David Carleton	337,500	0.49
Mr Douglas Boyd McKinstry & Mrs Lea Marketta Ovaska	316,625	0.46
Echo Point Pty Ltd	316,625	0.46
Total	56,764,805	81.66

Unquoted equity securities

	Number of issue	Number of holders
Performance rights	1,562,500	1

Restricted equity securities

	Number of issue	Release date
Ordinary shares	186,250	10 September 2016
Ordinary shares	47,170,453	2 December 2017
Performance rights	1,562,500	2 December 2017

C Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Ordinary shares		
Philip St Baker and Peta St Baker as trustees for the P&P St Baker Family Trust	7,976,903	11.47%
Allegro Capital Nominees Pty Ltd	29,395,161	42.27%
Loch Explorations Pty Ltd	3,919,354	5.64%
Performance rights		
Philip St Baker	1,562,500	100%

D Voting rights

The voting rights attaching to each class of equity securities are set out below:

- (a) Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- (b) Performance rights: No voting rights