

28 July 2016

## QUARTERLY ACTIVITIES REPORT – JUNE 2016



### HIGHLIGHTS

- PREPARATION FOR PHASE 3 DRILLING PROGRAM WHICH WAS COMPLETED JULY 2016 WITH SIGNIFICANT HIGH GRADE GRAPHITE INTERESTIONS
- OPEN CIRCUIT AND LOCKED CYCLE METALLURGICAL TESTS PERFORMED BY SGS AUSTRALIA ON THE PRIMARY GRAPHITIC SCHIST CONFIRMED 95%+ CONCENTRATES FROM SIMPLE FLOTATION
- COMMINUTION TESTS PERFORMED BY JK TECH HAS CONFIRMED THE ORE IS SOFT WITH LOW HARDNESS AND LOW ABRASIVNESS
- LOGISTICS STUDY CONFIRMS MULTIPLE COMPETITIVE TRANSPORT SOLUTIONS INCLUDING BOTH TOWNSVILLE AND BRISBANE CONTAINER PORT OPTIONS
- MINING STUDY COMPLETED BY RUNGEPINCOCKMINARCO TO INFORM THE INTERNAL MINE PLAN CONCEPT AND ECONOMIC ANALYSIS
- DRY SEASON ENVIRONMENTAL SURVEY COMPLETED
- LONG FORM JOINT VENTURE AGREEMENT WITH WASHINGTON H. SOUL PATTINSON AND COMPANY LIMITED (ASX: SOL) SUBSIDIARY EXCO RESOURCES LIMITED
- GRAPHITECORP APPOINTED MANAGER AND MARKETING AGENT FOR THE JOIN VENTURE

Graphitecorp Limited (ASX: GRA) (“Graphitecorp” or “the Company”) is pleased to provide the following Quarterly Activities Report for the June 2016 Quarter.

### EXPLORATION

During the Quarter, 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 during this month (July 2016). The Phase 3 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.

## METALLURGICAL TESTWORK

Significant metallurgical testwork was completed during the quarter.

Graphitecorp engaged RungePincockMinarco (RPM) to prepare and supervise a comprehensive processing testwork program 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 during the quarter:

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

Continuing work:

- 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

SGS Minerals Metallurgy and JK Tech in Australia are performing the testwork.

## MINING

Graphitecorp engaged RungePincockMinarco (RPM) to complete a preliminary mining study based on the 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. RPM has since been engaged to now advance this work to support submission of the Mining License Application and the Environmental Authority Application.

## ENVIRONMENTAL

Significant environmental work was completed during the quarter.

Graphitecorp engaged NRA (Environmental Consultant) to perform the requisite dry season environmental survey 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) (Hydrogeologist) 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 quarter by an independent expert which examined all transport logistic options for base case tonnages and also higher level tonnages in the event higher production plans were considered 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 option for the project. The study also confirmed that capacity existed for significantly higher tonnages should that ever be considered by the project.

## CORPORATE

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).

As previously advised in the Company holds an 80% interest in the Joint Venture Area, with Exco, 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.

The Mount Dromedary Graphite Joint Venture agreements 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.

## SIGNIFICANT ASX ANNOUNCEMENTS

The following significant announcements were lodged with ASX during the June Quarter:

- Formalisation of JV and Appointment as Marketing Agent (7 April 2016)
- Quarterly Activities Report for March 2016 (19 April 2016)
- Quarterly Cash Flow Report for March 2016 (19 April 2016)
- Investor Presentation (4 May 2016)
- Managing Director Incentive Options and Vesting Hurdles (23 June 2016)

## TENEMENT LIST

The transfer of EPM 17323 to Graphitecorp was completed in the quarter. Graphitecorp also acquired EPM 17246 during the quarter and the transfer process is underway.

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	Mount Dromedary South Tenements Pty Ltd (Subsidiary of Graphitecorp Limited)	20/10/2010	100%	19/10/2021
EPM 17246	Flamingo Copper Mines Pty Ltd	26/10/2010	100%	25/10/2018

## FOR FURTHER INFORMATION

Philip St Baker  
Managing Director  
Phone: +61 438 173 330  
Email: [contact@graphitecorp.com.au](mailto:contact@graphitecorp.com.au)  
Website: [www.graphitecorp.com.au](http://www.graphitecorp.com.au)

## ABOUT GRAPHITECORP

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

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

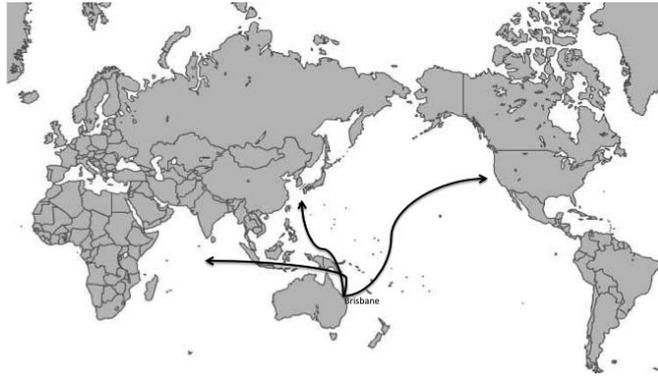
Graphitecorp has an 82% effective interest in the deposit, based on currently mapped surface area, with the remaining interest held by the Company’s joint venture partner Washington H. Soul Pattinson and Company Limited (ASX: SOL) subsidiary Exco Resources Limited.

The project is favourably located 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.

For more information on Graphitecorp please visit our website at [www.graphitecorp.com.au](http://www.graphitecorp.com.au)



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