

ASX ANNOUNCEMENT

21 October 2016

CHAIRMAN'S AND EXECUTIVE DIRECTOR'S ADDRESSES TO 2016 AGM

CHAIRMAN'S ADDRESS

Before Greg presents the operational summary for the past year, an update on recent progress and the next stages for the project, I would like to make a few observations of my own about our achievements to date and the key strategic issues we face as we seek to develop the project and position the company in the rapidly developing global markets for graphite for energy storage and for other specialist applications.

The project was founded on a number of key requirements:

1. the identification of a high grade graphite resource in Australia as a geopolitically stable part of the world
2. a low cost to mine development that would place the project at the low end of the cost curve globally
3. access to readily available road, rail and port infrastructure
4. access to an experienced mining workforce

We believe that GRA's Mt Dromedary project fulfils all of these requirements.

Over the period since listing in December 2016, Phil St Baker as Managing Director and Greg Baynton as Executive Director have made considerable progress in advancing the mining project and in developing a deeper understanding of the dynamic global market that is emerging for graphite.

Importantly, the exploration acreage has been consolidated and we have better defined the resource potential of that acreage. As well, we have been working with mining consultants, equipment suppliers, process engineers and technology specialists on process design and production costing models.

Greg will outline the key milestones that have been achieved in progressing the project.

Another fundamental development and one which will greatly benefit the project is the proposal now before this meeting of shareholders to convert the project level participation of Exco Resources, the wholly owned subsidiary of Washington H Soul Pattinson, to equity at company level as a shareholder in GRA.

Washington H Soul Pattinson is one of Australia's largest, most active and arguably most successful institutional investors in the resources sector and the conversion of its interest, through Exco Resources, is a major vote of confidence in the company and the future of graphite as an emerging strategic material for energy storage and other high tech applications.

As well, Exco Resources brings considerable mining expertise and experience in the north west minerals province around Mt Isa and Cloncurry in Queensland, and this adds significantly to the skills and capabilities available at board level.

Again, Greg will cover this development in a little more detail.

As I have already stated, we believe graphite is rapidly becoming a strategic material for energy storage for both electric motor vehicles and for the stationary energy sector as well specialised uses in other high tech applications.

The world is rapidly moving towards energy storage solutions in response to climate change. Lithium ion batteries have emerged as the solution of choice and graphite is a key component of such batteries. The markets for graphite, lithium and other key materials are rapidly developing and GRA

is aiming to position itself as a secure supplier of high grade product to the key markets in Asia, North America and Europe.

We are, however, conscious of the current priority to advance our mining project and our efforts are focussed on key milestones to be achieved over the next 6 to 12 months.

The company has the financial resources required to get to final feasibility and the board is confident of achieving that objective by mid-2017.

I would like to take this opportunity to thank my fellow Directors, Phil St Baker and Greg Baynton, for their valuable contribution to the Company and to our shareholders for your ongoing support. I am confident that we are well positioned for the future and equipped to meet any challenges that lie ahead.

I will now hand over to Greg for his address.

Tony Bellas
Chairman
Graphitecorp Limited

EXECUTIVE DIRECTOR'S ADDRESS

Ladies and Gentlemen,

I am Greg Baynton, Executive Director of Graphitecorp, and I am presenting today in place of our Managing Director, Philip St Baker as he is currently in Europe.

I am delighted when I consider the transformation of the company since July 2015 - from an undrilled grassroots prospect to a world-class graphite deposit with Measured, Indicated and Inferred Resources (as announced in our upgraded JORC Resource Estimate released to ASX yesterday).

During that period, we:

- conducted industry research in Germany, Asia and North America
- formed a Board of Directors and brought in pre-IPO investors
- commenced the first drilling program at our Mount Dromedary Graphite Project in Queensland
- lodged our IPO prospectus
- listed on the ASX
- undertook two more phases of drilling at our Mount Dromedary Graphite Project in Queensland, and
- negotiated and completed formal Joint Venture documentation with Washington H. Soul Pattinson and Company Limited's wholly-owned subsidiary Exco Resources Limited, and, more recently, converted their JV interest into equity in Graphitecorp to streamline the development of the project.

In a short time, with relatively little expenditure, we've successfully completed a large body of exploration work and proven a resource at Mount Dromedary with the aim of de-risking the exploration phase.

Our company now has one of the highest-grade deposits in this country, with the current mineralized unit of commercial interest averaging 18.4% TGC. This high-grade mineralization provides an outstanding advantage in terms of the relatively lower volume of ore required to produce a unit of graphite concentrate. The graphite mineralization also outcrops at surface over the project area, helping to further reduce expected mining costs.

Our graphite deposit at Mount Dromedary compares favourably with highly regarded graphite deposits in other parts of the World. Mount Dromedary is highly attractive in terms of grade, quality, transport infrastructure and access to markets, low sovereign risk, the simplicity of its geology and likely low cost of mining.

We believe our Mount Dromedary project offers a real alternative, secure source of natural graphite supply to the traditional sources in Asia.

From our operations in Queensland, we also expect the project will offer important customers a sustainable alternative to sourcing natural graphite from jurisdictions with higher geopolitical risk.

Some of the other important features of our Mount Dromedary graphite project include:

- it's simple project ownership structure, following the recently-agreed merger of Soul Pattinson's JV interest into Graphitecorp in return for equity in Graphitecorp; It's great to have the support of Soul Pattinson and their experienced team.
- its location adjacent to major road infrastructure - 500 metres from a sealed all-weather highway that provides access to the Port of Townsville and the Port of Brisbane, both of which are expected to provide low-cost transport using high-grade, existing road and ocean transport infrastructure with cost-effective back-loading opportunities. This also distinguishes our project from others around the world;
- the field work we've completed and desktop work for pre-feasibility indicates a low cost mining operation – potentially one of the lowest-cost mining operations for graphite projects in the world – with relatively simple mining techniques;
- our project offers a large, long-life deposit, following our upgraded independent JORC Mineral Resource Estimate issued yesterday; and
- our graphite concentrate's confirmed suitability for Lithium-Ion Batteries, with the results of independent expert laboratory studies released yesterday

As you will now be aware, in recent months we have been working with a range of expert advisors around the world in the areas of advanced battery materials, downstream processing, and recommended purification laboratories for high-grade advanced battery products.

We have also been undertaking targeted market research efforts this year in Asia and North America, aimed at determining the emerging market requirements for battery-grade graphite.

From these meetings, it is clear that electric vehicles and energy storage markets are in the very early stages of what will be very significant growth markets.

What has also become clear is the expected growing requirement for new raw materials for advanced battery manufacturers and the need for alternative suppliers over traditional sources.

While these market and supply-chain arrangements develop, new relationships are being formed. Graphitecorp has been active throughout this year in engaging with potential partners who have been positioning themselves as major participants in the fast-emerging electric vehicle and energy storage battery markets.

While we continue efforts to form and strengthen relationships with major participants in the advanced battery market over the coming year, some of our additional short- and medium-term milestones will include:

- completion of environmental studies at Mount Dromedary;
- completion of testwork and preparations for the lodgment of our mining lease application in the coming weeks;

- graphite concentrate piloting and production study being undertaken with a world-leading graphite processing facility located overseas;
- further advanced Lithium-Ion battery-related test work and sample production
- ongoing testwork, planning and studies aimed at completion of the Mount Dromedary Graphite Project feasibility study by mid-2017; and
- Final Investment Decision and commencement of construction and mining, subject to feasibility study outcomes, finance and Mining Lease progress.

Not surprisingly, with the progress and experience gained to-date, we are increasingly excited about our world-class graphite deposit, the expanding market opportunity for our expected products, and the years ahead.

Finally, I would like to acknowledge Mr John Chaplian, the former owner of Gleeson Station, who originally discovered the Mount Dromedary graphite deposit in the 1970s. We have met with him earlier this year and held a number of phone calls with him about his local knowledge of the area. He also became a shareholder during our IPO in December last year and we are very pleased to have him on our share register.

Thank you for all for your support as shareholders.

Greg Baynton
Executive Director
Graphitecorp Limited

ABOUT GRAPHITECORP LIMITED

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.

The project is favourably located 125km north of Cloncurry with well-developed transport and mining supply infrastructure available.

- Located 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, high-grade 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-loading capacity to target overseas 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 to confirm the economic opportunity of establishing a business to mine, process, manufacture and market high quality graphite products into Asian, North American and other global markets.



Containerised Ocean Transport Possibilities: Container export options for Mount Dromedary graphite products from major Queensland container terminals to Potential North Asian and West Coast USA Graphite Users

FOR FURTHER INFORMATION

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