



**CHARTER
PACIFIC**
Corporation Limited

A.B.N. 12 003 344 287

27 November 2015

CHAIRMAN'S AGM ADDRESS

Dear Shareholders

I would like to take this opportunity to thank my fellow Directors and the team at Charter Pacific for their contribution and support during the past year.

The Company's Directors and staff have continued to defer payment of their remuneration and entitlements during the year to reduce the Company cash burn to a minimum.

Without the dedication by the Directors and staff to the shareholders this Company would have had a much more difficult year than it has had. I am grateful for the support of all.

Performance

In the 2015 financial year, we posted a consolidated loss of \$4.7m compared to a loss of \$2.7m in 2014 year.

The increase in the loss is largely due to the

- impairment of the Group's Mauritanian exploration permits by \$2.2 million.
- a deemed interest expense of \$900k primarily relating to the Legleitit Iron ore project, although no actual interest payments were paid or payable during the year (accounting standard).
- a foreign exchange loss of \$530k that reflects the change in the value of borrowings of US\$3m for the first round of funding for the Legleitit iron ore project. Repayment of the loan can be satisfied by transferring the Company's interest in the Legleitit project back to the lender without any further penalties to the Company.

Mauritanian Investment

The Company is working with our in country manager, Abdel Kader Ould Salah, to negotiate a 12 month extension to the terms of the funding arrangements with our Mauritanian partners Wafa Mining and Petroleum.

We are also seeking the Mauritanian government's assistance in providing a moratorium on development and mining activities, and charges until such time that the resources sector experiences a turnaround in commodity prices.

We are not in a position to forecast what the future holds for iron ore prices – but what we do know is that we have a quality project that has the potential to deliver returns should there a rebound in iron ore prices.

If we do not successfully negotiate with the Mauritanian Government and Wafa terms that are satisfactory to Charter Pacific we will simply withdraw from the projects.

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CHAIRMAN'S ADDRESS

New Opportunities

As mentioned last year the company commenced reviewing new opportunities that may be suitable to Charter Pacific that are non-resource focused.

We closely reviewed a number of opportunities - some simply did not fit, others did not stand up to the due diligence process. It took some time to find an opportunity with the right fit for Charter Pacific.

In October 2015 the Company entered into an agreement to acquire 100% of Integrity Systems Inc. which is a New York based global company manufacturing and distributing a state of the art anti-counterfeiting technology protecting the integrity of brands and products worldwide.

The Company is completing its due diligence and a Stock Purchase Agreement (SPA) is being finalised that is expected to be executed shortly between the parties at which time full details of the transaction will be advised to the markets and shareholders.

A Notice of Meeting for an Extraordinary General Meeting of shareholders together with an Information Memorandum and Independent Expert's Report will be distributed to shareholders in the near future for their consideration with a new timetable attached.

Regards,

Kevin Dart

Executive Chairman