CHARTER PACIFIC

Corporation Limited

ABN 12 003 344 287

& ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT
30 JUNE 2016

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CORPORATE DIRECTORY

Directors	Kevin Dart Peter Bradfield David Selfe
Company Secretary	Steven Cole
Registered Office	Level 9 50 Cavill Avenue Surfers Paradise QLD 4217 Ph: 07 5538 2558
Principal Place of Business	Level 9 50 Cavill Avenue Surfers Paradise QLD 4217 Ph: 07 5538 2558
Share Register	Link Market Services Ltd Level 15 324 Queen Street Brisbane QLD 4000 Telephone: (02) 8280 7454 Facsimile: (02) 9287 0303
Auditor	BDO East Coast Partnership Level 14 140 William Street Melbourne VIC 3000
Solicitors	Barraket Stanton Level 11 90 Arthur Street North Sydney NSW 2060
Bankers	National Australia Bank Level 20 100 Creek Street Brisbane QLD 4000
Stock Exchange Listing	Charter Pacific Corporation Limited shares are listed on the Australian Securities Exchange (ASX code:CHF)
Website	www.charpac.com.au

CHAIRMAN'S REVIEW

Dear Shareholder,

The past 12 months has been disappointing for the Company facing the difficulties across the resources sector environment, that meant

- Capital for exploration and development of resources projects being difficult to attract globally;
- Commodity prices remaining low with little prospect of returning to previous levels in the immediate future;
- Investors attributing limited value to resources assets;
- A plethora of resources companies seeking capital for projects in a very crowded market place.

As Charter Pacific is a diversified investment company it can sometimes be about survival, and identifying and securing the next project that will bring value to the Company in the future. Charter Pacific has examined and evaluated many opportunities in various market segments to identify and secure an investment that will provide sustained growth for the Company. Only a small percentage of these opportunities reach the stage of documentation and full due diligence process. Consequently if the due diligence into the target does not meet the satisfaction of the Company then the proposed transaction is terminated and the search continues. To that end we continued to focus on reducing operating costs to preserve our Company's cash position and as reported previously the Directors and Officers continue to defer a significant portion of their remuneration whilst identifying and evaluating new opportunities outside the resources sector.

On 11 September 2015 the Company entered into an agreement with Integrity Systems Inc. (Integrity) to acquire 100% of Integrity. The proposed acquisition was subject to certain conditions precedent, set out in the Share Purchase Agreement (SPA) and as at the Cut-Off Date, 31 May 2016, the Company terminated the SPA due to certain conditions precedent remaining unfulfilled by Integrity Systems Inc.

The Company subsequently identified a potential acquisition target and in June 2016 entered into an agreement to acquire the Microlatch Pty Ltd group of companies that holds a portfolio of patents that relate to Biometrics being aligned with RF (Radio Frequency), NFC Payment technology (Near Field Communication) and Bluetooth for secure access to a controlled item such as smartphones, tablets, laptops and payment cards. These patents impact on a number of companies globally using Biometrics today in portable devices. It is a great opportunity for Charter Pacific and investors to benefit from the continuing global growth in mobile devices.

Part of the Company's due diligence includes the assessment by independent experts of the patent portfolio and the impact on the growing market of using biometrics to provide secure access to and use of mobile devices including smartphones, tablets, laptops and payment cards. To assist the Company to undertake this due diligence and provide working capital, in July 2016 the Company raised $852,000 from sophisticated investors by way of an issue of converting notes, subject to shareholder approval, with an interest coupon of 8% per annum exerciseable at any time within 12 months from the date of issue at a conversion price of two cents per share.

Upon completion of satisfactory due diligence investigations by both parties a binding Share Purchase Agreement will be negotiated and entered into between Charter Pacific and Microlatch. A Notice of Extraordinary General Meeting, which will include an information memorandum about Microlatch and the proposed transaction, an independent expert's report and compliance with all ASIC and ASX regulatory requirements will be released to the market and distributed to all shareholders for their consideration.

<u>The Year in Review</u>
The Company was disappointed to exit its investment in the Legleitat iron ore project in Mauritania which we believed in, but were unable raise the required development capital due to the severe downturn in the iron ore price soon after acquisition. Following long and protracted negotiations we achieved a satisfactory and amicable exit from the project by transferring all of our interest in the iron ore project to our Mauritanian partner Groupe WAFA SA in May 2016 in full and final satisfaction of the repayment of the US$3 million loan from Groupe WAFA SA who also assumes all liabilities and obligations of Charter Pacific to the Mauritanian Government in respect to the project. The Company has no ongoing interest in the LIM project.

This year the Company has reported a consolidated loss of $5.28m for the 2016 financial year compared to a loss of $4.7m in 2015. The loss is largely due to discontinued operations in the amount of $3.1m relating to the Legleitat Iron Mauritanie project being disposed.

CHAIRMAN'S REVIEW (CONTINUED)

We look forward to providing to our shareholders a notice of meeting and information memorandum setting out the details of the proposed acquisition of Microlatch for their consideration and approval at a soon to be scheduled general meeting of shareholders.

I would like to thank our shareholders for their continuing support of the Company and look forward to a better 12 months ahead.

Yours sincerely,

Kevin J Dart
Executive Chairman

29 September 2016

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Charter Pacific Corporation Limited and its controlled entities for the financial year ended 30 June 2016. The information in the Operating and Financial Review forms part of the Directors' Report for the financial year ended 30 June 2016 and is to be read in conjunction with the following information:

Contents of Directors' Report **Page**

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

1. Directors

The following persons were Directors of Charter Pacific Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Kevin John Dart AICD **Executive Chairman** **(Managing Director/Chief Executive Officer)** **A Founding Director**	Mr Dart has been on the Board of public companies for over 20 years. He has extensive experience in capital raisings, new listings, mergers and acquisitions, as well as cross border transactions in the United States, United Kingdom, Asia, India and Mauritania. He was previously a director of Conquest Agri Limited – resigned 6 June 2014. He was previously a director of Monteray Mining Group Ltd – resigned 15 May 2013. Director since 1988 – appointed Managing Director 1988.
Mr Peter John Bradfield LLB, FAICD **Independent Non–Executive Director**	Mr Bradfield is a director of companies both public and private and is Managing Director of Bradfield Corporate Services, providing strategic business development and marketing advice. He is a former CEO of Energy Resources of Australia Limited, former Chairman and Managing Director of Elders Mining group of companies, a past director of the Australian Mining Industry Council and Chairman of its Environment Committee. He was appointed Chairman of National Entitlement Security Trust on 19 May 2009. He was a Foundation Director of the Australian Minerals Energy and Environment Foundation. Appointed 13 August 2007. Chairman of Audit Committee.
Mr David Henry Selfe BSc, MAusIMM **Independent Non–Executive Director**	Mr Selfe is the founding director of Saewulf Geologica providing geological consultancy services to the mining and exploration industry. He has over 20 years' experience as a Geologist with experience in Australia, Indonesia and Africa and in commodities such as nickel, gold, base metals, manganese and iron ore. He is a current director of unlisted public company Morpheous Resources Ltd, a gold focussed explorer in West Africa. Prior to Saewulf Geologica, Mr Selfe spent 14 years with Minara Resources Ltd/Glencore International plc a world ranked top 10 refined nickel producer, where he gained extensive experience in laterite nickel via the Murrin Murrin Project and manganese, iron ore, copper and nickel sulphide via regional exploration projects. Appointed 7 June 2012. Member of Audit Committee.

2. Company Secretary

Mr Steven Allan Cole (AICD) was appointed to the position of Company Secretary in September 2005. Mr Cole has over twenty years experience as company secretary and financial officer of listed and unlisted companies. During this time, he has been involved in mergers and acquisitions, company restructures, management buy outs and cross border transactions in a wide variety of industry sectors. Mr Cole has extensive experience establishing new public companies, undertaking initial public offerings, public capital raisings and listings on the Australian Securities Exchange, and has been associated with the NASDAQ listing of Australian companies.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

3. Directors' Meetings

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

Director	Board Meetings		Audit Committee Meetings	
	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held
Mr K J Dart	15	15	-	-
Mr P J Bradfield	15	15	2	2
Mr D H Selfe	15	15	2	2

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

4. Principal Activities

Following the continued downturn in the resources sector the Company's Board decided to investigate other opportunities for the Company whilst maintaining its original iron ore and gold projects in Mauritania.

In May 2016 the Company disposed of its 60% interest in Legleitat Iron Mauritanie SA (LIM) to Mauritanian partner Groupe WAFA SA, in full and final satisfaction of the US$3 million loan from Groupe WAFA SA who also assumes all liabilities and obligations of Charter Pacific to the Mauritanian Government in respect to the project, thereby discontinuing the Company's operations in the LIM project.

There were no other significant changes in the nature of the activities of the Group during the twelve months ended 30 June 2016.

Further details of the activities of the Group are included in the Chairman's Review and the following section 'Operating and Financial Review'

Objectives

The Group's objectives are to:

- increase the value of investments and returns to shareholders; and
- minimise the flow on effect and impact of the downturn in the financial markets during the current financial year on investments.

In order to meet these objectives the following targets have been set for the 2016 financial year:

- seek and evaluate new investment opportunities;
- restructure investments, add value, execute exit strategies to benefit shareholders; and
- use the Group's network and resources to manage exit strategies for investments and maximise returns.

5. Operating and Financial Review

Overview of the Group

Shareholder returns	2016	2015	2014	2013	2012
Net loss	($5,281,293)	($4,777,495)	($2,692,636)	($4,489,296)	($2,724,842)
Dividends paid	-	-	-	–	–
Basic EPS	($0.028)	($0.030)	($0.019)	($0.04)	($0.03)
Change in share price	($0.006)	($0.019)	($0.004)	($0.04)	$0.033

Review of Principal Businesses

The consolidated net loss attributable to the members of Charter Pacific Corporation Limited was $5,281,293 (2015:$4,777,495). The loss is largely due to discontinued operations in the amount of $3.1m relating to the Legleitat Iron Mauritanie project being disposed of with repayment of debt together with all future payments to the Mauritanian Government being assumed by the acquirer.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

5. Operating and Financial Review (continued)

Review of Operations

Corporate Services comprises the services provided to Property Connect Holdings Limited (formerly Conquest Agri Limited) in 2016.

This segment derived a profit of $54,000 compared to a profit of $276,952 in 2015. The profit in 2016 can be attributed to services provided to Property Connect Holdings Limited (formerly Conquest Agri Limited).

Investments comprises the Group's operation of the company in obtaining new investment opportunities.

This segment recorded a loss of $2,199,268 compared to a loss of $1,853,195 in 2015.

Exploration and evaluation

The Company owns through its wholly owned subsidiaries, West Africa Iron Pty Ltd and West Africa Resources Pty Ltd, a 51% interest in Mauritanian iron ore exploration permits 792 and 791 respectively. The Company has the right to move to 100% ownership of both permit 792 and 791 at its election.

On 19 May 2016 the Company transferred Charter Pacific's 60% interest in Legleitat Iron Mauritanie SA (LIM) to Groupe WAFA SA in full and final satisfaction of the US$3 million loan from Groupe WAFA SA who also assumes all liabilities and obligations of Charter Pacific to the Mauritanian Government in respect to the project.

These activities resulted in a segment loss of $3,136,025 compared to a loss of $3,201,252 in 2015.

With the continuing decline of interest from potential funders and joint venture partners for iron ore mining and exploration projects the Company has minimised its costs and preserved its options for future developments in respect to its resources assets in Mauritania. The Board continues to assess and monitor market conditions and also evaluate opportunities in Mauritania.

Significant Change in the State of Affairs

Other than the matters outlined in the Operating and Financial Review commencing on page 7, in the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

6. Dividends

There were no dividends paid or declared by the Company to members since the end of the previous financial year.

7. Matters Subsequent to the end of the Financial Year

Since reporting date the Company has made releases to ASX which are summarised below -

In July 2016 the Company raised $852,000 through the issue of converting notes to sophisticated investors for working capital requirements and convertible notes in the value of $86,400 were converted to ordinary shares.

Apart from the above announcement, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

8. Likely Developments and expected Results of Operations

The consolidated entity will continue to pursue its policy of increasing shareholder value during the next financial year by investigating potential targets for acquisition.

9. Share Options

Options Granted to Directors and Executives of the Company

During or since the end of the financial year, the Company granted nil options to Directors and Executives of the Company over unissued ordinary shares in the Company (2015:Nil).

9. Share Options (continued)

Options Granted to Directors and Executives of the Company (continued)

No options have been granted since the end of the financial year to Directors and Executives of the Company.

Unissued Shares Under Options

At the date of this report, there are 5,000,000 unissued ordinary shares of the Company under option. These options are exerciseable at $0.04 and expire on 28 November 2016.

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company has issued nil (2015:Nil) ordinary shares.

10. Remuneration Report (Audited)

The remuneration policy of Charter Pacific Corporation Limited has been designed to align key management personnel objectives with shareholder and business objectives. The Board of Charter Pacific Corporation Limited believes the remuneration policy to be appropriate. The 2016 remuneration report sets out remuneration information for the Company's non-executive Directors, executive Director and other key management personnel in accordance with the requirements of the Corporations Act 2011 and its Regulations.

The report contains the following sections:

1. Principles of Compensation
   - (i) Fixed Compensation
   - (ii) Performance Linked Compensation
   - (iii) Short-Term Incentive Bonus
   - (iv) Long-Term Incentive
   - (v) Short-Term and Long-Term Incentive Structure
   - (vi) Consequences of Performance on Shareholders Wealth
   - (vii) Other Benefits
   - (viii) Service Contracts
   - (ix) Non-Executive Directors
   - (x) Voting and comments made at the Company's 2015 Annual General Meeting
2. Directors' and Executive Officers' Remuneration
3. Analysis of Share Based Compensation included in Remuneration
4. Equity Instruments
5. Loans to Key Management Personnel
6. Loans from Key Management Personnel
7. Options and Rights over Equity Instruments
8. Movements in Shares

10.1 Principles of Compensation

In accordance with best practice corporate governance, the structure of non-executive Directors and executive remunerations are separate.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

Compensation levels for key management personnel and secretaries of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Chairman and Managing Director obtain independent advice, as necessary, on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment/s' performance;
- the Group's performance including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management person's compensation.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10. Remuneration Report (Audited) (continued)
10.1 Principles of Compensation (continued)

Compensation packages include a mix of fixed and variable compensation and short and long–term performance–based incentives.

In addition to their salaries, the Group also provides non–cash benefits to its key management personnel, and contributes to a post–employment retirement plan for Directors. In accordance with the terms of the plan, after two years service, retiring non–executive Directors receive, on a sliding scale, benefits up to a maximum of five times the average annual remuneration in the three years preceding retirement.

Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Chairman and Managing Director through a process that considers individual, segment and overall performance of the Group. In addition external consultants provide analysis and advice, as necessary, to ensure the Directors' and senior executives' compensation is competitive in the market place. A senior executive's compensation is also reviewed on promotion.

Performance evaluations of Directors and senior executives were undertaken by the Board during the reporting period.

Performance Linked Compensation

Performance linked compensation includes both short–term and long–term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The short–term incentive (STI) is an 'at risk' bonus provided in the form of cash, while the long–term incentive (LTI) is provided as options over ordinary shares of the Company under the rules of the Employee Option Plan (see note 23 to financial statements). The Board does have discretion under clause 6.1, 6.2 and 6.3 of the Employee Option Plan on the payment of bonuses and options.

Short–Term Incentive Bonus

Each year the Chairman and Managing Director have the discretion to set the key performance indicators (KPIs) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and include financial, people, strategy and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

The financial performance objectives are 'profit after tax' and 'return on capital employed' compared to budgeted amounts. The non–financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes.

At the end of the financial year, the Chairman and Managing Director assess the actual performance of the Group, the relevant segment and individual against the KPIs set at the beginning of the financial year. The Chairman and Managing Director may obtain independent advice on bonus levels. The results and advice are reviewed by the Chairman and Managing Director and a final recommendation is then approved by the Board.

The Chairman reviews the performance of the Managing Director and, in doing so, obtains independent advice on bonus levels. The Chairman then makes a recommendation for approval by the Board.

Until such time as a new Chairman has been appointed the Board has taken on this role.

The Board approves the cash incentive to be paid to the individuals. No incentives were set or paid in 2016 (2015:$Nil).

10. Remuneration Report (Audited) (continued)

10.1 Principles of Compensation (continued)

Long–Term Incentive

Options are issued under the Employee Option Plan (EOP) (made in accordance with thresholds set in plans approved by the shareholders at the 29 November 1994 AGM), and it provides for key management personnel to receive up to an annual aggregate of 200,000 options over ordinary shares for no consideration. The options do not vest until twelve months after they are granted.

The nature of the Company's business does not always allow for the returns and results of the performance by executives to be measured quantitatively on an annual basis. Therefore, the decision to issue options under the Employee Option Plan is primarily based upon the executive reaching certain strategic milestones with the Company's investments. Such milestones are measured against those established at the time of the initial investment. Examples may include: restructuring of a company, completion of an M&A and taking a company to a public listing. These types of examples may increase the long–term value of the Company's investment without necessarily producing immediate profits.

In addition, the Company may issue options or grant shares on commercial terms to secure employment of key management personnel.

Short–Term and Long–Term Incentive Structure

The Board considers that the Company's performance–linked compensation structure is generating the desired outcome.

Consequences of Performance on Shareholders Wealth

In considering the Group's performance and benefits for shareholders wealth, the Chairman and Managing Director have regard to the following KPIs in respect of the current financial year and the previous four financial years:

	2016	2015	2014	2013	2012
Net loss for the period	($5,281,293)	($4,777,495)	($2,692,636)	($4,489,296)	($2,724,842)
Change in share price	($0.006)	($0.019)	($0.004)	($0.04)	$0.033
Return of capital	–	–	–	–	–

Profit is considered as one of the financial performance targets in setting the STI.

Other Benefits

Key management personnel can receive additional benefits such as non–cash benefits, as part of the terms and conditions of their appointment. Non–cash benefits typically include payment of club memberships, motor vehicles, and the Company pays fringe benefits tax on some of these benefits.

Service Contracts

It is the Group's policy that service contracts for certain key management personnel, excluding the Managing Director and Company Secretary, are unlimited in term but capable of termination with one months' notice and that the Group retains the right to terminate the contract immediately, by making payment equal to the number of months pay in lieu of notice.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost–of–living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10. Remuneration Report (Audited) (continued)

10.1 Principles of Compensation (continued)

Service Contracts (continued)

Mr Kevin Dart, Managing Director, has a contract of employment dated January 2013 for a five year period with the Company, expiring December 2017. The contract specifies the duties and obligations to be fulfilled by the Managing Director and provides that the Chairman and Managing Director will, early in each financial year, consult and agree objectives for achievement during that year. The contract is capable of termination by Mr Dart on six months notice. The Company retains the right to terminate the contract immediately in specified circumstances including any fundamental breach of the terms of the contract. Additionally the Company may terminate the contract by making a payment in lieu of notice equal to the greater of the unexpired term of the contract or six months.

Mr Steven Cole, Company Secretary, has a contract of employment dated January 2013 for a five year period with the Company, expiring December 2017. The contract is capable of termination by Mr Cole on six months notice. The Company retains the right to terminate the contract immediately in specified circumstances including any fundamental breach of the terms of the contract. Additionally the Company may terminate the contract by making a payment in lieu of notice equal to the greater of the unexpired term of the contract or six months.

The Executive Chairman and Company Secretary have agreed with the company to implement a 40% reduction in their remuneration packages effective as at 1 July 2014.

Where a termination benefit is greater than one year's "base salary" shareholder approval is required.

The Managing Director and Company Secretary have no entitlement to termination payment in the event of removal for misconduct.

Non–Executive Directors

ASX listing rules require the aggregate non-executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the 2000 annual general meeting, where the shareholders approved an aggregate remuneration of $250,000 per annum and is set based on advice from external advisors with reference to fees paid to other non–executive Directors of comparable companies. Directors' base fees are presently up to $50,000 per annum excluding superannuation.

The Chairman receives $70,000 per annum excluding superannuation. Non–executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities.

Under the Board's Retirement Scheme, which was approved by shareholders at the 2000 annual general meeting, after two years' service, retiring non–executive Directors receive, on a sliding scale, benefits up to a maximum of five times the average annual compensation in the three years preceding retirement.

Voting and comments made at the Company's 2015 Annual General Meeting

Charter Pacific received more than 99% of "yes" votes from eligible proxies received on its Remuneration Report for the 2015 financial year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10. Remuneration Report (Audited) (continued)

10.2 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company, and other key management personnel of the consolidated entity are:

		Directors			Executives	Total
		Non-executive		Executive		
		Mr P J Bradfield	Mr D H Selfe	Mr K J Dart (Exec Chairman)	Mr S A Cole	
Short-term benefits						
Salary & fees	2016	50,000	50,000	405,128	194,739	699,867
	2015	50,000	50,000	424,882	196,611	721,493
STI Cash bonus	2016	-	-	-	-	-
	2015	-	-	-	-	-
Non-monetary benefits	2016	-	-	-	-	-
	2015	-	-	-	-	-
Post-employment						
Superannuation benefits	2016	4,750	4,750	70,000	35,000	114,500
	2015	4,750	4,750	70,000	35,000	114,500
Long-term benefits						
Retirement benefits	2016	16,406	18,750	-	-	35,156
	2015	-	56,250	-	-	56,250
Termination benefits	2016	-	-	-	-	-
	2015	-	-	-	-	-
Annual leave + long service leave	2016	-	-	64,730	28,828	93,558
	2015	-	-	96,996	7,259	104,255
Share-based payments						
Equity settled	2016	-	-	-	-	-
	2015	-	-	-	-	-
Total	2016	71,156	73,500	539,858	258,567	943,081
	2015	54,750	111,000	591,878	238,870	996,498
Actual received	2016	**-**	**-**	**6,300**	**5,000**	**11,300**
Deferred amount	2016	71,156	73,500	533,558	253,567	931,781

As previously advised the Board has taken a disciplined approach to operations through reducing our cash burn by minimising our operating expenditure. It should be noted that whilst all Director and executive entitlements have been accounted for in the yearly result, the Directors and senior executives are continuing to significantly defer payment of their fees and salaries to ensure that the Company remains well positioned to unlock the value within its investments. These deferred payments are recorded under Trade and Other Payables in the Statement of Financial Position.

Notes in Relation to the Table of Directors' and Executive Officers Remuneration – audited

(A) There were no incentive shares granted to a Director during the current financial year (2015:Nil).

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10. Remuneration Report (Audited) (continued)
10.2 Directors' and Executive Officers' Remuneration (continued)

Details of Performance Related Remuneration
Details of the Group's policy in relation to the proportion of remuneration that is performance related is reviewed annually by the Board. During the 2016 financial year no performance remuneration was allocated to Executives and employees.

10.3 Analysis of Share Based Compensation included in Remuneration
There were no shares issued as part of compensation during the year ended 30 June 2016 (2015:Nil).

10.4 Equity Instruments
Directors' Interests
The relevant interest of each Director in the shares and options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Management Shares	Options over ordinary shares
Direct			
Mr K J Dart	1,828,314	–	–
Mr P J Bradfield	–	–	–
Mr D H Selfe	1,991,825	–	–
Indirect			
Mr K J Dart	34,672,640	2	–
Mr P J Bradfield	1,000,000	–	–
Mr D H Selfe	1,000,000	–	–

There is one class of options issued as compensation. The options refer to options granted over unissued ordinary shares in the Company under the EOP.

10.4.1 Options and Rights over Equity Instruments Granted as Compensation
There were no options issued during the current financial year. No options have been granted since the end of the financial year.

All options expire on the earlier of their expiry date or termination of the individual's employment, at the discretion of the Directors. All options vest twelve months after they are granted.

Further details, including grant dates and exercise dates, regarding options granted to executives under the EOP plan and options granted over unissued ordinary shares are in note 23 to the financial statements.

10.4.2 Modification of Terms of Equity–Settled Share–Based Payment Transactions
No terms of equity–settled share–based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

10.4.3 Exercise of Options Granted as Compensation
During the reporting period, there were nil shares issued on the exercise of options previously granted as compensation.

10.4.4 Analysis of Movements in Options
There were no options granted, exercised or forfeited during the year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

10. Remuneration Report (Audited) (continued)

10.5 Loans to Key Management Personnel (continued)

There were no loans to key management personnel in the 2016 financial year.

10.6 Loans from Key Management Personnel

During 2016 there were no additional loan funds provided to the Company for working capital purposes by Messrs Dart and Cole (2015:$Nil). There is no fixed date of repayment and the applicable interest rate is 7% per annum (2015:7%). Interest of $86,486 was accrued (2015:$84,774).

As at 30 June 2016 total loan funds of $1,315,437 (2015:$1,238,355) are owed to Messrs Dart and Cole by the Company.

10.7 Other transactions with Key Management Personnel

Transfer of motor vehicles of $42,118 (2015:$Nil) to Messrs Dart and Cole which will be settled upon finalisation of new acquisition.

As at 30 June 2016 total receivable balance of $42,118 (2015:$Nil) from Messrs Dart and Cole to the Company. The transactions are on an arm's length basis

10.8 Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Charter Pacific Corporation Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Acquired with share purchase	Expired	Held at 30 June 2016	Vested during the year	Vested and exercisable at 30 June 2016
Executives						
Mr S A Cole	750,000	-	-	750,000	-	750,000

No options held by key management personnel are vested but not exercisable at 30 June 2016 (2015:Nil).

10.9 Movements in shares

The movement during the reporting period in the number of ordinary shares in Charter Pacific Corporation Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Purchases	Received on exercise of options	Other issues	Sales	Held at 30 June 2016
Directors						
Mr K J Dart	36,500,954	-	-	-	-	36,500,954
Mr P J Bradfield	1,000,000	-	-	-	-	1,000,000
Mr D H Selfe	2,991,825	-	-	-	-	2,991,825
Executives						
Mr S A Cole	5,834,251	-	-	-	1,000,000	4,834,251

There were nil shares granted to key management personnel during the reporting period as compensation (2015:Nil).

This concludes the Remuneration Report which has been audited.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

11. Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the following current Directors of the Company, Mr K J Dart, Mr P J Bradfield and Mr D H Selfe against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has agreed to indemnify certain senior executives for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including legal fees.

During the year, the Company had in place and paid premiums in respect to insurance policies indemnifying Directors and officers of Charter Pacific Corporation Limited against certain liabilities incurred in the conduct of business or in the discharge of their duties as Directors or officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the amount of the premium or the nature or extent of the insurer's liabilities under the policies.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or an auditor of the Company or any of its controlled entities against a liability incurred as such an officer or auditor.

12. Non–Audit Services

During the year BDO, the Company's auditor, did not perform any non–audit services for the Company or the Group.

Details of the amounts paid to the auditor of the Company, BDO and its related practices for audit services provided during the year are set out below. In addition, amounts paid to other auditors for the statutory audit have been disclosed:

	2016 $	2015 $
Audit services:		
Auditors of the Company		
Audit and review of financial reports	57,275	46,525
	57,275	46,525

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

13. Lead Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 26.

14. Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

15. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings to on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

This report is made with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Kevin J Dart
Executive Chairman

Dated at Gold Coast this 29th day of September 2016.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

Charter Pacific Corporation Limited is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2014 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2016. The corporate governance statement is current as at 30 June 2016,

Principle 1: Lay solid foundations for management and oversight
This principle requires the Company to establish and disclose the respective roles and responsibilities of both the Board and management.

Role of the Board of Directors
The Board's primary role is the protection and enhancement of long–term shareholder value.

To fulfil this role, the Board is responsible for the overall Corporate Governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal control, legal compliance and management information systems.

It is also responsible for approving and monitoring financial and other reporting. Details of the Board's charter is located on the Company's website (www.charpac.com.au).

The Board has delegated responsibility for operation and administration of the Group to the Managing Director and executive management. Responsibilities are delineated by formal authority delegations.

Board Processes
To assist in the execution of its responsibilities, the Board has established an Audit Committee. This Committee has a written mandate and operating procedures, which are reviewed on a regular basis. The Board has not established a Nomination Committee or a Remuneration Committee because of the limited size and nature of operations of the Company, the Board itself undertakes these responsibilities. The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds ten scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman and Company Secretary. Standing items include the Executive Chairman's report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities for contact with a wider group of employees.

Director and Executive Education
The Group has a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy and the values of the Group, and the expectations of the Group concerning performance of Directors. In addition, Directors are also educated regarding meeting arrangements and Director interaction with each other, senior executives and other stakeholders. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

The Group also has a formal process to educate new senior executives upon taking such positions. The induction program includes reviewing the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the respective rights, duties, responsibilities and roles of the individual and the Board.

Independent Professional Advice and Access to Company Information
Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Principle 1: Lay solid foundations for management and oversight (continued)

Diversity

The Board is committed to having an appropriate blend of diversity on the Board and in the Group's executive positions. The Board is in the process of compiling a policy regarding gender, age, ethnic and cultural diversity. However, given the size and scope of the Company's operations and the limited number of employees (3), a gender diversity policy has no meaningful or practical application for the Company at this time.

When the policy has been finalised, details of the policy will be made available on the Company's website.

The key elements of the diversity policy will incorporate:

- increased gender diversity on the Board and senior executive positions and throughout the Group; and
- annual assessment of Board gender diversity objectives and performance against objectives by the Board.

The Board acknowledges that the Company does not fully comply with Principle 1 of the ASX Corporate Governance Practices and recommendations.

The Board has resolved that in view of the small size of the Company's business operations the functions of separate committees are best to be undertaken by the full Board.

Principle 2: Structure the Board to add value

This principle requires the Company's board to be of effective composition and commitment to adequately undertake its duties and responsibilities.

Composition of the Board

The names of the Directors of the Company in office at the date of this report, specifying which are independent, are set out in the Directors' Report on page 6 of this report. The composition of the Board is determined using the following principles:

- the Board should comprise not more than ten Directors and not less than three Directors, with a broad range of expertise both nationally and internationally;
- a majority of independent non–executive Directors;
- a majority of Directors having extensive knowledge of the Company's industries, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies;
- a non–executive independent Director as Chairman. Following the resignation of the Chairman on 25 November 2013 Mr Kevin Dart was appointed Executive Chairman until such time as a suitable non-executive independent Director can be found and appointed as Chairman; and
- Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter Directors are subject to re–election at least every three years, except for the Managing Director.

The Board considers the mix of skills and the diversity of Board members when assessing the composition of the Board. The Board assesses existing and potential Directors' skills to ensure they have appropriate industry expertise in the Group's operating segments.

The Board considers the diversity of existing and potential Directors to ensure they are in line with the geographical and operational segments of the Group. The Board's policy is to seek a diverse range of Directors who have a range of ages, genders and ethnicity which mirrors the environment in which the Group operates.

An independent Director is a Director who is not a member of management (a non–executive Director) and who:

- holds less than five percent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five percent of the voting shares of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material* professional advisor or a material* consultant to the Company or another Group member;
- is not a material* supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or customer;
- as no material* contractual relationship with the Company or another Group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

Principle 2: Structure the board to add value (continued)
*The Board considers 'material', in this context, to be where any Director–related business relationship has represented, or is likely in future to represent the lesser of at least ten percent of the relevant segment's or the Director–related business's revenue. The Board considered the nature of the relevant industries' competition, and the size and nature of each Director–related business relationship, in arriving at this threshold.

Board skills and experience
The Board considers that a diverse range of skills, experience and backgrounds is required on the Board to effectively govern the business. It determines and reviews from time to time the mix of skills and experience that it looks to achieve in its membership which, in broad terms, includes the following:

- knowledge of the business sectors in which the Company operates;
- senior executive and international business experience;
- financial acumen and relevant operating experience;
- knowledge of global capital markets;
- experience in regulatory and government policy;
- experience in the development and implementation of strategy; and
- experience in the oversight of health, safety and environmental risks and challenges.

Nomination Committee
The Company does not have a Nomination Committee.

The Board acknowledges that the Company does not fully comply with Principle 2 of the ASX Corporate Governance Practices and recommendations.

The Board has resolved that in view of the small size of the Company's business operations the functions of the Nomination Committee are best undertaken by the full Board.

Principle 3: Act ethically and responsibly
This principle requires the Company and its Directors, officers, employees and agents to act ethically and responsibly and promote ethical and responsible decision making.

Ethical Standards
All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the Ethical Standards Policy regularly and processes are in place to promote and communicate these policies.

Conflict of Interest
Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board considers that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company and Group are set out in note 29 to the consolidated financial statements.

Code of Conduct
The Group has advised each Director, manager and employee that they must comply with the Group's Ethical Standards Policy. The Policy may be viewed on the Company's website, and covers the following:

- aligning the behaviour of the Board and management with the code of conduct by maintaining appropriate core Company values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, and commitments to fair value;
- employment practices such as occupational health and safety, employment opportunity; community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

Principle 3: Act ethically and responsibly (continued)

Code of Conduct (continued)

- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- managing actual or potential conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking improper advantage of property, information or position for personal gain;
- reporting of unlawful or unethical behaviour including protection of those who report violations in good faith; and
- the processes for monitoring and ensuring the compliance with the code of conduct.

Trading in General Company Securities by Directors and Employees

The key elements of the Trading in General Company Securities by Directors and Employees Policy set out in the Trading Policy are:

- identification of those restricted from trading – Directors and employees may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - except between three and thirty days after either the release of the Company's half year and annual results to the ASX, the annual general meeting or any major announcement;
  - whilst in possession of price sensitive information not yet released to the market;
- to raise the awareness of legal prohibitions including transactions with colleagues and to raise awareness that the Group prohibits entering into transactions that limit economic risks related to unvested share–based payments and that the Group requires annual declarations of compliance with this particular policy;
- to raise awareness that the Group prohibits those restricted from trading in Company shares as described above from entering into transactions such as margin loans that could trigger a trade during a prohibited period;
- to require details to be provided of intended trading in the Company's shares;
- to require details to be provided of the subsequent confirmation of the trade; and
- the identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

The policy also details the insider trading provisions of the Corporations Act 2001 and is reproduced in full on the Company's website and in the Group's announcements provided to the ASX.

The Board believes that the Company is fully compliant with Principle 3 and its recommendations.

Principle 4: Safeguard integrity in corporate reporting

This principle requires the Company to have a structure to verify and safeguard the integrity of the Company's financial reporting.

Audit Committee

The Audit Committee has a documented charter, approved by the Board. All members must be non–executive Directors, with a majority being independent. The Chairman may not be the Chairman of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the Audit Committee during the year were:

- Mr Peter Bradfield (Chairman) – independent non–executive Director;
- Mr David Selfe – independent non–executive Director.

Due to the Company's limited number of Directors (3), the Audit Committee comprises the two non-executive directors of the Board whose qualifications and experience is set out on page 6 of this annual report.

The external auditors, the Executive Chairman and Company Secretary, are invited to Audit Committee meetings at the discretion of the Audit Committee. The Audit Committee met two times during the year and Audit Committee members' attendance record is disclosed in the table of Directors' meetings on page 7.

The Executive Chairman and Company Secretary declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 30 June 2016 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The external auditor met with the Audit Committee two times during the year with management being present.

The Audit Committee's charter is available on the Company's website along with information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Principle 4: Safeguard integrity in corporate reporting (continued)
The responsibilities of the Audit Committee include:

- reviewing the annual, half year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASBs), and assessing whether the financial information is consistent with committee members' information and adequate for shareholder needs;
- assessing management processes supporting external reporting;
- assessing corporate risk assessment processes;
- establishing procedures for selecting, appointing, and if necessary, removing the external auditor;
- assessing whether non–audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit and review;
- providing advice to the Board in respect of whether the provision of the non–audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board;
- monitoring compliance with the Group's internal controls for fraud detection and monitoring prompt and appropriate rectification of any deficiencies or breakdowns identified;
- monitoring the procedures to ensure compliance with Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the consolidated financial statements and to review the fees proposed for the audit work to be performed;
- review the half year and preliminary final report prior to their lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Board acknowledges that the Company does not fully comply with Principle 4 of the ASX Corporate Governance Practices and recommendations in that the Audit Committee comprises of the two non-executive directors out of the Company's three directors.

Principle 5: Make timely and balanced disclosure
This principle requires the Company to make timely and balanced disclosure of all material matters concerning the Company to maintain an informed market in its securities.

The Company has an obligation under the ASX Listing Rules to maintain an informed market in its securities. The Company ensures that the market is advised of all information that is required to be disclosed under the Listing Rules in accordance with the ASX continuous disclosure regime.

In summary, the Continuous Disclosure Policy operates as follows:

- the Executive Chairman and Company Secretary are responsible for interpreting the Company's policy and, where necessary, informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered, and all senior executives must follow a 'Weekly Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment;
- the full annual report provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy), including relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments;
- the half yearly report contains summarised financial information and a review of the operations of the Group during the period. The half year reviewed financial report is lodged with the ASX, and sent to any shareholder who requests it;
- proposed major changes in the Group, which may impact on share ownership rights are submitted to a vote of shareholders;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Principle 5: Make timely and balanced disclosure (continued)

- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- the external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of this information, including that of the previous three years, is made available on the Company's website within one day of public release, and is emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses with the Company is available on the Company's website.

The Board encourages full participation of shareholders at the annual general meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the remuneration report and changes to the constitution. Copies of the constitution are available to any shareholder who requests it.

The Board believes that the Company is fully compliant with Principle 5 and its recommendations.

Principle 6: Respect the rights of security holders

This principle requires that the Company respect the rights of its security holders and facilitate the effective exercise of those rights.

The Company is owned by its security holders and the board's primary responsibility is to security holders and to achieve the Company's corporate objectives and therefore increase the Company's value.

The Board provides security holders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. The main communications with security holders are the Annual Reports, Half yearly Reports, Annual General Meetings and any Extra-ordinary General Meetings. More details of the policy are available on the Company's website www.charpac.com.au .

The Board believes that the Company is fully compliant with Principle 6 and its recommendations.

Principle 7: Recognise and manage risk

This principle requires that the Company has an established system of risk oversight and management and internal controls.

Oversight of the Risk Management System

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented the Risk Management System for assessing, monitoring and managing all risks, including material business risks, for the Group (including sustainability risk). The Managing Director and Company Secretary have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

Risk Profile

The Audit Committee analyses the status of material business risks to the Board on a half yearly basis. Further details of the Company's risk management policy and internal compliance and control system are available on the Company's website.

Each business operational unit is responsible and accountable for implementing and managing the standards required by the program.

Material business risks for the Company may arise from such matters as actions by competitors, government policy changes, environment, occupational health and safety, property, financial reporting, and the purchase, development and use of information systems.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Principle 7: Recognise and manage risk (continued)
Risk Management and Compliance and Control
The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board's policy on internal controls is comprehensive, details of which are available on the Company's website. It comprises the Company's internal compliance and control systems, including:

- operating unit controls – operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals; and
- investment appraisal – guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures are controlled. Further details of the Company's policies relating to interest rate risk management, currency risk management and credit risk management are included in notes 5 and 25 to the financial statements;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Quality and Integrity of Personnel
Compliance with policies in the Ethical Standards Manual is obtained from all operating units.

Financial Reporting
The Executive Chairman and the Company Secretary have provided assurance in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

Environmental Regulation
The Group is committed to achieving a high standard of environmental performance. The Board aims to ensure that the Group and associated investments' environmental policies are adhered to and are in compliance with all relevant environmental legislation. The Group's operations are not subject to any significant environmental regulations in respect of its activities under Commonwealth or State legislation, or Mauritanian legislation.

Management Shares
There are two management shares on issue in the Company.

The voting rights applying to the management shares are contained in paragraph 4.5 of the Company's constitution. The holder of the management shares when present in person or by proxy or attorney at any general meeting of the Company is on a poll or any resolution entitled to as many votes as shall together with votes which the holder may exercise in respect of the shares held solely by him in his own capacity and not as trustee, attorney or otherwise as shall institute thirty per centum (30%) of the votes given personally or by proxy or attorney on such resolution.

The terms of the management shares have not changed during the current financial year.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

Principle 7: Recognise and manage risk (continued)
Charter Pacific has a number of strategic medium and long-term investments and is constantly reviewing additions to that portfolio. As a consequence of its investment approach the Board considers the ongoing inclusion of the management shares as part of its capital structure to be appropriate and beneficial for shareholders for the following reasons:

- because of the long-term nature of the Company's investment activities the true value of its investments are not always reflected in its share price which could lead, in other structures, to takeover activity at less than fair value;
- provides the Company with a stable governance structure to move forward whilst it has a relatively small capital base; and
- allows capital to be raised without destabilising the management and Board structure.

The Board believes that the Company is fully compliant with Principle 7 and its recommendations.

Principle 8: Remunerate fairly and responsibly
This principle requires that the level and composition is sufficient and reasonably set to attract and retain appropriately qualified and experienced Directors and executives.

The Board has not established a Remuneration Committee because of the limited size and nature of operations of the Company and the Board has resolved that the functions of a remuneration committee are best undertaken by the full Board.

Full details regarding the Company's remuneration amounts and policies are disclosed in the audited Remuneration Report on pages 9 to 15 of the Company's Annual Report.

The Board acknowledges that the Company does not fully comply with Principle 8 of the ASX Corporate Governance Practices and recommendations.

As stated above the Board has resolved that in view of the limited size of the Company's business operations the functions of the Remuneration Committee are best to be undertaken by the full Board.

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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF CHARTER PACIFIC CORPORATION LIMITED

As lead auditor of Charter Pacific Corporation 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 Charter Pacific Corporation Limited and the entities it controlled during the period.

James Mooney
Partner

BDO East Coast Partnership

Melbourne, 29 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Charter Pacific Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Charter Pacific Corporation Limited, which comprises the consolidated statement of financial position 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 2, 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 Charter Pacific Corporation 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 Charter Pacific Corporation 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 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(d) 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 and the continued support by directors, Company Secretary and staff to meet any short term funding requirements of the consolidated entity. These conditions, along with other matters as set out in Note 2(d), 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 9 to 15 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 Charter Pacific Corporation Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

James Mooney
Partner

Melbourne, 29 September 2016

CHARTER PACIFIC

Corporation Limited

FINANCIAL STATEMENTS
30 JUNE 2016

CONTENTS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
ASSETS			
Cash and cash equivalents	17	80,260	158,562
Trade and other receivables	15	137,224	26,220
Prepayments		-	1,060
Financial assets at fair value through profit or loss	16	-	2
Total current assets		217,484	185,844
Exploration and evaluation expenditure	13	-	9,084,295
Plant and equipment	14	3,051	49,582
Other	13	-	3,522,636
Total non–current assets		3,051	12,656,513
Total assets		220,535	12,842,357
LIABILITIES			
Trade and other payables	24	2,973,358	2,017,959
Loans and borrowings	21	1,792,236	5,562,559
Employee benefits	22	1,640,848	1,502,279
Total current liabilities		6,406,442	9,082,797
Loans and borrowings	21	-	6,223,942
Total non–current liabilities		-	6,223,942
Total liabilities		6,406,442	15,306,739
NET LIABILITIES		(6,185,907)	(2,464,382)
EQUITY			
Issued capital	19	28,800,359	27,794,600
Reserves	19	1,888,048	1,329,543
Accumulated losses		(36,874,314)	(34,819,124)
Total deficiency attributable to equity holders of the Company		(6,185,907)	(5,694,981)
Non-controlling interest	19	-	3,230,599
TOTAL DEFICIENCY		(6,185,907)	(2,464,382)

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
Continuing operations			
Revenue	7	55,672	431,877
Other income	8	-	261,000
Expenses			
Depreciation and amortisation expenses	14	(7,391)	(16,169)
Rent and occupancy costs		(108,412)	(106,040)
Professional fees		(612,033)	(325,692)
Travel expenses		(54,873)	(39,297)
Shareholder reports and registry costs		(55,121)	(62,966)
Employee expenses	9	(1,128,260)	(1,194,702)
Interest costs	10	(105,929)	(123,651)
Other operating expenses		(128,921)	(203,966)
Net operating loss before impairment losses		(2,145,268)	(1,379,606)
Impairment losses	12	(5,299)	(2,406,459)
Loss before income tax for the year from continuing operations		(2,150,567)	(3,786,065)
Income tax (expense)/benefit	11	-	-
Loss after income tax for the year from continuing operations		(2,150,567)	(3,786,065)
Discontinued operations			
Loss after income tax for the year from discontinued operations	30	(3,130,726)	(991,430)
Loss after income tax for the year		(5,281,293)	(4,777,495)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	10	554,009	(537,906)
Other comprehensive income for the year, net of income tax		554,009	(537,906)
Total comprehensive loss for the year		(4,727,284)	(5,315,401)
Loss for the year is attributable to:			
Non-controlling interest		(3,230,599)	(318,087)
Owners of Charter Pacific Corporation Limited		(2,050,694)	(4,459,408)
		(5,281,293)	(4,777,495)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
Total comprehensive loss for the year is attributable to:			
Non-controlling interest			
Continuing operations		-	(318,087)
Discontinuing operations		(3,230,599)	-
Total comprehensive loss for the year		(3,230,599)	(318,087)
Owners of Charter Pacific Corporation Limited			
Continuing operations		(1,596,558)	(4,005,884)
Discontinuing operations		99,873	(991,430)
Total comprehensive loss for the year		(4,727,284)	(5,315,401)
Loss per share for the year from continuing and discontinued operations attributable to the members of Charter Pacific Corporation Limited			
Basic loss per share	20	(0.028)	(0.030)
Diluted loss per share		(0.028)	(0.030)
From continuing operations			
Basic loss per share	20	(0.012)	(0.024)
Diluted loss per share		(0.012)	(0.024)
From discontinued operations operations			
Basic loss per share	20	(0.016)	(0.006)
Diluted loss per share		(0.016)	(0.006)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital $	Option issue reserve $	Fair value reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2014	26,763,109	1,854,846	(4,496)	(298)	(30,359,716)	26,050	(1,720,505)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	(4,459,408)	(318,087)	(4,777,495)
Other comprehensive income							
Foreign currency translation differences	-	-	-	(537,906)	-	-	(537,906)
Total other comprehensive income	-	-	-	(537,906)	-	-	(537,906)
Total comprehensive (loss) for the year	-	-	-	(537,906)	(4,459,408)	(318,087)	(5,315,401)
Transactions with owners, recorded directly in equity							
Shares issued, net of transactions costs	1,040,773	-	-	-	-	-	1,040,773
Options issued	-	17,397	-	-	-	-	17,397
Value of conversion rights on convertible notes	(9,282)	-	-	-	-	-	(9,282)
Total transactions with owners	1,031,491	17,397	-	-	-	-	1,048,888
Non-controlling interest	-	-	-	-	-	3,522,636	3,522,636
Balance at 30 June 2015	27,794,600	1,872,243	(4,496)	(538,204)	(34,819,124)	3,230,599	(2,464,382)
Balance at 1 July 2015	27,794,600	1,872,243	(4,496)	(538,204)	(34,819,124)	3,230,599	(2,464,382)
Total comprehensive income for the year							
Loss for the year	-	-	-	-	(2,050,694)	(3,230,599)	(5,281,293)
Other comprehensive income							
Foreign currency translation differences	-	-	-	554,009	-	-	554,009
Total other comprehensive income	-	-	-	554,009	-	-	554,009
Total comprehensive (loss) for the year	-	-	-	554,009	(2,050,694)	(3,230,599)	(4,727,284)
Transactions with owners, recorded directly in equity							
Shares issued, net of transactions costs	1,004,675	-	-	-	-	-	1,004,675
Fair value reserve	-	-	4,496	-	(4,496)	-	-
Value of conversion rights on convertible notes	1,084	-	-	-	-	-	1,084
Total transactions with owners	1,005,759	-	4,496	-	(4,496)	-	1,005,759
Non-controlling interest	-	-	-	-	-	-	-
Balance at 30 June 2016	28,800,359	1,872,243	-	15,805	(36,874,314)	-	(6,185,907)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		54,000	500,000
Cash payments in the course of operations		(822,036)	(972,769)
Cash used in operations		(768,036)	(472,769)
Interest paid		(4,808)	(5,357)
Interest received		1,672	2,073
Net cash used in operating activities	18	(771,172)	(476,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,977)	-
Loan funds to other entities		(63,724)	-
Acquisition payment for Mauritania		-	(3,443,370)
Exploration and evaluation expenditure		-	(255,136)
Net cash used in investing activities		(66,701)	(3,698,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital raised		623,975	200,000
Proceeds from convertible notes		75,000	80,000
Proceeds from secured loans		15,596	330,000
Deposits held		45,000	-
Repayments of loan funds		-	(65,045)
Loan funds for Mauritania		-	3,437,570
Net cash from financing activities		759,571	3,982,525
Net decrease in cash and cash equivalents		(78,302)	(192,034)
Cash and cash equivalents at the beginning of the financial year		158,562	350,596
Cash and cash equivalents at the end of the financial year	17	80,260	158,562

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

Charter Pacific Corporation Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

These consolidated financial statements and notes represent those of Charter Pacific Corporation Limited and Controlled Entities (the Group).

The separate financial statements of the parent entity, Charter Pacific Corporation Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 29 September 2016 by the Directors of the Company.

2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). 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.

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available–for–sale financial assets are measured at fair value;

The methods used to measure fair values are discussed further in notes 4 and 25.

(b) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

(c) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- note 13 – carrying amount of exploration and evaluation expenditure;
- note 15 – measurement of the recoverable amounts of trade and other receivables;
- note 2(d) – going concern.

(d) Going concern

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors including the future successful raising of necessary funding through equity and/or sale of non-core assets and also continuation of support by directors, Company Secretary and staff to meet any short term funding requirements of the consolidated entity.

The consolidated entity has incurred a loss after tax for the year ended 30 June 2016 of $5,281,293, a net current liability of $6,188,958 and had net cash outflows from operating activities of $771,172.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

2. BASIS OF PREPARATION (CONTINUED)

(d) Going concern (continued)

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- Directors are implementing plans to introduce new cornerstone investors to the Group to raise sufficient funds to meet budgeted cash outflows for operations and its new acquisition target, the Microlatch Pty Ltd group of companies that holds a portfolio of patents that relate to Biometrics being aligned with RF (Radio Frequency), NFC Payment technology (Near Field Communication) and Bluetooth for secure access to a controlled item such as smartphones, tablets, laptops and payment cards. These patents impact on a number of companies globally using Biometrics today in portable devices. It is a great opportunity for Charter Pacific and investors to benefit from the global growth in mobile devices.
- During the year ended 30 June 2016, the consolidated entity received funds from convertible notes and secured/unsecured loans totalling $110,000 to manage the cash flow requirements. This is indicative of an underlying level of support for the operations carried out by the consolidated entity.
- As at 30 June 2016, the consolidated entity had cash and cash equivalents of $80,260 and raised $852,000 in July 2016.
- The Group has received letters of support from current Directors confirming that the outstanding Directors entitlements and retirement benefits will not be demanded from the Group within the next 12 months unless the Group raises sufficient capital to meet its operational requirements.
- The Group has received letters of financial support from the Directors, Company Secretary and staff (loan holders) confirming that demand of loan funds and unpaid interest as at 30 June 2016 will not be made on the Group within the next 12 months unless the Group raises sufficient capital to meet its operational requirements.
- The consolidated entity's indicative cash flow forecast for the next twelve months includes significant cash outflows in relation operations and its new acquisition. The consolidated entity has discretion over the quantum and timing of this type of expenditure.
- The Board is of the opinion that, subject to satisfactory market conditions, the Group will be able to access equity capital markets to raise sufficient funds for its ongoing operations, as and when required.
- Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.

Based on the above, the Directors are satisfied that, adequate plans are in place and that the consolidated entity is executing those plans to ensure it will have positive cash flows through to September 2017.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Charter Pacific Corporation Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the Statement of Financial Position and Statement of Comprehensive Income.

(i) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(ii) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

(b) Foreign currency translation

The financial statements are presented in Australian dollars, which is Charter Pacific Corporation Limited's functional and presentation currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Non–derivative financial instruments

The Group initially recognised loans and receivables and deposits on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non–derivative financial assets: investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in Profit or Loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

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 are shown in current assets on the Statement of Financial Position

(ii) Non–derivative financial liabilities

The Group has the following non–derivative financial liabilities: loans and borrowings, and trade and other payables. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and evaluation expenditures

Exploration and evaluation costs, excluding the costs of acquiring licences, are capitalised as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either :

- they are expected to be recouped through successful development and exploitation of the area of interest or;
- the activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(e) Plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have difference useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in Profit or Loss.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in Profit or Loss on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives in the current and comparative year are as follows:

- plant and equipment 3–5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease the decrease in impairment loss is reversed through profit or loss.

(ii) Non–financial assets

The carrying amounts of the Group’s non–financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash–generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment (continued)

(ii) Non–financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash–generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash–generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(g) Employee benefits

(i) Other long–term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(ii) Short–term benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the Statement of Financial Position.

(iii) Non–Executive Directors' Retirement Scheme

The Company provides retiring non–executive Directors with benefits approved by shareholders at the annual general meeting of the Company on 27 November 2000. The retirement benefit is proportional to the length of service of the non–executive Director.

The Company's liability for Directors' retirement benefits, which is based on the number of years service provided at reporting date, has been included in employee entitlements.

(iv) Share–based payment transactions

The grant date fair value of share–based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non–market vesting conditions are expected to be met, except for those that fail to vest due to market conditions not being met. For share–based payment awards with non–vesting conditions, the grant date fair value of the share–based payment is measured to reflect such conditions and there is no true–up for differences between expected and actual outcomes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Employee benefits (continued)

(iv) Share–based payment transactions (continued)

The fair value of employee options is measured using a Black–Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk–free interest rate (based on government bonds). Service and non–market performance conditions attached to the transactions are not taken into account in determining fair value.

Share–based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity–settled share–based payment transactions, regardless of how the equity instruments are obtained by the Group.

(h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity 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.

(i) Loans and Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs associated with the borrowing. Interest expense is recognised on an accrual basis.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre–tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue Recognition

(i) Services

Revenue from services rendered is recognised in Profit or Loss in proportion to the stage of completion of the transaction at the reporting date.

(ii) 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.

(iii) Other revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Lease payments

Payments made under operating leases are recognised in Profit or Loss on a straight–line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(m) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in Profit or Loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in Profit or Loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(n) Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

(o) Income tax

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:

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

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.

(i) Tax consolidation

Charter Pacific Corporation Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Company and its wholly–owned Australian resident entities are part of a tax–consolidated group. As a consequence, all members of the tax–consolidated group are taxed as a single entity. The head entity within the tax–consolidated group is Charter Pacific Corporation Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax–consolidated group are recognised in the separate financial statements of the members of the tax–consolidated group using the 'group allocation' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax–consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax–consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax–consolidated group to the extent that it is probable that future taxable profits of the tax–consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax–consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax–consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax–loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter–entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter–entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax–consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the owners of Charter Pacific Corporation Limited, 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 EPS 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.

(r) Operating segments

Operating segments are presented using the ‘management approach’, where the information presented is on the same basis as the internal reports reviewed by the Board and the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) 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.

(t) New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity’s assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards* – Effective Date of AASB 15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New standards and interpretations not yet adopted (continued)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

AASB 2014-5: *Amendments to Australian Accounting Standards* arising from AASB 15 (applicable to annual reporting periods beginning on or after 1 January 2018)

The amendments make consequential amendments to various other accounting standards as a result of the new revenue standard.

AASB 2016-3: *Amendments to Australian Accounting Standards* - Clarifications to AASB 15 (applicable to annual reporting periods beginning on or after 1 January 2018).

As a result of implementation issues identified by the Transition Resource Group (TRG) for the new revenue standard, AASB 2016-3 was issued to provide additional guidance and illustrative examples on identifying performance obligations, principal vs agent considerations and licensing. The amendments also include additional practical expedients on transition to AASB 15.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non–financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Share–based payment transactions
The fair value of employee options is measured using the Black–Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk–free interest rate (based on government bonds). Service and non–market performance conditions attached to the transactions are not taken into account in determining fair value.

(b) Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(c) Non–derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from equity accounted investees and other debtors.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

Amounts are advanced to equity accounted investees and other parties on the basis that they are to be repaid in a short period of time or where the funds will assist the investee with its working capital requirements and will enhance the Group's exit strategy.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash available on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group does not currently have a significant exposure to foreign currency risk.

Other market price risk

Equity price risk arises from trading and available–for–sale equity securities held. Management of the Group monitors the mix of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are monitored by the Board.

The primary goal of the Group's investment strategy is to maximise investment returns. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group adopts a policy of charging a fixed rate of interest on loans advanced to associates and other parties. Cash in excess of short–term demand is invested in fixed rate deposits with short–term maturities to maximise returns.

The Group does not have any significant exposure to interest bearing liabilities.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

6. OPERATING SEGMENTS

The consolidated entity comprises the following main operating segments:

- corporate services – the Group provided corporate services to other companies;
- exploration and evaluation - the exploration of iron ore and gold permits;
- investments – the operation of the company in obtaining new investment opportunities.

There is little or no integration between the three segments, other than shared operating costs and corporate assets.

Information regarding the result of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment in comparison to market conditions and past performance.

Geographical segments

The corporate services and investment segments operate in Australia. The exploration and evaluation segment operates in Mauritania.

The Group does not have any significant revenues outside of Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

6. OPERATING SEGMENTS (CONTINUED)

CONSOLIDATED - 2016	CORPORATE SERVICES	EXPLORATION & EVALUATION	INVESTMENT	TOTAL
	$	$	$	$
Total external revenue	54,000	-	1,672	55,672
Inter–segment revenue	-	-	-	-
Depreciation and amortisation	-	-	(7,391)	(7,391)
Interest expenses	-	-	(105,929)	(105,929)
Impairment expenses	-	(5,299)	-	(5,299)
Other expenses	-	-	(2,087,620)	(2,087,620)
Discontinued operations	-	(3,130,726)	-	(3,130,726)
Profit/(Loss) before income tax expense	54,000	(3,136,025)	(2,199,268)	(5,281,293)
Assets				
Segment assets				
Cash and cash equivalents			80,260	80,260
Other assets			140,275	140,275
Total assets			220,535	220,535
Liabilities				
Segment liabilities				
Trade and other payables			2,973,358	2,973,358
Loans and borrowings			1,792,236	1,792,236
Employee benefits			1,640,848	1,640,848
Total liabilities			6,406,442	6,406,442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

6. OPERATING SEGMENTS (CONTINUED)

CONSOLIDATED - 2015	CORPORATE SERVICES	EXPLORATION & EVALUATION	INVESTMENT	TOTAL
	$	$	$	$
Total external revenue	276,952	-	154,925	431,877
Inter–segment revenue	-	-	-	-
Depreciation and amortisation	-	-	(16,169)	(16,169)
Interest expenses	-	(788,183)	(123,651)	(911,834)
Impairment expenses	-	(2,406,459)	-	(2,406,459)
Other expenses	-	(6,610)	(1,868,300)	(1,874,910)
Profit/(Loss) before income tax expense	276,952	(3,201,252)	(1,853,195)	(4,777,495)
Assets				
Segment assets				
Cash and cash equivalents		-	158,562	158,562
Other assets		12,606,931	76,864	12,683,795
Total assets		12,606,931	235,426	12,842,357
Liabilities				
Segment liabilities				
Trade and other payables		-	1,623,392	1,623,392
Loans and borrowings		10,141,672	2,039,396	12,181,068
Employee benefits		-	1,502,279	1,502,279
Total liabilities		10,141,672	5,165,067	15,306,739

7. REVENUE

	2016	2015
Revenue from continued operations	$	$
Professional fees	54,000	276,952
Finance income	1,672	154,925
Total revenue	55,672	431,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

8. OTHER INCOME

	2016 $	2015 $
Recovery of impaired loan	-	261,000
Other income	-	261,000

9. EMPLOYEE BENEFITS EXPENSE

	2016 $	2015 $
Wages and salaries	488,762	592,962
Other associated personnel expenses	336,999	295,369
Superannuation contributions	140,075	146,400
Annual leave expense	112,386	37,999
Long–service leave expense	13,212	63,854
Directors retirement benefits expense	36,826	58,118
	1,128,260	1,194,702

Details of share–based payments to key personnel are included in note 29.

10. FINANCE INCOME AND EXPENSE

	2016	2015
Recognised in profit or loss	$	$
Interest income	1,672	154,925
Finance income	1,672	154,925
Finance costs recognised in the Statement of Profit or Loss and Other Comprehensive Income	(105,929)	(123,651)
- Interest on other loans and borrowings	(105,929)	(123,651)
All interest income relates to assets not at fair value through profit or loss.		
Recognised in other comprehensive income		
Foreign currency translation differences for foreign operations recognised in other comprehensive income, net of tax	554,009	(537,906)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

11. INCOME TAX EXPENSE

	2016 $	2015 $
Reconciliations between tax expense and pre–tax net loss		
Loss for the period	(5,281,293)	(4,777,495)
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2015:30%)		
- Consolidated group	(1,584,388)	(1,433,249)
Add:		
Tax effect of:		
- Non–deductible expenses	24,378	22,211
- Deferred tax assets not recognised comprises temporary differences attributable to	-	-
Tax losses	1,560,010	1,411,038
Temporary difference	-	-
Income tax attributable to entity	-	-
The applicable weighted average effective tax rates are as follows:	30%	30%

12. IMPAIRMENT LOSSES

	Note	2016 $	2015 $
Other			
Other		-	183,054
Exploration and evaluation expenditure	13	5,299	2,223,405
		5,299	2,406,459
Total impairment losses		5,299	2,406,459

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

13. EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Costs carried forward in respect of area of interest in:		
- Exploration and evaluation phases	-	9,084,295
	-	9,084,295
Opening balance	9,084,295	2,262,060
Acquisitions during the year	-	8,806,589
Expenditure during the year	46,377	239,051
Impairment	(9,130,672)	(2,223,405)
Closing balance	-	9,084,295

Ultimate recoupment of these costs is dependent on successful development and commercial exploration or alternatively sale of respective areas of interest.

Capitalised exploration and evaluation expenditure represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties.

Following impairment analysis on capitalised exploration and evaluation expenditure, including assumptions on forecast iron ore price, ongoing expenditure and prospective plans, capitalised expenditure has been impaired in full through profit or loss.

On 19 May 2016 the Company transferred Charter Pacific's 60% interest in Legleitat Iron Mauritanie SA (LIM) to Groupe WAFA SA in full and final satisfaction of the US$3 million loan from Groupe WAFA SA who also assumes all liabilities and obligations of Charter Pacific to the Mauritanian Government in respect to the project.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

14. PLANT AND EQUIPMENT

	Plant and equipment	Motor vehicles	Total
Cost	**$**	**$**	**$**
Balance at 1 July 2014	344,862	104,187	449,049
Balance at 30 June 2015	344,862	104,187	449,049
Balance at 1 July 2015	344,862	104,187	449,049
Additions	2,977	-	2,977
Disposals	(252,715)	(104,187)	(356,902)
Balance at 30 June 2016	95,124	-	95,124
Accumulated Depreciation			
Balance at 1 July 2014	328,752	54,546	383,298
Depreciation for the year	10,959	5,210	16,169
Balance at 30 June 2015	339,711	59,756	399,467
Balance at 1 July 2015	339,711	59,756	399,467
Depreciation for the year	5,077	2,314	7,391
Disposals	(252,715)	(62,070)	(314,785)
Balance at 30 June 2016	92,073	-	92,073
Carrying amounts			
At 1 July 2014	16,110	49,641	65,751
At 30 June 2015	5,151	44,431	49,582
At 1 July 2015	5,151	44,431	49,582
At 30 June 2016	3,051	-	3,051

The Group did not lease any vehicles during the 2016 or 2015 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

15. TRADE AND OTHER RECEIVABLES

	2016	2015
	$	$
Current		
Other debtors	137,224	26,220
	137,224	26,220

The Group's exposure to credit and other risks related to trade and other receivables is disclosed in note 25.

Impairment of receivables
The Group has recognised a loss of $Nil (2015:$Nil) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	$	$
Listed equity securities held for trading	-	2
	-	2

Listed equity securities held for trading are financial assets designated at fair value through profit or loss.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

17. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	80,260	16,514
Cash on short–term deposits	-	142,048
Cash and cash equivalents in the Statement of Cash Flows	80,260	158,562

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2016 $	2015 $
Loss for the period	(5,281,293)	(4,777,495)
Non-cash flows in loss:		
Share based payments	-	17,397
Expenses settled via share issues	337,500	-
Depreciation and amortisation	7,391	16,169
Impairment losses of non-current assets	-	2,406,459
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:	(4,936,402)	(2,337,470)
(Increase)/decrease in trade and other receivables	(94,682)	(12,838)
(Increase)/decrease in prepayments	1,060	12,428
(Increase)/decrease in investments held for trading	2	-
Increase/(decrease) in provisions and employee benefits	138,569	159,970
Increase/(decrease) in trade and other payables	4,120,281	1,701,857
Net cash provided by operating activities	(771,172)	(476,053)

Non-cash financing and investing activities transactions:

Conversion of convertible notes to equity

During the financial year the consolidated group converted 1,080,000 (2015:9,459,068) shares totalling $43,200 (2015:$378,363) from convertible notes to equity. This transaction is not reflected in the Statement of Cash Flows.

Disposal of entity in exchange for extinguishment of a liability

During the financial year the consolidated group disposed of its holding in Legleitat Iron Mauritanie S.A. which resulted in the extinguishment of future liabilities to the Mauritanian Government totalling $6,223,942 (2015:$Nil). This transaction is not reflected in the Statement of Cash Flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

19. CAPITAL AND RESERVES

Share capital

	COMPANY Ordinary shares			
	2016		2015	
	No. of shares	$	No. of shares	$
On issue at 1 July	173,378,691	27,794,600	141,756,873	26,763,109
Shares issued 31 July 2014 (i)	-	-	5,500,000	220,000
Shares issued 7 November 2014 (i)	-	-	5,000,000	200,000
Shares issued 10 December 2014 (i)	-	-	11,662,750	466,510
Shares issued 10 December 2014 (iv)	-	-	1,035,068	41,403
Shares issued 20 May 2015 (iv)	-	-	8,424,000	336,960
Shares issued 2 July 2015 (iv)	1,080,000	43,200		
Shares issued 21 July 2015 (i)	1,000,000	40,000		
Shares issued 27 November 2015 (v)	7,644,000	343,980		
Shares issued 15 January 2016 (v)	7,300,795	292,032		
Shares issued 4 April 2016 (i)	1,250,000	37,500		
Shares issued 20 May 2016 (i)	20,000,000	300,000		
Value of conversion rights on convertible notes	-	1,084	-	(9,282)
Less transaction costs	-	(52,037)	-	(224,100)
On issue at 30 June – fully paid	211,653,486	28,800,359	173,378,691	27,794,600

(i) Shares issued on settlement of consulting fees payable
(ii) Shares issued as part of Renounceable Rights Issue
(iii) Shares issued as part of Renounceable Rights Issue
(iv) Shares issued on conversion of Convertible Notes
(v) Shares issued as part of capital raising

	COMPANY Management shares	
	2016	2015
	No. of shares	No. of shares
On issue at 1 July	2	2
On issue at 30 June – fully paid	2	2

Issuance of ordinary shares
During 2016 38,274,795 (2015:31,621,818) shares were issued and all issued shares are fully paid.

Ordinary shares
The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There are two management shares on issue in the Company.

The voting rights applying to the management shares are contained in paragraph 4.5 of the Company's constitution. The holder of the management shares when present in person or by proxy or attorney at any general meeting of the Company is on a poll or any resolution entitled to as many votes as shall together with votes which the holder may exercise in respect of the shares held solely by him in his own capacity and not as trustee, attorney or otherwise as shall institute thirty per centum (30%) of the votes given personally or by proxy or attorney on such resolution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

19. CAPITAL AND RESERVES (CONTINUED)

Share capital (continued)

Ordinary shares (continued)

The management shares carry no rights to dividends.

The terms of the management shares have not changed during the current financial year.

Options

There are currently 5,000,000 (2015:5,000,000) options over ordinary shares in the Company. These options are exerciseable at any time prior to their expiry on 28 November 2016 at an exercise price of $0.04 per share.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Option issue reserve

The option issue reserve relates to the cost of employee options and bonus options issued to shareholders in accordance with applicable Australian Accounting Standards.

Dividends

No dividends have been declared or paid during the year or subsequent to year end (2015:$Nil).

Dividend franking account	COMPANY	
	2016	**2015**
30 per cent franking credits available to shareholders of Charter Pacific Corporation Limited for subsequent financial years	**$**	**$**
	12,609,546	12,609,546

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Non-controlling interest

The non-controlling interest has a 49% interest in WA Iron Mauritanie S.A and WA Resources Mauritanie S.A (2015:49%) and a nil% interest in Legleitat Iron Mauritanie S.A. (2015:40%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

20. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic and diluted earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of ($5,281,293) (2015:($4,777,495)) and a weighted average number of ordinary shares outstanding of 185,809,396 (2015:157,982,473), calculated as follows:

Loss attributable to ordinary shareholders	**2016**	**2015**
	$	**$**
Loss	(2,050,694)	(4,559,408)
Loss attributable to non-controlling equity interest	(3,230,599)	(318,087)
Net loss attributable to ordinary shareholders	(5,281,293)	(4,877,495)
Reconciliation of loss from continuing operations:		
Loss from continuing operations	(2,150,567)	(3,467,978)
Loss attributable to non-controlling equity interest in respect of continuing operations	-	(318,087)
Loss used to calculate basic EPS from continuing operations	(2,150,567)	(3,786,065)
Reconciliation of loss from discontinued operations:		
Loss from discontinued operations	99,873	(991,430)
Loss attributable to non-controlling equity interest	(3,230,599)	-
Loss used to calculate basic EPS from discontinuing operations	(3,130,726)	(991,430)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	157,982,473	141,756,873
Effect of shares issued	27,826,923	16,225,600
Weighted average number of ordinary shares used in calculating basic earnings per share	185,809,396	157,982,473
Weighted average number of ordinary shares used in calculating diluted earnings per share from continued and discontinued operations	185,809,396	157,982,473
Basic loss per share	$ (0.028)	$ (0.030)
Diluted loss per share	$ (0.028)	$ (0.030)
From continuing operations		
Basic loss per share	$ (0.012)	$ (0.024)
Diluted loss per share	$ (0.012)	$ (0.024)
From discontinued operations operations		
Basic loss per share		
Diluted loss per share	$ (0.016)	$ (0.006)
From discontinuing operations	$ (0.016)	$ (0.006)

The options outstanding are not included in the calculation of diluted earnings per share because they are not dilutive for the years ended 30 June 2016 and 30 June 2015. The total number of options outstanding at 30 June 2016 was 5,000,000 (2015:5,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

21. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest–bearing liabilities. For more information about the Group's exposure to interest rate risk, see note 25.

	Interest Rate	Years to Maturity	CONSOLIDATED 2016 $	2015 $
Current				
Secured loans (i)	7.00%	< 1 year	1,139,400	1,073,864
Convertible note (ii)	8.00%	< 1 year	157,552	119,640
Secured loans (iii)	7.00%	< 1 year	295,284	251,325
Unsecured loan (iv)	0.00%	< 1 year	200,000	200,000
Loan - WAFA (v)	0.00%	< 1 year	-	3,917,730
			1,792,236	5,562,559
Non–current				
Future payments to the Mauritanian Government (vi)	0.00%	> 3 years	-	6,223,942
			-	6,223,942
(i) Secured loans *				
Opening balance			1,073,864	1,076,568
Repayments			(9,404)	(76,023)
Accrued interest			74,940	73,319
Liability as at 30 June			1,139,400	1,073,864
(ii) Convertible note				
Opening balance			119,640	381,562
Proceeds from loans			75,000	80,000
Convertible notes converted			(43,200)	(378,363)
Equity component			(1,084)	9,282
Accrued interest			7,196	27,159
Liability as at 30 June			157,552	119,640
(iii) Secured loans *				
Opening balance			251,325	233,506
Proceeds from loans			25,000	130,000
Loans converted to shares			-	(130,000)
Accrued interest			18,959	17,819
Liability as at 30 June			295,284	251,325
(iv) Unsecured loan				
Opening balance			200,000	-
Proceeds from loans			-	200,000
Liability as at 30 June			200,000	200,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

21. LOANS AND BORROWINGS (CONTINUED)

	CONSOLIDATED	
	2016	2015
	$	$
(v) Loan - WAFA		
Opening balance	3,917,730	-
Loan funds	-	3,437,570
Foreign currency adjustment	202,640	480,160
Loan funds paid through transfer of shares	(4,120,370)	-
Liability as at 30 June	-	3,917,730
(vi) Future payments to the Mauritanian Government		
Opening balance	6,223,942	-
Disposal of LIM holding	(6,223,942)	-
Deferred consideration	-	6,223,942
Liability as at 30 June	-	6,223,942
Total	1,792,236	11,786,501

This note provides information about the contractual terms of the Group's interest–bearing liabilities. For more information about the Group's exposure to interest rate risk, see note 25.

2016
Convertible notes totalling $75,000 were raised during 2016 and loan funds totalling $25,000 were provided to the Group for working capital purposes. The convertible notes are to be repaid at the end of 12 months and the applicable interest rate is 8% per annum. The secured loans have no fixed date of repayment and an applicable interest rate of 7% per annum.

The convertible notes due in the current year were converted in July 2016.

* Secured loans are provided by key management personnel/other related parties and are secured via a fixed and floating charge over the assets of the Group and not restricted to any specific asset.

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

2015
Convertible notes totalling $80,000 were raised during 2015 and loan funds totalling $130,000 were provided to the Group for working capital purposes. The convertible notes are to be repaid at the end of 12 months and the applicable interest rate is 8% per annum. The secured loans have no fixed date of repayment and an applicable interest rate of 7% per annum.

Convertible Note (ii) - the initial fair value of the liability portion of the bond was determined using a market interest rate of 14.9% for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured.

For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

22. EMPLOYEE BENEFITS

	2016	2015
	$	$
Current		
Liability for annual leave	570,325	473,711
Liability for long service leave	854,476	849,347
Liability for non–executive Directors' retirement benefits	216,047	179,221
	1,640,848	1,502,279

Non–Executive Directors Retirement Scheme
The Company provides retiring non–executive Directors with benefits approved by shareholders at the 2000 annual general meeting. The retirement benefit is proportional to the length of service of the non–executive Director and commences after two years of service with the following benefits:

- up to 5 years service – up to 1.875 times their average annual remuneration over the previous three years;
- more than 5 years to 10 years service – between 2.250 and 3.571 times their average annual remuneration over the previous three years;
- more than 10 years to 15 years service – between 3.857 and 5 times their average annual remuneration over the previous three years; and
- more than 15 years service – maximum 5 times their average annual remuneration over the previous three years.

The Group's liability for non–executive Directors' retirement benefits, which is based on the number of years service provided at reporting date, has been included in employee entitlements and in Directors remuneration for all non–executive Directors who are presently entitled to payments under the scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

23. SHARE–BASED PAYMENTS

Employee Options Plan

At 29 November 1994, the Company established an Employee Options Plan that entitles all employees of the Company to receive options. Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the Rules of the Plan, is based on the weighted average price of the Company's shares traded during the five business days preceding the date of granting the option.

All options issued under the Employee Options Plan expire on the earlier of their expiry date or termination of the individual's employment at the discretion of the Directors. Options vest twelve months after they are granted.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

During the financial year, nil employee share options were exercised (2015:Nil).

There are no options outstanding at 30 June 2016 (2015:Nil).

There were no shares issued as share based payments during the 2016 financial year (2015:Nil).

24. TRADE AND OTHER PAYABLES

	2016	2015
	$	$
Current liabilities		
Other trade payables and accrued expenses	2,973,358	2,017,959
	2,973,358	2,017,959

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

25. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Credit risk

Exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. The consolidated entity does not hold any collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to credit risk (continued)

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2016 $	2015 $
Listed equity securities held for trading	16	-	2
Trade and other receivables	15	137,224	26,220
Cash and cash equivalents	17	80,260	158,562
		217,484	184,784

The Group does not have a significant exposure to credit risk outside of Australia. The Group's trade and other receivables include amounts owing from one counterparty totalling $Nil (2015:$Nil). The aging of the Group's loans and receivables at the reporting date was:

	Gross 2016 $	Impairment 2016 $	Gross 2015 $	Impairment 2015 $
Not past due	137,224	-	26,220	-
More than one year	-	-	-	-
	137,224	-	26,220	-

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2016 $	2015 $
Balance at 1 July	-	906,480
Impairment loss recognised	-	-
Impairment written off	-	(645,480)
Recovery of impaired loan	-	(261,000)
Balance at 30 June	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

Refer to going concern note 2(d).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Weighted average interest rate	1 year or less	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Remaining contractual maturities
30 June 2016	**%**	**$**	**$**	**$**	**$**	**$**
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	0%	2,973,358	-	-	-	2,973,358
Unsecured loan	0%	200,000	-	-	-	200,000
Loan - WAFA Mining & Petroleum	0%	-	-	-	-	-
Interest bearing - fixed rate						
Secured loan	7%	1,434,684	-	-	-	1,434,684
Convertible note	8%	157,552	-	-	-	157,552
		4,765,594	-	-	-	4,765,594
30 June 2015						
Non-derivative financial liabilities						
Non-interest bearing						
Trade and other payables	0%	2,017,959	-	-	-	2,017,959
Unsecured loan	0%	200,000	-	-	-	200,000
Loan - WAFA Mining & Petroleum	0%	3,917,730	-	-	-	3,917,730
Interest bearing - fixed rate						
Secured loan	7%	1,325,189	-	-	-	1,325,189
Convertible note	8%	119,640	-	-	-	119,640
		7,580,518	-	-	-	7,580,518

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

There is no exposure within the Group to foreign currency risk at 30 June 2016 (2015:US$3 Million).

25. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest–bearing financial instruments was:

	Carrying amount	
	2016	2015
	$	$
Fixed rate instruments		
Financial liabilities	(1,592,236)	(1,444,829)
	(1,592,236)	(1,444,829)
Variable rate instruments		
Financial assets	80,260	158,562

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by ($137) (2015:$1,586). This analysis assumes all other variables remain constant.

Fair values

Fair value is not significantly different to their carrying amount, and that due to the short-term nature of the current receivables other receivables and payables, their carrying amount is assumed to be the same as their fair value.

The basis for determining fair values is disclosed in note 4.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's listed equity investments are level 1 instruments (refer note 16).

26. OPERATING LEASES

Non–cancellable operating lease rentals are payable as follows:

	2016	2015
	$	**$**
Not later than one year	-	91,396
Later than one year but not later than five years	-	196,459
	-	287,855

The Group has no operating leases.

During the year ended 30 June 2016 $93,286 was recognised as an expense in Profit or Loss in respect of operating leases (2015:$ 87,073).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

27. OTHER COMMITMENTS

Employee compensation commitments

Key management personnel

Commitments under employment contracts not provided for in the financial statements and payable:

Within one year	716,447	716,447
One year or later and no later than three years	752,269	1,432,894
Three years or later	-	-
	1,468,716	2,149,341

28. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2016 the parent Company of the Group was Charter Pacific Corporation Limited.

	Note	COMPANY 2016 $	COMPANY 2015 $
Result of the parent entity			
Loss for the period		(2,516,159)	(3,982,702)
Total comprehensive loss for the period		(2,516,159)	(3,982,702)
Financial position of parent entity at year end			
Current assets		195,171	403,856
Total assets		195,171	5,756,238
Current liabilities		6,381,078	9,065,522
Total liabilities		6,381,078	10,978,645
Total equity of the parent entity comprising of:			
Share capital		28,800,359	27,794,600
Revaluation reserve		-	(4,496)
Option reserve		1,872,243	1,872,243
Foreign currency reserve		-	(546,900)
Accumulated losses		(36,858,509)	(34,337,854)
Total Equity		(6,185,907)	(5,222,407)

Parent entity contingencies

The Directors are of the opinion that no provisions are required in respect of any contingent liabilities.

The Directors are not aware of any contingent liabilities at balance date or at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

29. RELATED PARTIES

Key management personnel compensation

Disclosures relating to key management personnel are set out in the Remuneration Report in the Directors' Report. The aggregate compensation made to Directors and other key management personnel of the consolidated entity is set out below:

	2016 $	2015 $
Short–term employee benefits	793,425	825,748
Other long–term benefits	35,156	56,250
Post employment benefits	114,500	114,500
Termination benefits	-	-
	943,081	996,498

Loans from key management personnel

As at 30 June 2016 total loan funds of $1,315,437 (2015:$1,238,355) are owed to Messrs Dart and Cole by the Company. For more information about the loan, see note 21.

Other related parties

Transfer of motor vehicles of $42,118 (2015:$Nil) to Messrs Dart and Cole which will be settled upon finalisation of new acquisition.

As at 30 June 2016 total receivable balance of $42,118 (2015:$Nil) from Messrs Dart and Cole to the Company. The transactions are on an arm's length basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

30. DISCONTINUED OPERATIONS

On 19 May 2016 the Group announced it had transferred its 60% interest in Legleitat Iron Mauritanie SA (LIM) to Mauritanian partner Groupe WAFA SA, in full and final satisfaction of the US$3 million loan from Groupe WAFA SA who also assumes all liabilities and obligations of Charter Pacific to the Mauritanian Government in respect to the project, thereby discontinuing its operations in the LIM opportunity.

Financial information relating to the discontinued operation to the date of the transfer is set out below.

The financial performance of the discontinued operation to the date of transfer, which is included in loss from discontinued operations per the Statement of Profit or Loss and Other Comprehensive Income, is as follows:

	2016 $	2015 $
Impairment of exploration and evaluation assets	(9,151,328)	-
Impairment of receivables	(3,522,636)	-
Derecognition of liability	6,223,942	-
Expenses relating to exploration and evaluation assets	-	(911,430)
Loss before income tax	(6,450,022)	(911,430)
Income tax expense	-	-
Loss after income tax of discontinued operation	(6,450,022)	(911,430)
Gain on disposal of subsidiary (i)	3,319,296	-
Loss after tax attributable to the discontinued operation	(3,130,726)	(911,430)

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

	2016 $	2015 $
Net cash inflow from operating activities	-	-
Net cash inflow from investing activities	-	-
Net cash inflow from financing activities	-	-
Net decrease in cash generated by the discontinued operation	-	-

Loss on disposal of the subsidiary included in loss from discontinued operations per the Statement of Comprehensive Income.

	2016 $	2015 $
(i) Aggregate details of the transaction are:		
Cash consideration	-	-
Assets and liabilities held at transfer date:		
- Payables	(334,453)	-
- Loan to Groupe WAFA S.A.	(4,120,370)	-
- Foreign currency translation reserve	1,135,527	-
	(3,319,296)	-
Net gain on disposal	3,319,296	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

31. GROUP ENTITIES

Name	Country of Incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Parent entity			
Charter Pacific Corporation Limited			
Controlled entities			
Global Agri Services Pty Ltd (formerly Global Defence Systems Pty Ltd)	Australia	100.0	100.0
West Africa Iron Pty Ltd	Australia	100.0	100.0
West Africa Resources Pty Ltd	Australia	100.0	100.0
West Africa Gold Pty Ltd	Australia	100.0	100.0
Legletait Iron Mauritanie S.A	Mauritania	0.0	60.0
WA Iron Mauritanie S.A	Mauritania	51.0	51.0
WA Resources Mauritanie S.A	Mauritania	51.0	51.0

All entities have a 30 June balance date.

32. AUDITORS' REMUNERATION

	2016 $	2015 $
Audit services:		
Auditors of the Company		
Audit and review of financial reports	57,275	46,525
	57,275	46,525

There were no non-audit services provided during this financial year.

33. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities at balance date or at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

34. TAX ASSETS AND LIABILITIES

The current tax liability for the Group of $Nil (2015:$Nil) represents the amount of income taxes payable in respect of the current and prior financial periods.

The Company as the head entity of the Australian tax–consolidated group has assumed the current tax liability (asset) and deferred tax assets arising from tax losses / credits recognised by the members in the tax consolidated group.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2016 $	2015 $
Tax losses	11,496,956	9,912,568

The deductible temporary differences and tax losses do not expire under current tax legislation.

Deferred tax assets are only recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In July 2016 the Company raised $852,000 through the issue of converting notes to sophisticated investors for working capital requirements and convertible notes in the value of $86,400 were converted to ordinary shares.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

CHARTER PACIFIC CORPORATION LIMITED

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Charter Pacific Corporation Limited, the Directors of the Company declare that:

1. (a) the financial statements and notes, as set out on pages 30 to 71 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standards which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (ii) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the financial year ended on that date of the consolidated Group; 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.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Company Secretary for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporation Act 2001.

Dated at Gold Coast this 29 day of September 2016.

Kevin J Dart
Executive Chairman

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDINGS (as at 9 September 2016)

Substantial shareholders
The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
Mr Kevin Dart + Mr Kevin Dart <Dart Family Super Fund A/c>	36,452,954
Mr Alexander Angelopoulos	10,919,000

Voting rights
Ordinary shares
Refer to note 19 in the financial statements.

Management shares
The voting rights attaching to the management shares are:

> The holder of the management shares when present in person or by proxy or attorney at any general meeting of the Company shall on a poll or any resolution be entitled to as many votes as shall together with votes which the holder may exercise in respect of the shares held solely by him in his own capacity and not as trustee, attorney or otherwise as shall institute thirty per centum (30%) of the votes given personally or by proxy or attorney on such resolution.

Distribution of equity security holders
NUMBER OF EQUITY SECURITY HOLDERS

Category	Ordinary shares
1 – 1,000	313
1,001 – 5,000	733
5,001 – 10,000	300
10,001 – 100,000	368
100,001 and over	168

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,556.

Securities Exchange
The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

Other information
Charter Pacific Corporation Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ASX ADDITIONAL INFORMATION

Twenty largest shareholders

Name	Number of shares held	Percentage of capital held
MR KEVIN JOHN DART & MRS HELEN MARY DART <DART FAMILY SUPER FUND A/C>	34,624,640	16.19%
MR ALEXANDER ANGELOPOULOS	10,919,000	5.11%
PAD NOMINEES PTY LTD	10,000,000	4.68%
OXFORD CAPITAL PTY LTD	10,000,000	4.68%
TUGGERANONG CONSTRUCTION CORPORATION PTY LIMITED	6,783,768	3.17%
JOHN COOK SUPER FUND PTY LTD <JOHN COOK SUPER FUND A/C>	6,397,845	2.99%
MR ROBERT GREGORY LOOBY <FAMILY ACCOUNT>	5,782,391	2.70%
TOPETE PTY LTD <SUPERANNUATION FUND A/C>	5,136,875	2.40%
DAYTON WAY FINANCIAL PTY LTD <CLIENT A/C>	5,000,000	2.34%
ALIMTER PTY LTD <ASHLEY ZIMPEL FAMILY>	4,930,000	2.31%
MS HELENA PENKO <PENKO SUPER FUND ACCOUNT>	3,731,081	1.75%
DAMILBLUE PTY LTD <BOB BARRAKET S/F>	3,025,000	1.41%
FROZZIE INVESTMENTS PTY LIMITED <STANTON FAMILY A/C>	2,500,000	1.17%
MR SIMON SALIBA	2,500,000	1.17%
MR SIMON MELVILLE <S&R MELVILLE SUPER FUND A/C>	2,468,107	1.15%
MR ROBERT GREGORY LOOBY <ROB LOOBY SUPER ACCOUNT>	2,430,484	1.14%
MR COLIN STUART FLYNN	2,328,750	1.09%
MR STEVEN COLE <THE COLE SUPERFUND A/C>	2,295,913	1.07%
MR PAUL ANTHONY HENRY	2,160,000	1.01%
KENNETH JAMES BOWDITCH & JOAN ELLEN DUNNING DALMORE SUPER FUND	2,080,000	0.97%
	125,093,854	58.51%

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