ASX ANNOUNCEMENT

7 April 2016

GRAPHITECORP FORMALISES JV ARRANGEMENTS - CONFIRMED AS JV MANAGER AND MARKETING AGENT

HIGHLIGHTS

- Long form joint venture agreements signed between **Graphitecorp Limited** (ASX: GRA) and Washington H. Soul Pattinson and Company Limited (ASX:SOL) subsidiary Exco Resources Limited (**Exco**) for the exploration and development of the northern and central portions of the Mount Dromedary Flake Graphite Project.
- Graphitecorp holds an 80% interest in the joint venture and is the appointed Manager and Marketing Agent for the joint venture.
- Graphitecorp retains 100% ownership of the southern area of the Mount Dromedary Graphite Deposit within its wholly-owned EPM 17323.

Graphitecorp Limited (ASX: GRA) ("Graphitecorp" or "the Company") is pleased to announce the execution of long form joint venture agreements with its partner in the Mount Dromedary Graphite Joint Venture for the exploration and development of the northern and central areas of the Mount Dromedary Graphite Deposit (the **Joint Venture Area**).

As previously advised in Graphitecorp's 2015 IPO prospectus, the Company holds an 80% interest in the Joint Venture Area, with Exco, a subsidiary of Washington H. Soul Pattinson and Company Limited, holding the remaining 20% interest.

Graphitecorp retains 100% ownership of the southern area of the Mount Dromedary Graphite Deposit within its wholly-owned EPM 17323.

The Mount Dromedary Graphite Joint Venture agreements, the key terms of which are annexed to this announcement, confirm the appointment of Graphitecorp Operations Pty Ltd, a wholly-owned subsidiary of Graphitecorp, as the Manager of the joint venture. Under the arrangements Graphitecorp (or its nominee) will also be appointed as the Marketing Manager and Agent for all products produced by the joint venture.

BACKGROUND TO THE JOINT VENTURE

Graphitecorp has an effective 82% interest in the Mount Dromedary Flake Graphite Deposit based on its currently mapped surface area. This interest includes an 80% interest in what is called the central and northern sections of the deposit, representing approximately 90% of the currently mapped surface area. These central and northern sections of the deposit are jointly (80:20) held with Exco.

During September 2015, Graphitecorp earned its interest in the Exco held Exploration

GRAPHITECORP LIMITED (ACN 157 690 830)
ASX Code: GRA
GPO Box 525 Brisbane Qld 4001 AUSTRALIA
telephone +61 414 970 566 email contact@graphitecorp.com.au

Permits via a "Farm-In" Agreement to explore for and develop graphite over the relevant Sub-Blocks within Exploration Permit for Minerals (EPM) EPM 26025, in the Mount Dromedary area. EPM 26025 encompasses the historical EPMs; EPM 16983, EPM 18128 and EPM 18995. The exploration permit JV area covers 5 Sub-Blocks (Normanton 3123 D, J, N, O and S) for a total area of 14.216 square km (1,421.6 hectares). Mineral Development Licences MDL 389, MDL390 and MDL 401 are excised from the EPM.

An addendum to the Farm-In Agreement was executed in late 2014 to facilitate the early application to the Department of Natural Resources and Mines for a Mining Lease over the main area of the Sub-Blocks.

Graphitecorp is also the 100% owner of EPM 17323, which is contiguous with the portion of the Mount Dromedary graphite deposit within EPM 26025 and contains the south-west extension of graphite mineralisation, which represents approximately 10% of the currently mapped surface area of the deposit.

FOR FURTHER INFORMATION

Philip St Baker
Managing Director
Phone: +61 438 173 330
Email: contact@graphitecorp.com.au
Website: www.graphitecorp.com.au

ABOUT GRAPHITECORP

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

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

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

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

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

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

For more information on Graphitecorp please visit our website at www.graphitecorp.com.au

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

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ANNEXURE
SUMMARY OF KEY TERMS OF JOINT VENTURE

- The participating interests of the participants are: Graphitecorp: 80%; Exco 20%, with contributions on a pro-rata basis (unless a participant elects not to participate)

- The participants have established a management committee responsible for the overall management and control of the Joint Venture, subject to specific matters reserved for the manager, including to adopt a program of expenditure on an annual basis (annual program)

- The management committee will be comprised of two representatives of Graphitecorp (one of which will chair the committee) and one of Exco, until such time as Exco has participating interest of less than 10% or Graphitecorp less than 50%, in which case each participant is entitled to one representative for every 20% participating interest it holds

- Each participant's representative on the management committee will vote on the basis of the participating interest held by that participant (not on a headcount basis)

- Decisions of the management committee are generally by simple majority, other than certain 'reserved items' which, while the participants are only Graphitecorp and Exco, requires a vote of participants holding a participating interest of 90% in aggregate or, otherwise, two-thirds

- The reserved items include (but are not limited to) the approval of the annual program, budget overruns above a materiality threshold, termination of the Joint Venture, project finance over the Joint Venture assets (other than where the security is limited to a participant's participating interest), appointment and removal of the auditor, sale of any Joint Venture assets above a materiality threshold, the approval of a bankable feasibility study (BFS) (which approval may only be withheld in limited circumstances) and a decision to mine (unless such a decision is supported by a BFS)

- The annual program must be approved annually and is the 12 month period ending 30 June

- In the event the parties cannot agree the annual program, there are minimum obligations on the participants to provide sufficient funds to keep the Joint Venture assets in good standing and good condition

- If a participant has acted in good faith, but is unable to procure agreement on the annual program, that participant may initiate a deadlock mechanism, pursuant to which each participant may give notice of a cash price at which it would buy the interests of the other participants, subject only to any approvals required by law. The participant with the highest bid price must buy the other participants' participating interests at that price, with the sale to complete in two tranches. The first trance, in respect of the participating interest required to cause the high bidder to obtain a participating interest of 90%, would settle within two months of the bid process (subject to timing requirements for any approvals required by law) and the second trance, being the remaining 10%, would settle at a time elected by the buyer within six months after the first trance completion. The deferred settlement of the second tranche will attract interest payments in the favour of the seller and the seller may, before completion of the second tranche, elect to maintain its remaining interest

- Participants may give a funding opt-out notice in respect of an annual program, in which case the participant opting out of the funding obligation will be diluted on the basis of an agreed formula

- The manager is entitled to receive a management fee, including a fair allocation of employee costs, in consideration for the role performed under the management agreement,

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including the preparation of an annual program from the management committee to consider and the day-to-day operation of the Joint Venture

- The termination of the manager requires the vote of Graphitecorp or, where the manager breaches its obligations under the management agreement, participants holding two-thirds of the participating interests (excluding any related body corporate of the manager)

- The management committee will meet at least quarterly and a meeting may be convened by any participant holding a participating interest of 20% or more

- A quorum of the management committee is each participant with a participating interest of at least 20% (who is not in default at the relevant time)

- Graphitecorp (or a related body corporate) has the right to be appointed as marketing agent on terms agreed by the parties and will receive remuneration in that role representing 5% of the CIF price of any graphite sold (less any third party costs) with a floor of 2.5%

- Other customary terms and conditions, including obligations to act in good faith, act to preserve the tenements and authorisations, mutual indemnities in respect of liability to third parties as a result of one participant's action, the conduct of management committee meetings, mechanism to deal with overdue cash calls, force majeure, pre-emptive rights, drag-along rights (typically only exercisable with the sanction of participants holding, in aggregate, 90% of the participating interests under the Joint Venture), provision for the participants to enter into cross-charges in a customary form and default events, which may trigger a right of the non-defaulting party to purchase the defaulting party's participating interest at a 10% discount to fair market value