First Graphite Ltd

(Formerly MRL Corporation Limited)
ABN 50 007 870 760

ANNUAL REPORT

30 JUNE 2016

CORPORATE DIRECTORY

DIRECTORS

Warwick Grigor	(Chairman)
Craig McGuckin	(Managing Director)
Peter R. Youd	(Executive Director)
Chris Banasik	(Non-Executive Director)

COMPANY SECRETARY

Peter R. Youd

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Suite 3
9 Hampden Road
Nedlands WA 6009

Telephone: +61 1300 660 448
Facsimile: +61 1300 855 044
Email: info@firstgraphite.com.au
Website: www.firstgraphite.com.au

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited under the trading codes **FGR**, **FGROA** and **FGROB**

SHARE REGISTRY

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth W.A. 6005

Telephone: +61 8 9324 2099
Facsimile: +61 8 9321 2337

AUDITOR

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

SOLICITORS – AUSTRALIA

Steinepreis Paganin
Lawyers and Consultants
Level 4,
The Read Buildings
16 Milligan Street
Perth WA 6000

SOLICITORS – SRI LANKA

Varners
Level 14, West Tower
World Trade Centre
Echelon Square
Colombo 01
Sri Lanka

BANKERS

Westpac Banking Corporation
Level 6
109 St Georges Terrace
Perth WA 6000

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CHAIRMAN'S REPORT

Dear Fellow Shareholder

The 2016 financial year has been one of significant achievements and "Firsts" for your Company.

During September and October 2015 the Company completed a Shareholder Purchase Plan and private placement which raised a total of $4.5m at $0.055 per share. In May 2016 the Company was able to complete a further strongly supported raising of $2.4m at $0.09 per share. These funds have enabled the Company to continue to pursue its stated goal of becoming a producer of high quality graphene from high grade Sri Lankan graphite.

Following extensive bench scale test work undertaken by the University of Adelaide, FGR constructed its first prototype commercial scale production unit for graphene. This unit was successfully commissioned during August and confirmed the scalability of the production process which has been developed by the Company. Having established the ability to produce graphene at very low cost, First Graphite is continuing its work at the University of Adelaide to identify commercial applications of graphene, thereby opening up new markets.

The board sees the production and commercialisation of graphene as providing the most significant driver for your Company's share price appreciation in the future.

The continued exploration efforts of the Company resulted in it being granted additional licences in November 2015 which meant it became the largest holder of graphite exploration licences in Sri Lanka. Drilling at the Aluketiya project provided an intersection of 1.72m of high grade vein graphite over 2.81m. This was the most significant intercept from any FGR drilling program and it is likely the most significant reported graphite intersection in Sri Lankan modern history. Subsequent analysis yielded Length Weighted Average (LWA) 98.41% Total Graphitic Carbon (TGCLOI) with results as high as 99.51% TGCLOI. In another first the Company brought an Australian geophysics company to Sri Lanka to conduct down hole electromagnetic surveys on previously drilled holes at Aluketiya and Pandeniya. These surveys were enormously successful and the results were released to the Australian Securities Exchange on 23 September 2016.

On a mining front the Company was granted an Industrial Mining Licence – A class (IML-A) over the Pandeniya project in April 2016. This was the first new underground graphite mining licence granted in 25 years. This was a clear demonstration of the ability of the Company to take a target area from exploration through to mining.

The future for your Company looks promising with ongoing progress of its own exploration and mining areas and the exciting developments in its graphene strategy.

In closing I would like to thank our shareholders for their continued support. The board would also like to express its thanks to our Managing Director, Mr Craig McGuckin, for his tireless and considerable efforts to advance the Company's projects and his inspirational leadership in building the Sri Lankan team. This team is also to be thanked for their considerable efforts.

The board looks forward to an exciting and rewarding 2016/17 financial year.

Warwick Grigor
Non-Executive Chairman
28 September 2016

REVIEW OF OPERATIONS

OVERVIEW OF OPERATIONS

Graphene Research and Development

Your Company has made considerable progress during the 2016 financial year on its high quality graphene strategy.

About Graphene

Graphene is a natural material which is the basic building block of graphite, achieved when the thickness is reduced to less than 10 atoms. Though it was "discovered" in the 1940s, it took until 2004, before scientists figured out how to isolate it from graphite particles, using the simple "scotch tape" exfoliation method. Since then there has been tremendous interest in graphene with research scientists demonstrating its suitability for combination with a vast range of materials, which greatly enhances the performance of those materials. There has also been an explosion in the number of patents being taken out as industry has been preparing for the start of the new and deeply disruptive "graphene age".

Graphene has been talked about in glowing terms with scientists suggesting confidently it is the key to the future of almost all materials. Its disruptive qualities are one consideration, but what does the path to commercialisation look like? There is no road map, but some parallels can be drawn with the path taken by the internet with graphene being to materials what the internet has been to communications.

To start with the internet was about emails. A major breakthrough occurred with the release of the first web browser in 1994, which turned the web into a user friendly graphical interface communications environment. As computing power increased and technology convergence accelerated we have experienced the development of smart phones and wireless-based applications offering flexibility and commercial opportunity and massive productivity gains well beyond what was first contemplated.

One of the greatest challenges being faced today in commercialising graphene is how to produce high quality material, on a large scale at low cost, and in a reproducible manner. Currently, the synthesis of graphene by conventional methods involves the use of toxic chemicals and these methods usually result in the generation of hazardous waste and poisonous gases. Other methods are capital intensive and complex. Thus the major hurdle in manufacturing graphene on an industrial scale is the process complexity and the associated high cost of its production, which results in expensive product.

The quality of graphene produced is also crucial, as the presence of defects, impurities, grain boundaries, multiple domains, structural disorders, or wrinkles in the graphene sheet can have an adverse effect on its electronic and optical properties.

At First Graphite Limited we have addressed these issues by producing graphene using high-grade, vein graphite from Sri Lanka. Sri Lankan graphite has a unique crystalline structure and is the highest quality, naturally occurring material in the world. The use of electrochemical exfoliation on this unique product was viewed as a method to overcome some of the issues outlined above.

Test work has conclusively demonstrated up to 80% of our unique vein graphite converts to graphene within a short time frame. Furthermore, the graphene platelet size being produced is larger than that produced by other graphite material and graphene production methods with graphene platelets of between 45µm and 78µm regularly produced.

First Graphite promises the ability to dramatically change the cost structure of the graphene supply curve, thereby facilitating the acceleration of the development of applications for consumption of bulk tonnages of graphene in industry.

Sri Lanka

The 2016 financial year has seen significant progress made on the Company's high grade vein graphite projects in Sri Lanka.

The Company holds 39,500ha over thirteen exploration licences together with two granted Industrial Mining Licences, one at Pandeniya and one at Aluketiya. All areas are held 100% in the name of MRL Graphite (Pvt) Ltd, a Sri Lankan subsidiary company.

Pandeniya
(within the Warakapola exploration licences)

In April 2016 the Company was granted Industrial Mining licence IML/A/HO/9405 (IMLA)covering the Pandeniya development area. This was the first new IMLA to have been issued is Sri Lanka for an underground graphite project in over twenty five years and the first to include a full environmental review. The award of this licence demonstrated the capability of the Company to take an area of interest through the exploration phase, apply for licensing and be successful in the conversion process.

Since the award of the licence and at the time of writing the Company has successfully completed the shaft rehabilitation to a depth of 30 metres to the shaft floor. At the bottom of the shaft a further 39 metres of horizontal drives/offset shafts were encountered, these workings were not anticipated in the initial mine plan however have been cleaned out and mapped where safe to do so.

Following cleanout and examining these drives three older shafts were also found together with clear evidence of graphite vein stoping. The age and unstable condition of these old workings made them unsuitable for current use as it was considered to be unsafe for the Company's miners to use as a primary access.

These facts, together with the additional information supplied from the DHTEM, led to a change to the mine plan and the existing shaft is now being sunk a further 15 metres to gain access to the structures identified by the DHTEM and previous diamond drilling below the previously mined areas. To date the shaft has been advanced to 34 metres below the shaft collar.

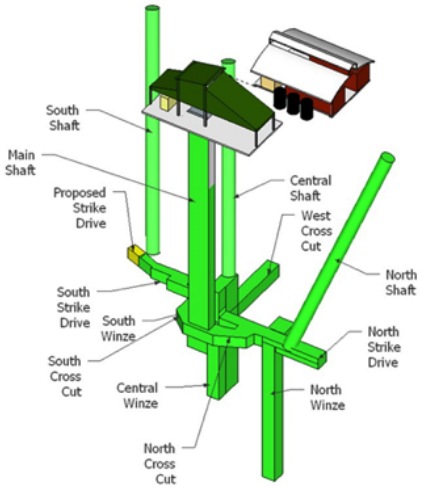

Figure 1: Schematic of shaft development and drives

Aluketiya

At Aluketiya Shaft H has been sunk to a depth of 17 metres. Between 12 and 15 metres a void was encountered which caused significant delays to the shaft sinking efforts. During this activity the shaft liners hung up, in the process of freeing up the liners damage was done to three of the smaller cement liners. This has now been remedied and shaft sinking re-commenced. The mine plan calls for the shaft to be sunk between 28 and 35 metres depth, depending on the ground conditions below the weathered and fresh rock interface. An exploration drive will then be driven 20 metres to the large drill intersection encountered in drill hole ALK11. A second target will be drilled shortly up dip from the large intersection on ALK18 to determine the potential to access that structure from Shaft H.

Shaft J's head frame has been erected and the Company has commenced the installation of the support equipment such as hoists, generators and compressors.

While these delays, while unfortunate, were necessary to amended mine plans and enable a longer term set up for the delivery of ore over a longer period. With the additional prospectively shown from the DHTEM it would have been unwise and short sighted not to have amended the initial plans.

EXPLORATION

In August the Company conducted a downhole electromagnetic (DHTEM) surveys at its Aluketiya and Pandeniya projects. This was the first DHTEM survey to have been conducted in Sri Lanka and proved extremely successful.

Graphite is an excellent conductor of electricity, a property which makes it highly amenable to exploration using electrical techniques. Surface and airborne electromagnetic techniques have been used previously by FGR and other companies to search for graphite in Sri Lanka. The limitation of these techniques is that while presence of graphite can be determined, DHTEM can predict the location of veins in three dimensions.

GEM geophysics provided the field data acquisition services and Southern Geoscience provided the survey planning and data interpretation for the surveys conducted in August 2016.

The full results of this survey were released to the Australian Securities Exchange on 23 September 2016.

ENVIRONMENT

The Directors and management are conscious of ensuring all activities are undertaken with a view to achieving the highest environmental standards which are practically possible.

The Industrial Mining Licence granted to the Company at Pandeniya was the first to include a full environmental review. At Aluketiya the Company successfully converted its Industrial Mining Licence from a category C to a category A following a successful Initial Environmental Examination.

The surface footprint of the mining activities is small and all mining activities are to be conducted underground. As a result, the impact on the surrounding area will be minimal. No processing will occur on the mining location and all mined graphite will be transported to a central processing facility.

SAFETY

Employment and Training Program

All potential full time MRL employees must undergo a Company funded full medical examination prior to commencing employment. All employees are also required to complete a Company funded safety first training course at the commencement of employment and annual refresher courses. All employees are given a stringent safety training program and the Company has two full time Occupational Health, Safety and Environment (OHS&E) Officers.

The safety training and safety standards adopted by the Company are those applicable to the well-developed and proven standards used in the West Australian mining and petroleum industries and exceed the legislative standards imposed in Sri Lanka.

The Company will be ensuring training is provided to all machinery operators by qualified training institutions and personnel. Employees will then be signed out as competent operators for selected pieces of machinery, e.g. cranes, winches, compressors etc.

Refresher courses will be conducted to make sure competence levels are maintained.

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity (referred to hereafter as the 'consolidated entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for this entire period unless otherwise stated.

Warwick Grigor

BEc. LLB, MAusIMM, FAICD

Non-Executive Chairman (Appointed 4 December 2015)

Mr Grigor is a highly respected and experienced mining analyst, with an intimate knowledge of all market related aspects of the mining industry. He is a graduate of the Australian National University having completed degrees in law and economics. His association with mining commenced with a position in the finance department of Hamersley Iron, and from there he moved to Jacksons, Graham, Moore and Partners to become Australia's first specialist gold mining analyst. Mr Grigor left to be the founding research partner at Pembroke Securities and then the Senior Analyst at County NatWest Securities. He left County in 1991 to found Far East Capital Limited which was established as a specialist mining company financier and corporate adviser, together with Andrew "Twiggy" Forrest.

In 2008, Far East Capital sponsored the formation of a stockbroking company, BGF Equities, and Mr Grigor assumed the position of Executive Chairman. This was re-badged as Canaccord Genuity Australia Limited when a 50% stake was sold to Canaccord Genuity Group Inc. Mr Grigor retired from Canaccord in October 2014, returning to Far East Capital.

Special Responsibilities:
Member of the Audit Committee and Remuneration Committee

Other Current Directorships:
Non-executive director of Peninsular Energy Limited

Craig McGuckin

Dip. Minsurv Class 1, Dip Surfmin

Managing Director

Craig McGuckin is a qualified mining professional with 30 years' experience in the mining, drilling and petroleum industries. He has held senior positions including Senior Planning Engineer, Mine Manager and Managing Director of private and publicly listed companies.

No other directorships have been held in the last three years.

Peter Youd

B Bus (Accounting), AICA

Executive Director

Peter Youd is a Chartered Accountant and has extensive experience within the resources and oil and gas services, industries. For the last 28 years Mr Youd has held a number of senior management positions and directorships for publicly listed and private companies in Australia and overseas.

No other directorships have been held in the last three years.

Special Responsibilities:
Member of the Audit Committee

Chris Banasik

B App Sc (Physics), MSc (Econ Geol), Grad Dip Ed, MAusIMM

Non-Executive Director

Mr Banasik was a founding Director of Exploration and Geology for the ASX listed company Silver Lake Resources Limited and held this position from May 2007 until November 2014.

Mr Banasik has a Master's Degree in Mineral Economics from University of WA and Bachelor's Degree in Applied Physics from Curtin University.

Prior to becoming the Director of Exploration and Geology of Silver Lake Resources, he held senior geological management positions over 12 years' with organisations including WMC Resources Ltd, Reliance Mining Ltd, Goldfields Mine Management and Consolidated Minerals Ltd. He has gained extensive experience in every aspect of mining, mineral processing, smelting and refining primarily for gold and nickel.

Former Directorships:
Silver Lake Resources Limited until November 2014

Denis Geldard

(resigned 30 June 2016)

Non-Executive Director

Peter Hepburn-Brown

(resigned 20 November 2015)

Non-Executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Peter Youd

B Bus (Accounting), AICA

Results and Dividends

The Group result for the year was a loss of $4,927,830 (2015: loss of $3,200,472).

No final dividend has been declared or recommended as at 30 June 2016 or as at the date of this report (2015: $ nil).

No interim dividends have been paid (2015: nil).

Principal Activities

During the financial year the principal continuing activities of the consolidated entity were as an explorer and developer of high-grade graphite projects in Sri Lanka. It is also a developer and producer of high technology graphene materials.

Events Since the End of the Financial Year

There are no known subsequent events of a material nature.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Likely Developments and expected results of operations

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, other than as mentioned in the Chairman's Statement and Review of Operations as the Directors have reasonable grounds to believe the continuing market volatility makes it impractical to forecast future profitability and other material financial events.

Directors' and other officers' emoluments

Details of the remuneration policy for Directors and other officers are included in Principle 8: "Remunerate fairly and responsibly" of the Remuneration Report (page 10) and the Corporate Governance Principles (page 17).

Details of the nature and amounts of emoluments for each Director of the Company and Executive Officers are included in the Remuneration Report.

Environmental Regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings 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.

Share Options

At the date of this report, First Graphite Limited has unlisted options holders holding options exercisable into ordinary shares in First Graphite Limited as follows:

Unlisted	Grant Date	Date of Expiry	Exercise Price	Number under option
Share options	31 Oct 2014	31 Oct 2017	$0.092	12,000,000
Share option	11 Jan-2016	11 Jan 2019	$0.10	500,000
Share option	11 Jan-2016	11 Jan 2019	$0.15	500,000

No options were exercised, lapsed or cancelled during the year and to the date of this report.

At the date of this report, First Graphite Limited has listed options holders holding options exercisable into ordinary shares in First Graphite Limited as follows:

Listed	Grant Date	Date of Expiry	Exercise Price	Number under option
Share options ("FGROA")	9 Jan 2013	17 Oct 2016	$0.20	13,000,000
Share options ("FGROA")	6 Mar 2013	17 Oct 2016	$0.20	22,698,551
Share options ("FGROA")	18 Dec 2013	17 Oct 2016	$0.20	5,500,000
Share options ("FGROA")	31 Oct 2014	17 Oct 2016	$0.20	8,200,000
Share options ("FGROB")	28 Apr 2014	21 May 2017	$0.10	25,500,000
Share options ("FGROB")	29 June 2015	21 May 2017	$0.10	28,500,000
Share options ("FGROB")	27 Nov 2015	21 May 2017	$0.10	57,366,282
Share options ("FGROB")	31 May 2016	21 May 2017	$0.10	13,505,000

No options were exercised, lapsed or cancelled during the year and to the date of this report 259,100 options have been exercised after the financial year end.

Directors' meetings

The number of meetings of Directors held during the year and the number attended by each Director was as follows:

	Directors Meetings	
	Meetings Attended	Entitled to Attend
Warwick Grigor (appointed 4 December 2015)	3	3
Craig McGuckin	4	4
Peter Youd	4	4
Chris Banasik	4	4
Denis Geldard (resigned 30 June 2016)	4	4
Peter Hepburn-Brown (resigned 20 November 2015)	-	-

Indemnification and insurance of officers and auditors

During or since the end of the financial year, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums, against costs incurred in defending any writ, summons, application or other originating legal or arbitral proceedings, cross claim or counterclaim issued against or served upon any Director or Officer alleging any wrongful act; or any written or verbal demand alleging any wrongful act communicated to any Director or Officer under any circumstances and by whatever means.

In relation to the other activities of the Company, the Company has not, during or since the financial year, in respect of any person who is or has been an officer of the Company or a related body corporate paid any premiums in regards to indemnification and insurance of Directors and Officers.

No indemnity or insurance is in place in respect of the auditor.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors of First Graphite Limited and Executives of the Group.

Key Management Personnel disclosed in this report

Mr Craig McGuckin	
Mr Peter Youd	
Mr Warwick Grigor	(appointed 4 December 2015)
Mr Chris Banasik	
Mr Denis Geldard	(resigned 30 June 2016)
Mr Peter Hepburn-Brown	(resigned 20 November 2015)

Remuneration Policy

Emoluments of Directors and senior executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and Executives. Details of the nature and amounts of emoluments of each Director of the Company are disclosed annually in the Company's annual report.

Directors and Senior Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

There has been no direct relationship between the Group's financial performance and remuneration of key management personnel over the previous 5 years.

Executive Director Remuneration

Executive pay and reward consists of a base fee and short term performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

The remuneration policy is designed to encourage superior performance and long-term commitment to FGR. At this stage of the Company's development there is no contractual performance based remuneration.

Executive Directors do not receive any fees for being Directors of FGR or for attending Board and Board Committee meetings.

All Executive Directors, Non-Executive Directors and responsible executives of FGR are entitled to an Indemnity and Access Agreement under which, inter alia, they are indemnified as far as possible under the law for their actions as Directors and officers of FGR.

Non-Executive Director Remuneration

The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals. This Policy is subject to annual review. All of the Directors' option holdings are fully disclosed. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide Non-Executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Non-Executive Directors are remunerated for their services from the maximum aggregate amount (currently $300,000 per annum) approved by shareholders for this purpose. They receive a base fee, which is currently set at $25,000 per annum per non-executive Director and $30,000 per annum for the non-executive Chairman. There are no termination payments to Non-Executive Directors on their retirement from office.

The Company's policy for determining the nature and amounts of emoluments of Board members and Senior Executives of the Company is set out below:

Setting Remuneration Arrangements

The Company has established a separate Remuneration Committee. Members of the Remuneration Committee are Chris Banasik and Warwick Grigor. The Remuneration Committee complies with Recommendation 8.2 in that the committee consists of only non-executive directors.

Executive Officer Remuneration, including Executive Directors

The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors, including length of service, the particular experience of the individual concerned, and the overall performance of the Company. The contracts for service between the Company and specified Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Executive Directors and Executives are paid employee benefit entitlements accrued to the date of retirement.

As an incentive, the Company has adopted an employee share option plan. The purpose of the plan is to give employees, directors and officers of the Company an opportunity, in the form of options, to subscribe for shares. The Directors consider the plan will enable the Company to retain and attract skilled and experienced employees, board members and officers, and provide them with the motivation to make the Company more successful.

Details of remuneration for the year ended 30 June 2016

The remuneration for each director and key management executives of the Group during the year was as follows:

	Short term incentives & other benefits					Share Based Payments	Post-employment benefits		Value of remuneration which is performance related
	Base consulting fee	Travel allowance	Vehicle allowance	Other allowances	Director's fees	Share options		Total	
30 June 2016	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**%**
Executive Directors							-		
Craig McGuckin(i)	500,000	65,330	15,000	43,750	-	126,587	-	750,667	0
Peter Youd(i)	280,000	42,888	12,000	26,600	-	126,587	-	488,075	0
Non-executive Directors									
Warwick Grigor(ii)	24,000			279,248(iii)	7,500	126,587	-	437,335	0
Chris Banasik	48,000	-		-	25,000	25,317	-	98,317	0
Denis Geldard(iv)	-	-	-	-	25,000	-	-	25,000	-
Peter Hepburn-Brown(v)	-	-	-	-	8,333	-	-	8,333	-
Total	852,000	108,218	27,000	349,598	65,833	405,078	-	1,807,727	

(i) Mr Craig McGuckin and Mr Peter Youd do not receive director's fees however are compensated in accordance with their respective consultant agreement.

(ii) Appointed 4 December 2015

(iii) Placement fees paid to Far East Capital Limited for equity raisings in December 2015 and May 2016

(iv) Resigned 30 June 2016

(v) Resigned 20 November 2015

	Short term incentives & other benefits							Share Based Payments	Post-employment benefits		
	Base consulting fee	Travel allowance	Vehicle allowance	Other allowances	Key Performance Indicator Bonus[(v)]	Director's fees	Previously deferred remuneration	Share options		Total	Value of remuneration which is performance related
30 June 2015	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**A$**	**%**
Executive Directors									-		
Craig McGuckin[(i)]	299,983	79,084	10,000	17,500	125,000	-	-	314,050	-	845,617	0
Peter Youd[(i)]	256,666	35,536	12,000	24,383	125,000	-	50,000	314,050	-	817,635	0
Non-executive Directors											
Peter Hepburn-Brown	45,000	-	-	-	-	25,000	10,416	62,810	-	143,226	0
Chris Banasik[(ii)]	9,000	-	-		-	2,083	-	-	-	11,083	0
Denis Geldard	-	-	-	-	-	25,000	-	62,810	-	87,810	0
Joel Chong[(iii)]	6,400	-	-	-	-	10,417	-	-	-	16,817	0
Peter Reilly[(iv)]	-	-	-	-	-	6,250	-	-	-	6,250	0
Total	617,049	114,620	22,000	41,883	250,000	68,750	60,416	753,720	-	1,928,438	

(i) Mr Craig McGuckin and Mr Peter Youd do not receive director's fees however are compensated in accordance with their respective consultant agreement.

(ii) Appointed 20 May 2015

(iii) Appointed 30 September 2014 Resigned 20 May 2015

(iv) Resigned 30 September 2014

(v) Messrs McGuckin and Youd have exceeded the criteria established by the Remuneration Committee which entitle them to the Key Performance Indicator Bonus. While entitled to the bonuses as at the end of the 2014 calendar year Messrs McGuckin and Youd have neither billed nor been paid their entitlements.

Relationship between Remuneration and Company Performance

There is not a connection between the profitability of the Company and remuneration as the Company is not generating revenues.

Name	% Fixed remuneration	% Short Term Incentive	% Long Term Incentive
Craig McGuckin	83.14	-	16.86
Peter Youd	74.06	-	25.94
Warwick Grigor	71.05	-	28.95
Chris Banasik	74.25	-	25.75
Denis Geldard	100.00	-	-
Peter Hepburn-Brown	100.00	-	-

Service Agreements

Remuneration and other terms of employment for the executives are formalised in service agreements. These agreements specify the components of remuneration benefits and notice periods. The material terms of service agreements with the Executive Directors are noted as follows:

Name	Term of agreement and notice period	Base fee	Termination payment(3)
Mr Craig McGuckin	No fixed term; 12 months(1)	(2)$447,000	None
Mr Peter Youd	No fixed term; 12 months(1)	(2)$318,600	None

(1) The twelve-month notice period applies only to the Company. The executive is required to give three months' notice.

(2) Base fee quoted are for the period ended 30 June 2016 includes vehicle allowance and an additional allowance equal to 9.5% of the base fee. A travel allowance based on the number of days spent away from Australia is also payable. They are reviewed annually by the Board

(3) Notice period of termination benefit in lieu of notice (on behalf of the Company), other than for gross misconduct.

There are no other service agreements in place.

Shares-based compensation

Shares issued as part of remuneration for the year ended 30 June 2016

No shares were issued to directors and other key management personnel as part of compensation during the year.

Options issued as part of remuneration for the year ended 30 June 2016

The Black Scholes Model - Simple European Call Option method was used as the basis for valuation of the options granted. The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant Date	Vesting date and exercisable date	Date of Expiry	Exercise price	Fair value per option at grant date	Fair value of options granted	% Vested
9 Jan 2013	9 Jan 2013	17 Oct 16	$0.20	$0.128	$1,344,000	100
28 April 2014	28 April 2014	21 May 2017	$0.10	$0.033	$430,333	100
31 Oct 2014	31 Oct 2014	31 Oct 2017	$0.092	$0.0628	$753,720	100
27 Nov 2015	21 May 2017	21 May 2017	$0.10	$0.0253	$405,079	100

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Directors	Number of options granted during the year	Number of options vested during the year	Value of options granted	Value of options exercised	Value of options lapsed or forfeited
				$	$
Craig McGuckin	5,000,000	5,000,000	126,587	-	-
Peter Youd[(i)]	5,000,000	5,000,000	126,587	-	-
Warwick Grigor	5,000,000	5,000,000	126,587	-	-
Chris Banasik	1,000,000	1,000,000	25,317	-	-
Total	16,000,000	16,000,000	405,078	-	-

(i) Options granted to Mr Youd include 1 million which were allotted to his nominees

These share options do not have service or performance vesting criteria as they have been granted to directors for their commitment and contributions to the Group to date.

Options and rights holdings held by key management personnel

Directors	Balance 01.07.15	Granted	Exercised	Other	Balance 30.06.16	Total vested 30.06.16	Vested & exercisable 30.06.16	Vested & un-exercisable 30.06.16
C McGuckin	16,270,109	5,000,000	-	272,728	21,542,837	21,542,837	21,542,837	-
P Youd[(i)]	16,770,109	3,000,000	-	(36,363)	19,733,746	19,733,746	19,733,746	-
W Grigor[(i)]	-	5,000,000	-	10,295,000	15,295,000	15,295,000	15,295,000	-
C Banasik	-	1,000,000	-	636,364	1,636,364	1,636,364	1,636,364	-
D Geldard[(ii)]	2,500,000	-	-	(2,500,000)	-	-	-	-
P Hepburn-Brown[(iii)]	2,000,000	-	-	(2,000,000)	-	-	-	-

(i) Adjusted for options no longer held in a trustee capacity as these securities are now held by the beneficiaries directly.

(ii) Appointed 4 December 2015

(iii) Resigned 30 June 2016

(iv) Resigned 20 November 2015

Directors	Balance 01.07.15	Granted	Acquired	Other	Balance 30.06.16
C McGuckin	7,085,786	-	545,454	-	7,631,240
P Youd	6,094,794	-	416,727	-	6,511,521
W Grigor[(i)]	-	-		13,105,946	13,105,946
Chris Banasik	500,000	-	272,727	-	772,727
D Geldard[(ii)]	2,516,800	-	-	(2,516,800)	-
P Hepburn-Brown[(ii)]	201,600	-	90,909	(292,509)	-

(i) Appointed 4 December 2015

(ii) Resigned 30 June 2016

(iii) Resigned 20 November 2015

Transactions with other related parties

During the reporting period, there were no other payments to related parties.

There were no loans or other transactions with key management personnel.

No remuneration consultants were utilised as at this point in the Company's development as this would be a waste of shareholders' valuable funds.

Voting Rights

At the 2015 Annual General Meeting held on 27 November 2015 there were 0.81% of the votes against the adoption of the remuneration report.

End of audited Remuneration Report

AUDITOR'S INDEPENDENCE

The Directors received the independence declaration from the auditor of First Graphite Limited as stated on page 18.

Non-audit services

During the period BDO Corporate Tax (WA) Pty Ltd was paid $17,315 for the provision of taxation services (2015: $29,977). BDO Corporate Tax (WA) Pty Ltd is an affiliate member of BDO Audit (WA) Pty Ltd. Refer to Note 22 for further details

Signed in accordance with a Resolution of the Directors.

Craig McGuckin

Managing Director

Dated at Perth this 28th day of September 2016

CORPORATE GOVERNANCE STATEMENT

The Company's full Corporate Governance Statement is available on the Company's website,

www.firstgraphite.com.au/corporate/corporate-governance.html

A completed Appendix 4G and the full Corporate Governance Statement have been lodged with the Australian Securities Exchange as required under Listing Rules 4.7.3 and 4.7.4.

AUDITOR'S INDEPENDENCE DECLARATION

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF FIRST GRAPHITE LIMITED

As lead auditor of First Graphite 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 First Graphite Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016	2015
Continuing operations		**A$**	A$
Other revenue		**-**	-
Revenue	5(a)	**-**	-
Administration expense	5(b)	**(970,969)**	(1,026,827)
Insurance		**(81,070)**	(58,781)
Legal fees		**(49,167)**	(50,326)
Employee benefits expense	5(c)	**(37,638)**	(15,084)
Occupancy costs		**(221,639)**	(180,197)
Communication costs		**(60,577)**	(51,404)
Project assessment expense		**(51,933)**	(1,433,175)
Development costs		**(2,708,769)**	-
Depreciation and amortisation		**(77,711)**	(14,998)
Options expense	5(e)	**(431,896)**	(753,720)
Share based payments expense	5(d)	**-**	(16,500)
Operating loss		**(4,691,369)**	(3,601,012)
Finance income	5(f)	**16,321**	198,065
Finance expense		**(2,176)**	-
Loss from continuing operations before tax		**(4,677,224)**	(3,402,947)
Income tax (expense)/benefit	6	**-**	-
Loss after income tax attributable to the owners of First Graphite Limited		**(4,677,224)**	(3,402,947)
Other comprehensive income			
Items which may be reclassified to profit and loss			
Exchange differences arising on translation of foreign operations		**(250,606)**	202,475
Other comprehensive income for the year		**(250,606)**	202,475
Total comprehensive loss for the year attributable to the owners of First Graphite Limited		**(4,927,830)**	(3,200,472)
Loss per share for the year attributable to the owners of First Graphite Limited			
Basic (loss) per share (cents per share)	7	**(1.86)**	(2.03)
Diluted (loss) per share (cents per share)	7	**(1.86)**	(2.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Note	2016	2015
		A$	A$
Assets			
Current assets			
Cash and cash equivalents	9	**3,101,282**	1,055,093
Trade and other receivables		**20,471**	36,172
Other current assets		**71,962**	32,339
Total current assets		**3,193,715**	1,123,604
Non-current assets			
Exploration and evaluation assets	11	**1,848,446**	1,910,640
Property, plant and equipment	12	**421,890**	61,556
Total non-current assets		**2,270,337**	1,972,196
Total assets		**5,464,052**	3,095,800
Liabilities			
Current liabilities			
Trade and other payables	13	**667,730**	484,782
Lease liabilities		**23,073**	-
Total current liabilities		**690,803**	484,782
Non-current liabilities			
Lease liabilities		**73,904**	-
		73,904	-
Total liabilities		**764,706**	484,782
Net assets		**4,699,345**	2,611,018
Equity			
Issued capital	14	**67,328,257**	60,743,995
Reserves		**3,344,348**	3,163,058
Accumulated losses		**(65,973,260)**	(61,296,035)
Total equity		**4,699,345**	2,611,018

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Issued capital	Share based payments reserve	Translation reserve	Accumulated losses	Total
Consolidated Group					
As at 1 July 2015	**60,743,995**	**2,848,053**	**315,005**	**(61,296,035)**	**2,611,018**
Loss for the year	-	-	-	(4,677,224)	(4,677,224)
Foreign currency translation	-	-	(250,606)	-	(250,606)
Total comprehensive loss for the year	-	-	(250,606)	(4,677,224)	(4,927,830)
Transactions with owners in their capacity as owners					
Share placement during the year	7,009,691	-	-	-	7,009,691
Share issue costs	(425,429)	-	-	-	(425,429)
Issue of options	-	431,896	-	-	431,896
30 June 2016	**67,328,257**	**3,279,949**	**64,399**	**(65,973,259)**	**4,699,346**
As at 1 July 2014	**58,281,263**	**2,094,333**	**112,530**	**(57,893,088)**	**2,595,038**
Loss for the year	-	-	-	(3,402,947)	(3,402,947)
Foreign currency translation	-	-	202,475	-	202,475
Total comprehensive loss for the year	-	-	202,475	(3,402,947)	(3,200,472)
Transactions with owners in their capacity as owners					
Share placement during the year	2,647,500	-	-	-	2,647,500
Share issue costs	(184,768)	-	-	-	(184,768)
Issue of options	-	753,720	-	-	753,720
30 June 2015	**60,743,995**	**2,848,053**	**315,005**	**(61,296,035)**	**2,611,018**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	2016	2015
		A$	A$
Cash flows from operating activities			
Payments to suppliers and employees		**(4,200,932)**	(2,338,196)
Interest received		**12,963**	18,663
Interest paid		**(2,176)**	-
Net cash outflows from operating activities	17	**(4,190,145)**	(2,319,533)
Cash flows from investing activities			
Payments for property, plant and equipment		**(347,982)**	(45,175)
Net cash outflows from investing activities		**(347,982)**	(45,175)
Cash flow from financing activities			
Proceeds from rights issue/placement of shares		**7,009,691**	2,148,000
Payment of share issue/capital raising costs)		**(425,429)**	(141,768)
Finance lease payments		**(3,305)**	-
Net cash inflows from financing activities		**6,580,957**	2,006,232
Net increase/(decrease) in cash and cash equivalents		**2,042,830**	(358,476)
Cash and cash equivalents at beginning of the year		**1,055,093**	1,230,499
Effect of exchange rate fluctuations on cash held		**3,359**	183,070
Cash and cash equivalents at end of the year	9	**3,101,282**	1,055,093

The above consolidated statement of cash flows should be read in conjunction with the accompanying note

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value basis of accounting has been applied.

These consolidated financial statements are presented in Australian Dollars (A$), which is the Company's functional currency.

The accounting policies detailed below have been consistently applied to all of the period presented unless otherwise stated.

a) Authorisation of financial statements and statement of compliance with IFRS

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of First Graphite Limited and controlled entities (Group). First Graphite Limited (FGR) is a listed public Company, incorporated and domiciled in Australia.

The financial report of the Group complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

b) Going Concern

For the year ended 30 June 2016 the entity recorded a loss of $4,927,830 and had net cash outflows from operating activities of $4,190,145.

The ability of the entity to continue as a going concern is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. Subsequent to year end the entity expects to receive additional funds via the sale of equity securities to either existing or new shareholders

The financial statements have been prepared on the basis that the 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:

- In the event of further funds not being raised the entity's activities would be wound back to a sustainable level.

Should the 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 and that 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 entity not continue as a going concern.

2. ACCOUNTING POLICIES

a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has to, variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

The acquisition method of account is used to account for business combinations by the Group.

Intercompany transactions, balance and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

b) Foreign currency translation

The financial report is presented in Australian dollars, which is First Graphite Limited's functional and presentation currency.

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.

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 rate at the date of the transaction, 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.

c) Taxes

Income taxes

The charge for current income tax expense is based on the profit for the period adjusted for any non- assessable or disallowed items. It is calculated using tax rates which have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates which are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss except where it relates to items which may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent it is probable future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for taxable temporary differences arising on the recognition of indefinite life intangibles including goodwill and trademarks.

The amount of benefits brought to account or which may be realised in the future is based on the assumption no adverse change will occur in income taxation legislation and the anticipation the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

FGR formed an income tax Group under the Tax Consolidation Regime effective 1 July 2003, and its wholly-owned Australian subsidiaries were members of the tax consolidated group. Under Australian Accounting Interpretation 1052, each entity in the Group recognises its own current and deferred tax amounts, except for any deferred tax assets resulting from unused tax losses and tax credits assumed by the head entity. A new subsidiary, MRL Corporation Pty Ltd was incorporated in December 2011 and joined as a member of the existing tax consolidated

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

d) Financial Instruments

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs for financial assets and liabilities not at fair value through the profit and loss, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit and loss in Statement of profit or loss.

e) Exploration and evaluation assets

Only acquisition-related expenditure has been capitalised.

The Company will expense exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

i) The expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

ii) Activities in the area of interest have not at the reporting date, 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 areas of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to this area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide it is not commercial, and accumulated costs in respect of the area are written off in the financial period the decision is made.

f) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss in Statement of profit or loss.

Impairment testing is performed annually for goodwill and other intangible assets.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure which is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Plant and equipment 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity Gains and losses between the carrying amount and the disposal proceeds are taken to the profit and loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

h) Contributed equity

Ordinary shares are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

i) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits which are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable an outflow of economic benefits will results and this outflow can be reliably measured.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for customer account transactions and the GST component of investing and financing activities, which are disclosed as operating cash flows.

m) Revenue recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

All revenue is stated net of the amount of goods and services tax (GST).

n) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets which necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area that may have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Company which may lead to impairment of exploration and evaluation assets, and plant and equipment. Where an impairment trigger exists under the relevant standard the recoverable amount of the asset is determined. The recoverable amount of the asset is the higher of its value in use and its fair value less cost to sell. Value-in-use calculations performed in assessing the recoverable amounts incorporate a number of key estimates and fair value less cost to sell is determined using market rates.

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model, using the assumptions detailed in Note 15.

q) Share-based payments transactions

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, which are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model which takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share the expected dividend yield and the risk free interest rate for the term of the option together with non-vesting conditions which do not determine whether the consolidated entity receives the services which entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards which are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at this date multiplied by the expired portion of the vesting period;
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not the market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification which increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Where equity instruments are granted to persons other than directors or employees the consolidated Statement of Profit or Loss and Other Comprehensive Income is charged with the fair value of any goods or services received.

r) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares which have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period which would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s) New standards and interpretations not yet adopted

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2016. They have not been adopted in preparing the financial statements for the year ended 30 June 2016 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application Date	Impact on Initial Application
AASB 9 (issued December 2014)	Financial Instrument	**Classification and measurement** AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. **Impairment** The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.	Annual reporting periods beginning on or after 1 January 2018	Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application Date	Impact on Initial Application
		A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months. For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model. **Hedge accounting** Under the new hedge accounting requirements: • The 80-125% highly effective threshold has been removed • Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable • An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI. • When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI • Net foreign exchange cash flow positions can qualify for hedge accounting.		
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	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 those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Annual reporting periods beginning on or after 1 January 2018	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

AASB reference	Title and Affected Standard(s)	Nature of Change	Application Date	Impact on Initial Application
AASB 16 (issued February 2016)	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, deposits with banks, local money market instruments and short-term investments. The accounting policy with respect to these financial instruments is described in note 2.

Financial risk management structure:

Board of Directors

The Board is ultimately responsible for ensuring there are adequate policies in relation to risk oversight and management and internal control systems. The Group's policies are designed to ensure financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

(b) Financial risks

Credit risk

Credit risk refers to the risk a counterparty will default on its contractual obligation resulting in financial loss to the Group. Credit risk is managed on a group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or group of counterparties. The Group has no significant concentrations of credit risk.

It is the Group's policy to place funds generated internally and from deposits with clients with high quality fi institutions. The Group does not employ a formalised internal ratings system for the assessment of credit exposures. Amounts due from and to clients and dealers represents receivables sold and payables for securities purchased which have been contracted for but not yet settled on the reporting date, respectively. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis.

Exposure to credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position and the notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The Group's maximum exposure to credit risk without taking account of any collateral or other credit enhancements at the reporting date was $1,055,093 (2015: $1,230,499).

The Company banks with Westpac Banking Corporation (Westpac). Westpac is rated AA- and Stable by Standard and Poor's rating agency.

	Group	
	2016	2015
Cash and cash equivalents	**3,101,282**	1,055,093
	3,101,282	1,055,093

Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses which have been incurred at the reporting date, based on objective evidence of impairment. All credit exposures are reviewed at least annually. Impairment allowances on credit exposures are determined by an evaluation of the incurred loss at the reporting date. For the purposes of the Group's disclosures regarding credit quality, its financial assets have been analysed as follows:

	Neither Past Due nor individually impaired	Past due but not individually impaired	Individually impaired	Total	Impairment allowance	Total carrying amount
Consolidated 30 June 2016	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	**3,101,282**	**-**	**-**	**3,101,282**	**-**	**3,101,282**
	3,101,282			**3,101,282**		**3,101,282**
Consolidated 30 June 2015	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	1,055,093	-	-	1,055,093	-	1,055,093
	1,055,093	-	-	1,055,093	-	1,055,093

Financial assets past due but not individually impaired

For the purpose of this analysis an asset is considered past due when any payment due under the contractual terms is received one day past the contractual due date. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis. Credit risk is also mitigated as securities held for the counterparty by the Group can ultimately be sold should the counterparty default. There were no renegotiated financial assets during the year.

Collateral pledged or held

There is no collateral held as security by the Group or its controlled entities.

Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring forecast cash requirements and cash flows.

The primary objective of the Group is to manage short-term liquidity requirements in such a way as to minimise financial risk. The Group maintains sufficient cash resources to meet its obligations, cash deposits are repayable on demand.

The tables below present the cash flows receivable and payable by the Group under financial assets and liabilities by remaining contractual maturities at the reporting date. The amounts disclosed are the contractual, undiscounted cash flows.

	Weighted average effective interest rate	Floating interest rate Within one year	Fixed interest Within one year	Fixed interest 1-5 years	Non-interest bearing Within one year	Non-interest bearing 1-5 years	Total
30 June 2016	%	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	0.31	**3,101,282**	-	-	-	-	**3,101,282**
Total Financial assets at 30 June 2015		**3,101,282**	-	-	-	-	**3,101,282**
Financial liabilities							
Trade and other payables	n/a	-	-	-	**667,730**	-	**667,730**
Total financial liabilities at 30 June 2016		-	-	-	**667,730**	-	**667,730**
30 June 2015	%	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	0.31	**1,055,093**	-	-	-	-	**1,055,093**
Total Financial assets at 30 June 2015		**1,055,093**	-	-	-	-	**1,055,093**
Financial liabilities							
Trade and other payables	n/a	-	-	-	**484,782**	-	**484,782**
Total financial liabilities at 30 June 2015		-	-	-	**484,782**	-	**484,782**

Trade and other payables and loans to related parties and shareholders are expected to be paid as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
30 June 2016				
Trade and other payables (refer note 13)	667,730	-	-	-
	667,730	-	-	-
30 June 2015				
Trade and other payables (refer note 13)	484,782	-	-	-
	484,782	-	-	-

Market Risk

Market risk is the risk the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Foreign exchange risk

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

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

The Group's profitability can be significantly affected by movements in the $US/$A exchange rates, and to a lesser degree, though movements in the Sri Lankan Rupee verses the Australian dollar. Through reference to industry standard practices, and open market foreign currency trading patterns within the past 12 months, the group set the level of acceptable foreign exchange risk.

The Group seeks to manage this risk by holding foreign currency in $US and Sri Lankan Rupee.

Sensitivity analysis

The following table does not include intra group financial assets and liabilities. It summaries the sensitivity of the Group's financial assets and liabilities to external parties at 30 June 2016 to foreign exchange risk, based on foreign exchange rates as at 30 June 2016 and sensitivity of +/-10%:

	30 June 2016 rate (cents)
US$/A$	0.7417
LKR/A$	110.98

Market Risk

	Foreign exchange risk	
2016	**2016**	2015
Change in profit/loss due to:	**A$**	A$
Improvement in AUD by 5%	**(84,318)**	(40,741)
Decline in AUD by 5%	**84,318**	40,741
Change in equity due to:		
Improvement in AUD by 5%	**(84,318)**	(40,741)
Decline in AUD by 5%	**84,318**	40,741

(ii) Interest rate risk

Group

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash position. A change of 100 basis points in interest rates at the reporting date would result in a change of profit or loss by the amounts shown below. This analysis assumes all other factors remain constant.

Profile

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

		Interest rate risk			
		-10bps		+10bps	
	2016 A$	Profit	Equity	Profit	Equity
Floating rate instruments					
Cash at bank	**3,101,282**	**(998)**	**-**	**998**	**-**
	3,101,282	**(998)**	**-**	**998**	**-**
	2015 A$				
Floating rate instruments					
Cash at bank	1,055,093	(356)	-	356	-
	1,055,093	(356)	-	356	-

(c) Net fair values

Fair value versus carrying amount

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments which are carried in the financial statements.

Methodologies and assumptions

For financial assets and liabilities which are liquid or have short term maturities it is assumed the carrying amounts approximate to their fair value.

		30 June 2016		30 June 2015	
	Note	Carrying amount	Net fair value	Carrying amount	Net fair value
		A$	A$	A$	A$
Assets carried at amortised cost					
Trade and other receivables		**20,471**	**20,471**	36,172	36,172
Total financial assets		**20,471**	**20,471**	36,172	36,172
Liabilities carried at amortised cost					
Trade and other payables	13	**667,730**	**667,730**	484,782	484,782
Total Financial Liabilities		**667,730**	**667,730**	484,782	484,782

4. SEGMENT REPORTING

(a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports which are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The existing operating segments are identified by management based on the manner in which the Group's operations were carried out during the financial year. Discrete financial information about each of these operating businesses is reported to the Board on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the asset base and revenue or income streams, as these are the sources of the Group's major risks and have the most effect on the rates of return. The Group's segment information for the current reporting period is reported based on the following segments:

Mining and exploration activities

The Board has determined the Company has one reportable segment, being mineral exploration and development in Sri Lanka. As the Company is focused on mineral exploration, the Board monitors the Company based on actual verses budgeted exploration expenditure incurred by area of interest.

Corporate services

This segment reflects the overheads associated with maintaining the ASX listed FGR corporate structure, identification of new assets and general management of an ASX listed entity.

	Exploration		**Corporate Services**		**Total**	
Business Segment	**2016**	2015	**2016**	2015	**2016**	2015
	A$	A$	**A$**	A$	**A$**	A$
Revenue from external customers	**-**	-	**-**	-	**-**	-
Interest revenue	**2,555**	11,117	**10,408**	7,546	**12,963**	18,663
Operating loss	**(1,770,688)**	(2,271,621)	**(2,906,536)**	(1,131,326)	**(4,677,224)**	(3,402,947)
Depreciation expense	**30,754**	12,297	**43,228**	2,701	**73,982**	14,998
Amortisation expense	**3,729**	-	**-**	-	**3,729**	-
Segment assets	**373,135**	1,541,325	**5,090,917**	1,554,475	**5,464,052**	3,095,800
Segment liabilities	**145,383**	21,851	**619,323**	462,931	**764,706**	484,782

(b) Geographical areas

In presenting the information on the basis of geographical areas, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	2016		2015	
Geographical segments	**Revenue**	**Total Assets**	Revenue	Total Assets
Australia	**10,408**	**5,090,917**	7,546	1,554,475
Sri Lanka	**2,555**	**373,135**	11,117	1,541,325
Total	**12,963**	**5,464,052**	18,663	3,095,800

(c) Reconciliation of segment assets and liabilities to the Statement of financial Position

Reconciliation of segment assets to the Statement of Financial Position

	2016	2015
Total segments assets	**9,106,133**	5,602,951
Inter-segment elimination	**(3,642,081)**	(2,507,151)
Total assets per statement of financial position	**5,464,052**	3,095,800

Reconciliation of segment liabilities to the Statement of Financial Position

	2016	2015
Total segments liabilities	**4,881,623**	2,864,307
Inter-segment elimination	**(4,116,917)**	(2,379,525)
Total liabilities per statement of financial position	**764,706**	484,782

5. OPERATING PROFIT AND FINANCE INCOME AND EXPENSE

Revenue and expenses from continuing operations

	Notes	2016	2015
(a) Other revenue			
(b) Other administrative expenses includes:			
Financial administration and other consultancy		**294,272**	108,784
Directors fee and directors consulting fee		**865,523**	564,237
Audit and accounting fees		**35,319**	28,755
Other accounting services		**22,614**	31,352
ASX listing and share registry fees		**163,301**	103,529
Travel and accommodation		**110,689**	128,705
(c) Employee benefits expense			
As at 30 June 2016: 35 employees remained within the group (2015: 14)		**37,638**	15,084
(d) Share based payments expense	15	**-**	16,500
(e) Options expense	15	**431,896**	753,720
(f) Finance income and expense			
Interest income on bank deposits		**12,963**	18,663
Foreign exchange gain		**3,358**	179,402
		16,321	198,065

6. INCOME TAX

The major components of income tax expense are:

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2016	2015
Total loss before income tax from all activities	**(4,677,224)**	(3,402,947)
Prima facie tax benefit on loss before income tax at 30% (2015: 30%)	**(1,403,167)**	(1,020,884)
Unrecognised temporary differences		49,778
Unrecognised tax losses		971,106
Income tax expense	**-**	-
Income tax expense from continuing activities	**-**	-
Total income tax expense	**-**	-
Unused tax losses for which no deferred tax has been recognised	**(10,825,257)**	(7,942,097)
Potential tax benefit at 30%	**(3,247,577)**	(2,382,629)

The Group has Australian revenue losses from previous years for which no deferred tax assets have been recognised. The availability to utilise these losses in future periods is subject to review in the relevant jurisdictions.

7. EARNINGS PER SHARE

	2016	2015
	A$	A$
Net loss used in calculating basic loss per share	**(4,677,224)**	(3,402,947)
Net loss used in calculating diluted loss per share	**(4,677,224)**	(3,402,947)
	Number of shares	Number of shares
Weighted average ordinary shares used in calculating basic earnings per share	**251,700,071**	167,830,971
Weighted average ordinary shares used in calculating basic earnings per share	**251,700,071**	167,830,971
Basic loss per share - cents per share	**(1.86)**	(2.03)
Diluted loss per share - cents per share	**(1.86)**	(2.03)

8. DIVIDENDS PAID AND PROPOSED

No final dividend has been proposed or paid during the year (2015: $nil)

9. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	2016	2015
	A$	A$
Cash at bank and in hand	3,101,282	1,055,093
	3,101,282	1,055,093

The Group's maximum exposure to financial risk is disclosed in note 3.

10. INTERESTS IN OTHER ENTITIES

		Proportion of voting rights and shares held			
	Principal activity in the year	2016	2015	Class of shares held	Place of Incorporation
MRL Investments (Pvt) Ltd	Holding company	100%	100%	Ordinary	Sri Lanka
MRL Graphite (Pvt) Ltd	Graphite exploration and mining	100%	100%	Ordinary	Sri Lanka

11. EXPLORATION AND EVALUATION ASSETS

	2016	2015
	A$	A$
Opening balance	1,910,640	1,333,325
Cash paid for acquisition of exploration interest	-	-
Share based payments for acquisition of exploration interest(i)	-	450,000
Foreign currency translation adjustment	(62,194)	127,315
Carrying amount	1,848,446	1,910,640

(i) In accordance with the second stage of the agreement with The Supreme Group of Sri Lanka for the acquisition of graphite exploration licences, 5,000,000 vendor shares in FGR were issued to the Supreme Group at $0.09 per share.

The recoverability of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

12. PROPERTY, PLANT AND EQUIPMENT

Reconciliations of the carrying value for each class of property, plant and equipment is set out below:

	2016	2015
	A$	A$
Exploration equipment:		
Carrying amount at beginning of year	**10,403**	14,024
- Additions	**270,293**	-
- Transfer from Capital Work in Progress	**25,907**	
- Depreciation	**(57,557)**	(6,626)
- Movement due to foreign exchange	**(7,255)**	3,005
Carrying amount at year end	**241,791**	10,403
Capital Work in Progress:		
Carrying amount at beginning of year	**25,907**	-
- Additions	**-**	25,907
- Transfer to Exploration equipment	**(25,907)**	-
- Movement due to foreign exchange	**-**	-
Carrying amount at year end	**-**	25,907
Plant & equipment:		
Carrying amount at beginning of year	**21,449**	10,799
- Additions	**7,576**	15,852
- Depreciation	**(11,180)**	(7,209)
- Movement due to foreign exchange	**(2,165)**	2,007
Carrying amount at year end	**15,680**	21,449
Office equipment:		
Carrying amount at beginning of year	**2,250**	985
- Additions	**27,135**	1,665
- Depreciation	**(4,639)**	(721)
- Movement due to foreign exchange	**(665)**	321
Carrying amount at year end	**24,081**	2,250
Motor vehicles:		
Carrying amount at beginning of year	**1,547**	-
- Additions	**-**	1,751
- Depreciation	**(605)**	(442)
- Movement due to foreign exchange	**(133)**	238
Carrying amount at year end	**808**	1,547
Leased Motor Vehicles:		
Carrying amount at beginning of year	**-**	-
- Additions	**142,305**	-
- Amortisation	**(3,729)**	-
- Movement due to foreign exchange	**954**	-
Carrying amount at year end	**139,530**	-
Total carrying amount at year end	**421,890**	61,556

13. TRADE AND OTHER PAYABLES

	2016	2015
	A$	A$
Current		
Trade and other payables	**667,730**	484,782
	667,730	484,782

The Group's maximum exposure to financial risk is disclosed in note 3. Due to their short term nature the carrying value of trade and other payables is assumed to approximate their future value.

Trade payables are non-interest bearing, unsecured and are normally settled on 30 day terms from end of month in which the invoice is received.

14. ISSUED CAPITAL

(a) **Ordinary shares**	2016	2015	2016	2015
	$	$	**Number**	Number
Issued and fully paid	**67,328,257**	58,281,263	**196,716,587**	149,191,587
Movements in shares on issue				
At the beginning of the period	**60,743,995**	58,281,263	**196,716,587**	149,191,587
Share purchase plan September 2015	**563,791**	-	**10,250,714**	-
Tranche 1 of placement to investors October 2015	**1,611,756**		**29,304,658**	
Tranche 2 of placement to investors November 2015	**2,403,244**		**43,695,342**	
Placement to investors May 2016	**2,430,900**		**27,010,006**	
Share issue costs	**(425,429)**	(184,768)	**-**	-
Placement to senior employee		16,500		300,000
Placement to investors September 2014		1,148,000		16,400,000
Shares issued to Supreme Global Holdings (Pvt) Ltd[1]		450,000		5,000,000
Placement to investors May 2015		810,000		20,250,000
Placement to investors June 2015		190,000		4,750,000
Placement/management fee to consultants[2]		33,000		825,000
At the end of the period	**67,328,257**	60,743,995	**306,977,307**	196,716,587

1 In accordance with the second stage of the agreement with The Supreme Group of Sri Lanka for the acquisition of graphite exploration licences, 5,000,000 vendor shares in FGR were issued to the Supreme Group at $0.09 per share.

2 Share based payment was valued at the time of the transactions at the fair value of the instruments issued as the Company was unable to fair value the services acquired

(b) Share options	2016	2015
	Number	Number
Listed share options		
At the beginning of the period	**49,398,551**	25,054,053
Options expired		(7,054,053)
Options issued[9]	**13,505,000**	-
Options exercised	**6**	-
Options changed from unlisted to listed series	**111,625,357**	
Options issued[3]		8,200,000
Options released from escrow		23,198,551
At the end of the period	**174,528,914**	49,398,551

(c) Share options	2016	2015
	Number	Number
Unlisted share options		
At the beginning of the period	**66,000,000**	48,698,551
Options issued[4]	**-**	12,000,000
Options issued[5]	**36,500,000**	28,500,000
Options issued[6]	**16,000,000**	-
Options issued[7]	**5,125,357**	-
Options issued[8]	**1,000,000**	-
Options released from escrow	**-**	(23,198,551)
Options changed from unlisted to listed series	**(111,625,357)**	-
At the end of the period	**13,000,000**	66,000,000

Refer note 14 for further details

3 Issued 8,200,000 listed options, as free attaching to the 16,400,000 placement shares to investors in September 2014, exercisable at 20 cents on or before 17 October 2016.

4 12,000,000 options issued to directors, exercisable at $0.092 cents on or before 31 October 2017.

5 36,500,000 options issued to placement participants, exercisable at $0.10 cents on or before 21 May 2017.

6 16,000,000 options issued to directors and corporate adviser, exercisable at $0.10 cents on or before 21 May 2017.

7 5,125,357 options issued under Share Placement Plan, exercisable at $0.10 cents on or before 21 May 2017.

8 1,000,000 options were granted to the Sri Lankan Country Manager on 11 January 2016, with exercise prices of $0.10 for 500,000 options and $0.15 for 500,000 options, in accordance with the Employee Share Options Plan. The options expire on 11 January 2019

9 13,505,000 options issued to placement participants, exercisable at $0.10 cents on or before 21 May 2017.

15. SHARE BASED PAYMENTS

(a) Employee Share Option Plan

The Company provides directors, certain employees and advisors with share options. The options are exercisable at set prices and the vesting and exercisable terms varied to suit each grant of options.

	2016		2015	
	Number of Options	**Weighted average exercise price (cents)**	Number of Options	Weighted average exercise price (cents)
Outstanding 1 July	**48,198,551**	**0.146**	36,198,551	16.4
Issued[4,6,8]	**17,000,000**	**0.125**	12,000,000	9.2
Outstanding 30 June			48,198,551	14.6

An additional 16,000,000 unlisted options were granted to directors, with an exercise price of \$0.10, in accordance with the Employee Share Options Plan and a corporate adviser with an exercise price of \$0.10. The options expire on 21 May 2017.

The pricing of the options at the time of issue was calculated using the Black-Scholes option valuation method applying the following inputs.

Exercise price range	\$0.10
List of options range	1.5 years
Underlying share price	\$0.06
Expected share volatility	120%
Dividend yield	0%
Risk free interest rate	2.03%
Fair value of options	\$0.0253

1,000,000 unlisted options were granted to the Sri Lankan Country Manager on 11 January 2016, with exercise prices of \$0.10 for 500,000 options and \$0.15 for 500,000 options, in accordance with the Employee Share Options Plan. The options expire on 11 January 2019

The pricing of the options at the time of issue was calculated using the Black-Scholes option valuation method applying the following inputs.

Exercise price range	\$0.10
List of options range	3 years
Underlying share price	\$0.048
Expected share volatility	120%
Dividend yield	0%
Risk free interest rate	1.98%
Fair value of options	\$0.0285

Exercise price range	\$0.15
List of options range	3 years
Underlying share price	\$0.048
Expected share volatility	120%
Dividend yield	0%
Risk free interest rate	1.98%
Fair value of options	\$0.0251

Historical volatility has been the basis for determining expected share price volatility as it assumes this is indicative of future tender, which may not eventuate. When applicable, market conditions have been built into the options pricing model to reflect the likelihood of those conditions being met. Historical data has been used to determine dividend yield and option life. The fair value of the consultants' and directors' option is not based on the fair value of the services provided but on the Black Scholes option pricing model.

The Group recognised total expenses of $431,896 (2015: $753,720) related to director, senior employee and consultant share based payment transactions in the period.

Share-based payments and options issued to directors and consultants

The table below summarises options granted to directors, employees and consultants:

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance during the year	Vested and exercisable during the year
			Number	Number	Number	Number	Number	Number
11 Jan 2016	11 Jan 2019	$0.15	-	500,000	-	-	500,000	-
11 Jan 2016	11 Jan 2019	$0.10	-	500,000	-	-	500,000	-
27 Nov 2015	21 May 2017	$0.10	-	16,000,000	-	-	16,000,000	16,000,000
31 Oct 2014	31 Oct 2017	$0.092	12,000,000		-	-	12,000,000	12,000,000
28 Apr 2014	21 May 2017	$0.10	13,000,000	-	-	-	13,000,000	13,000,000
9 Jan 2013	17 Oct 2016	$0.20	13,000,000	-	-	-	13,000,000	13,000,000

The weighted average remaining contractual life of the options is 0.79 years (2015: 2.8years).

	2016	2015
Share based payments expense – options issued to directors	**405,079**	753,720
Share based payments expense – options issued to a senior employee	**26,817**	-
Total	**431,896**	753,720

16. RESERVES AND ACCUMULATED LOSSES

The share based payments reserve holds the directly attributable cost of services provided pursuant to the options issued to corporate advisors, directors, employees and past directors of the Group.

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

17. STATEMENT OF CASH FLOW RECONCILIATION

	2016	2015
	A$	A$
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net Loss	**(4,677,224)**	(3,402,947)
Adjusted for:		
Depreciation	**73,982**	14,998
Amortisation	**3,729**	-
Share based payments expensed	**431,896**	16,500
Options expensed	**-**	753,720
(Profit)/loss on sale of subsidiaries	**-**	-
Foreign exchange gains	**(181,553)**	(113,483)
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	**15,701**	(9,472)
(Increase)/decrease in prepayments	**(39,623)**	162,563
Decrease in trade and other payables	**182,946**	258,588
Net cash (used in) operating activities	**(4,190,145)**	(2,319,533)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the reporting period.

18. COMMITMENTS AND CONTINGENCIES

	2016	2015
	A$	A$
(a) Lease expenditure commitments		
Operating leases (non-cancellable)		
Minimum lease payments		
- Not later than one year	**19,239**	18,689
- Later than one year and not later than five years	**-**	-
- Later than five years	**-**	-
Total operating leases (non-cancellable)	**19,239**	18,689

The operating leases are entered into for the purposes of leasing company premises.

(b) Contingent liabilities

On 9 April 2013 the Company announced it had reached agreed terms with The Supreme Group of Sri Lanka for the acquisition of 45km2 of graphite exploration licences representing 45 Grids. The remaining terms of the acquisition are;

1. Payment of US$500,000 at the time of commencement of commercial mining activities.

The Directors do not believe there are any grounds for any other claims of a material nature as at the date of this report and as at the reporting date.

19. RESULTS OF THE PARENT COMPANY

	2016	2015
	A$	A$
Current Assets		
Cash and cash equivalents	**3,037,861**	1,042,544
Trade and other receivables	**20,471**	10,649
Other current assets	**7,040**	7,040
Other financial assets	**-**	-
Total current assets	**3,065,372**	1,060,233
Non-current assets		
Property, plant and equipment	**177,099**	29,489
Intercompany loans receivable	**4,097,496**	1,984,231
	4,274,595	2,013,720
Total assets	**7,339,967**	3,073,953
Liabilities		
Current liabilities		
Trade and other payables	**619,323**	462,931
Total current liabilities	**619,323**	462,931
Total liabilities	**619,323**	462,931
Net Assets	**6,720,644**	2,611,022
Equity		
Issued capital	**67,328,257**	60,743,995
Share based payments reserve	**3,279,949**	2,848,053
Accumulated losses	**(63,887,562)**	(60,981,026)
Total equity	**6,720,644**	2,611,022
Results of the parent entity:		
Loss for the period	**(2,906,536)**	(3,200,064)
	(2,906,536)	(3,200,064)

20. EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no known subsequent events of a material nature.

21. RELATED PARTY TRANSACTIONS

(a) Compensation for key management personnel

The aggregate compensation made to directors and other key management personnel is set out below:

	2016	2015
	A$	A$
Short term employee benefits	**1,402,649**	1,174,718
Share based payments	**405,078**	753,720
	1,807,727	1,928,438

(b) Transactions with other related parties

During the reporting period there were no other payments to related parties.

There were no loans to/from related parties in 2016 (2015: Nil)

22 AUDITORS' REMUNERATION

Services provided by the Group's auditor (in tenure as auditor) and associated firms

During the year, the Group (including its overseas subsidiaries) obtained the following services from BDO Audit (W.A.) Pty Ltd as detailed below:

Auditors' remuneration	**2016**	2015
	A$	A$
Remuneration of the auditor of the Group for:		
- Audit services – BDO Audit (WA) Pty Ltd	**45,031**	28,755
- Other services – BDO Corporate Tax (WA) Pty Ltd	**17,315**	29,977
	62,346	58,732

DIRECTORS' REPORT

The Directors declare:

1. the financial statements and notes, as set out on pages 19 to 46 are in accordance with the Corporations Act 2001 and:

   a. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on this date of the consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared:

   a. the financial records of the consolidated group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b. the financial statements, and the notes for the financial year comply with the accounting standards; and

   c. the financial statements and notes for the financial year give a true and fair view; and

3. in the directors' opinion, there are reasonable grounds to believe the consolidated group will be able to pay its debts as and when they become due and payable.

4. the consolidated group has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards

5. the remuneration disclosures set out in the Directors' Report on pages 10 to 15 (as the audited Remuneration Report) comply with section 300A of the Corporations Act 2001;

Signed in accordance with a resolution of the directors made pursuant to S295 (5) of the Corporations Act 2001. On behalf of the Directors.

Craig McGuckin
Managing Director
28 September 2016

INDEPENDENT AUDITOR'S REPORT

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of First Graphite Limited

Report on the Financial Report

We have audited the accompanying financial report of First Graphite 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 1, 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*.

INDEPENDENT AUDITOR'S REPORT

BDO

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of First Graphite 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 First Graphite 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 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which describes the conditions which give rise to 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 10 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 First Graphite Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 September 2016

ADDITIONAL SECURITIES EXCHANGE INFORMATION

(Note, this information does not form part of the audited financial statements)

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is complete as at 27 September 2016.

a) Distribution of Shareholdings – Fully Paid Ordinary Shares:

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	76	12,863	0.00%
1,001 - 5,000	68	236,595	0.08%
5,001 - 10,000	178	1,492,683	0.49%
10,001 - 100,000	717	31,487,462	10.24%
100,001 - 9,999,999,999	382	274,226,804	89.19%
Totals	**1,421**	**307,456,407**	**100.00%**

Equity Security	Quoted	Unquoted
Fully Paid ordinary shares	307,456,407	-
Options	174,269,836	13,000,000

Substantial Shareholder

The Company has received the following Substantial Holding notice:

Shareholder Name	Number of Shares	% of Issued Shares
Agcentral Pty Ltd *	17,751,901	5.77

* Agcentral Pty Ltd lodged a Substantial Shareholder Notice on 6 July 2016 advising that they hold 18,000,000 shares (5.87% shareholding interest of First Graphite). Agcentral Pty Ltd are not required to lodge an updated substantial shareholder notice as their % has not changed by more than 1% but the above figures have been restated to allow for changes in Agcentral Pty Ltd's shareholding interest since that date.

b) Top 20 Security Holders – Fully Paid Ordinary Shares (FGR) at 27 September 2016

Position	Name of Holder	Holding	% IC
1	AGCENTRAL PTY LTD	17,751,901	5.77%
2	IPS NOMINEES LTD	13,932,465	4.53%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,149,903	3.63%
4	GREGORACH PTY LTD	10,415,000	3.39%
5	CITICORP NOMINEES PTY LIMITED	8,998,232	2.93%
6	MR CRAIG ROBERT MCGUCKIN & MRS LEE ANN MCGUCKIN <MCGUCKIN FAMILY A/C>	6,908,513	2.25%
7	SPICEME CAPITAL PTY LTD	6,500,000	2.11%
8	EMERPUS ASIA LTD	6,250,000	2.03%
9	HALLIDAF MANAGEMENT LTD	6,094,794	1.98%
10	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	6,017,222	1.96%
11	JITARNING NOMINEES PTY LTD <WATSON SUPER FUND A/C>	5,200,000	1.69%
12	MR RYAN JEHAN ROCKWOOD	4,500,000	1.46%
13	GINGA PTY LTD	4,367,747	1.42%
14	CARRINGTON CORPORATE PTY LTD	3,450,000	1.12%
15	MR BENJAMIN PHILLIPE GRENIER	3,287,518	1.07%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,016,376	0.98%
17	SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	2,900,000	0.94%
18	WINKARA PTY LTD	2,766,800	0.90%
19	DEBT MANAGEMENT ASIA CORPORATION	2,762,429	0.90%
20	BNP PARIBAS NOMS PTY LTD <DRP>	2,664,675	0.87%
	Totals	**128,933,575**	**41.94%**
	Total Issued Capital	**307,456,407**	**100.00%**

Shareholders with less than a marketable parcel

At 27 September 2016, there were 132 shareholders holding less than a marketable parcel of shares ($0.11 cents on this date) in the Company totalling 190,308 ordinary shares or 0.06% of the issued capital.

c) Top 20 Security Holders – Listed Options (FGROA) expiring 17 October 2016

Position	Holder Name	Holding	% IC
1	HALLIDAF MANAGEMENT LTD	5,000,000	10.12%
1	MR CRAIG ROBERT MCGUCKIN & MRS LEE ANN MCGUCKIN <MCGUCKIN FAMILY A/C>	5,000,000	10.12%
2	MR ANTHONY MILENKO SKENDER	4,500,000	9.11%
3	MR ALAN WESLEY PATTERSON-KANE	3,369,403	6.82%
4	MR MARIO IERARDI & MRS POPPY IERARDI	2,166,000	4.38%
5	SUPREME CAMILLO CAPITAL LTD	1,914,018	3.87%
6	MR ROBERT JESSE HUNT	1,900,000	3.85%
7	MR CRAIG ROBERT MCGUCKIN & MRS LEE ANN MCGUCKIN <MCGUCKIN FAMILY A/C>	1,020,109	2.07%
8	MR JAMES WILLIAM HYNDES	1,000,000	2.02%
8	MR HAYDEN PAUL FARROW	1,000,000	2.02%
8	INTERNATIONAL BUSINESS NETWORK (SERVICES) PTY LTD	1,000,000	2.02%
9	REDHILL PARTNERS PTE LTD	965,000	1.95%
10	COMSEC NOMINEES PTY LIMITED	944,000	1.91%
11	MR PAUL STEWART DUNSHEA	654,545	1.33%
12	SADDIQUE NASSER OMAR HASSAN	625,000	1.27%
13	ST JUDE PROGENY PTY LTD	600,000	1.21%
13	HALLIDAF MANAGEMENT LTD	600,000	1.21%
14	MR JONATHAN DOUGLAS RZETELSKI-WEST	500,000	1.01%
14	PARMELIA PTY LTD <THE REILLY FAMILY SUPERANNUATION FUND>	500,000	1.01%
14	EMERPUS ASIA LTD	500,000	1.01%
14	MS NERIDA SCHMIDT	500,000	1.01%
14	NORVALE PTY LTD	500,000	1.01%
14	MR MATTHEW JAMES TROTT <TROTT SUPER FUND NO 2 A/C>	500,000	1.01%
14	VARRA PTY LTD <FARMER FAMILY A/C>	500,000	1.01%
14	PARMELIA PTY LTD	500,000	1.01%
14	MRS KELLY BROOKE WESTLAKE	500,000	1.01%
15	MR TRISTAN DAVID HEWITT	429,000	0.87%
16	MRS TERRI FRANCES YOUD	420,109	0.85%
17	TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	405,670	0.82%
18	MR ADAM LESLIE GRIGGS	400,000	0.81%
19	ICONIC CAPITAL MANAGEMENT PTE LTD	350,000	0.71%
20	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	325,000	0.66%
	Totals	**39,087,854**	**79.13%**
	Total Issued Capital	**49,398,551**	**100.00%**

d) Top 20 Security Holders – Listed Options (FGROB) expiring 21 May 2017

Position	Holder Name	Holding	% IC
1	MR CRAIG ROBERT MCGUCKIN & MRS LEE ANN MCGUCKIN <MCGUCKIN FAMILY A/C>	10,136,364	8.12%
2	GREGORACH PTY LTD	9,750,000	7.81%
3	TWYNAM AGRICULTURAL GROUP PTY LTD	9,000,000	7.21%
4	MR GREGORY NEVILLE ARNOLD	6,532,874	5.23%
5	HALLIDAF MANAGEMENT LTD	5,550,000	4.44%
6	IPS NOMINEES LTD	4,880,000	3.91%
7	FAR EAST CAPITAL LIMITED	3,500,000	2.80%
8	KINGSTON VALE PTY LTD <YOUD FAMILY A/C>	3,136,364	2.51%
9	JITARNING NOMINEES PTY LTD <WATSON SUPER FUND A/C>	2,950,000	2.36%
10	NATIONAL NOMINEES LIMITED	2,466,797	1.98%
11	NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	2,265,000	1.81%
12	GREGORACH PTY LTD	2,045,000	1.64%
13	LOBSTER BEACH PTY LTD	2,000,000	1.60%
14	GINGA PTY LTD	1,946,667	1.56%
15	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	1,776,111	1.42%
16	CITICORP NOMINEES PTY LIMITED	1,700,000	1.36%
17	CARRINGTON CORPORATE PTY LTD	1,672,329	1.34%
18	GEO BAN CONSULTING PTY LTD	1,636,364	1.31%
19	PAVARAI PTY LTD <THE SAYERS SUPER FUND A/C>	1,525,000	1.22%
19	SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	1,525,000	1.22%
20	MR RICHARD JAMES COONEY	1,517,000	1.21%
	Totals	**77,510,870**	**62.07%**
	Total Issued Capital	**124,871,285**	**100.00%**

e) Licence Position as at 27 September 2016

All granted licences are in good standing and comply with the reporting requirements of the relevant licence.

Licence Number	FGR Interest - %	Status	General Location
IML/A/HO/9405	100	Granted	Central
IML/A/HO/8416/LR2	100	Granted	Western
EL/225	100	Granted	Central
EL/226	100	Granted	Central
EL/228	100	Granted	Central
EL/243	100	Granted	Central
EL/318	100	Granted	Central
EL/321	100	Granted	Central
EL/227	100	Granted	South Central
EL/322	100	Granted	South Central
EL/231	100	Granted	South West
EL/244	100	Granted	South West
EL/262	100	Granted	Central
EL/325	100	Granted	Central
EL/326	100	Granted	Central

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