

29 July 2016

ASX Announcement June 2016 Quarterly Activities Report

Lanka Graphite Limited (ASX: LGR, “Lanka”, “the Company”) is pleased to report on activities on its Sri Lankan graphite exploration projects for the period to 30 June 2016.

Highlights

- **Lanka Graphite’s collaboration with Taiwan University develops low-cost breakthrough in graphene production**
 - Lanka’s high-grade graphite suitable for graphene
 - Two IP patents lodged for a new liquid based formulation to produce graphene using Liquid Phase Exfoliation technique
 - One of the two IP patents is expected to be granted by the end of the year 2016
- **New vein graphite targets verified on Lanka’s exploration tenements in Sri Lanka**
 - Exploration mapping identifies several vein graphite targets at historical sites
 - Results will underpin detailed geophysical surveying to identify targets for core drilling
- **Scientific Advisory Board appointed to guide Lanka’s commercialisation strategy**
 - Advisory Board to accelerate investment and commercialisation of graphite and graphene products
 - All board members highly experienced and well connected to assist engagement with high-value end users in Asia and the US
- **Feasibility Study on commercialising Sri Lanka’s government graphite assets completed**
 - Study finds exciting options to develop graphite and graphene industry in Sri Lanka
 - Board working to formalise long-term strategic partnership with Sri Lankan government

Operations

Collaboration with Taiwan University leads to breakthrough in graphene production

Lanka Graphite’s Material Collaboration Agreement with the National Taiwan University of Science and Technology (NTUST) produced highly encouraging results in graphene production via a new liquid based formulation using Liquid Phase Exfoliation (LPE) technique. High-grade vein graphite samples from Lanka’s exploration tenements proved highly suitable for the research undertaken at NTUST for a low-cost, high-yield repeatable production technique with the potential to achieve mass graphene production to a near zero wastage.

Graphene is used in a variety of applications including thermal management, electrical devices, energy storage and conversion, battery electrodes, bio-chip, bio-sensor, and potential for drug delivery and disease detection. The graphene produced by project leader Professor Wei-Hung Chiang of the NTUST Department of Chemical Engineering using high-grade vein graphite from Lanka’s Matugama tenement was found to be of this stringent quality.

Two IP patents were lodged for the new formulation LPE technique of graphene production. Lanka Graphite, through the Material Collaboration Agreement previously announced in September 2015, will be party to the IP and commercial rights to the IP for any future application, on successful patents being issued.

Feasibility Study

During the quarter, Lanka Graphite completed a Feasibility Study on the commercial developer of a number of Sri Lanka's government graphite assets. This was a clear progression of the company's ongoing discussions with the Government of Sri Lanka with particular reference to the previously announced Memorandum of Understanding (22 December 2015).

Lanka Graphite was encouraged by the findings of the Feasibility Study which demonstrated there are significant commercial opportunities available. The Company expects to progress the MOU with the Government of Sri Lanka to a formal agreement in the coming months. Post finalizing the agreement with the Sri Lankan government, the Company is planning on embarking on a comprehensive road show to the capital markets.

Exploration Licences

An ongoing reconnaissance geological mapping exercise by GSMB Technical Services (Pvt) Ltd over Lanka's exploration licences in southwestern Sri Lanka identified more than 20 existing pits, shafts and adits on EL307 and EL308. It also highlighted structural and lithological trends that may be related to vein graphite mineralisation.

At EL307, graphite-bearing veins were mapped and noted to trend northeast, which is a similar direction to that inferred by the alignment of old shafts and pits.

At EL308, flake graphite was observed in some of the charnockite outcrops, in addition to needle vein graphite in a road cutting in the Nugahenagama area. The alignment of existing shafts and pits in this area suggests that the graphite-bearing veins trend north-northwest.

Lanka proposes to continue reconnaissance geological mapping to verify the presence of existing graphite workings and to interpret geological controls. The Company is reviewing all new data and integrate it with existing geological information to rank targets for fixed loop, time-domain electromagnetic surveys (FLEM) to define testable targets and explore for blind graphite veins away from historical workings.

Advisory Board

During the quarter, Lanka announced the formation of its Scientific Advisory Board, which will focus on providing scientific and strategic guidance to the Company as it develops commercial graphite and graphene products for high-value end user markets.

All board members are experts in their respective fields including global key innovators and also graphene manufacturers with linkages to high value end user applications. The board comprises:

- Dr Stanley Chang – Chairman
- Professor Wei-Hung Chiang
- Professor Pannipitiye Gamathi Ralalage Dharmaratne
- Dr Bor Jang

About Lanka Graphite

Lanka Graphite Limited (ASX:LGR) is an ASX listed graphite exploration company that is focused on exploration of a number of historic and new mining tenements in Central and South Western Sri Lanka. Historic mining at a number of the granted tenements produced very high grade 'lump' or vein style graphite with grades >95%C. High purity vein graphite was historically produced from Lanka's tenements at a grade that is also well suited to graphene derivation. Lanka Graphite will commence exploration of its granted tenements with the intention to develop high grade graphite production that can supply to nearby Asian high value end user companies particularly focused on new application users in high value industry sectors.

Justyn Stedwell
Company Secretary

For further information regarding this release or other company enquiries, please contact:

Peter Taylor
Investor Relations
Ph: 0412 036 231
Email: peter@nwrcommunications.com.au