

1 August 2017

## **ASX Announcement June 2017 Quarterly Activities Report**

Lanka Graphite Limited (ASX: LGR, "Lanka", "the Company") is pleased to report on activities for the period to 30 June 2017.

### **Highlights**

- **LGR acquires high-grade tenement package in Sri Lanka**
- **LGR now controls largest vein graphite land holding in Sri Lanka**
- **LGR signs graphene distribution agreement with world's largest Graphene supplier**
- **Global Graphene Group is a leading producer of graphene-enhanced products**
- **LGR applies for Artisanal mining license**
- **Artisanal mining license expected to be granted in 2 months**
- **Initial production expected to commence after 6 months**
- **Targeting at least 20 tonnes per month within 6 months of mining commencement and 2000 tonne per annum upon further mining license application**

### **Acquisition of Miniran Pty Ltd**

During the quarter, Lanka Graphite announced it had successfully concluded the acquisition of Miniran Pty Ltd (Miniran), an Australian incorporated company that holds a portfolio of highly prospective graphite tenements in Sri Lanka, for a total consideration of \$1.98 million via a Share Sale Agreement.

The exploration tenements held by Miniran include 196 Grid Units across several Sri Lankan districts and cover several abandoned historical mines and graphite production operations.

Under the terms of the Agreement, consideration for the acquisition of Miniran consisted of a new issue of 10,560,000 fully paid ordinary shares (Sale Shares) valued at \$1.32 million, as well as a cash payment of \$660,000. The Deemed Issue Price of the Sale Shares equates to \$0.125 per share. The shares were issued immediately on the completion of the Share Sales Agreement while payment of the cash component is deferred for 12 months from the completion of the agreement.

The Miniran portfolio represents the last large remaining graphite ground tenement package available in Sri Lanka, making this a significant acquisition for Lanka Graphite. The portfolio is made up of five tenements which consist of varying "Grid Units" in districts and divisions in the south and southwest of Sri Lanka where all historical graphite production has taken place. The tenements cover abandoned mines and production locations that Lanka's team on the ground in Sri Lanka has explored, examined and sampled, and is satisfied of the high prospectivity of the package.

With the completion of the acquisition of Miniran tenements, Lanka Graphite now controls the largest land holding of 438  $km^2$  grid units of prospective high grade vein graphite in Sri Lanka. The Miniran tenements are close to Lanka's existing exploration licences which will ensure the Company is in the best position to make future commercial decisions on a mining and production operation.

### **Distribution Agreement with Global Graphene Group**

Post quarter-end, LGR announced the signing of a distribution agreement (DA) with Global Graphene Group (G3) for G3's high quality graphene products to Australia and New Zealand.

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G<sup>3</sup> is the parent company of Angstrom Materials, Honeycomb Battery and Nanotek Instruments and is based in the United States and is a global leader in graphene-enhanced applications, supporting a range of products to customers in 38 countries. G<sup>3</sup> is scaling a broad range of commercial platforms of graphene applications in several next-generation, high-value verticals including energy storage, coatings, and thermal management. It holds more than 280 patents across aforementioned verticals, and many are “first” patents.

Lanka will focus on marketing and distributing G3’s product range of graphene powders, graphene dispersions, graphene pastes and graphene inks to commercial organisations for use in a variety of applications in paints, anti-corrosion coatings, inks, sealants, rubber, composites, plastics and related industries. Lanka further aims to distribute to various key Australian research universities to explore further potential for commercial applications.

### **LGR on path to first production and revenue generation**

Post quarter-end LGR announced it had applied for “category A artisanal mining” at Exploration License EL307. High grade vein graphite mineralisation outcrops from the surface have been identified in this vicinity. Recovery could be made simple by extending the subsurface. Granting of the application will allow Lanka to commence its first graphite production on EL307.

Lanka anticipates that production volume of graphite from near-surface and exposed vein graphite within the target area of EL307 is expected to be at least 20 tonnes per month within six months of commencement. Lanka aims to apply for further artisanal mining licenses at its various Exploration Licenses to increase production to a minimum of 2000 tonnes per annum.

Lanka Graphite, through its completed Phase 1 exploration program, has identified several highly prospective mining sites within its portfolio of Exploration Licenses. The first artisanal mining license application has been lodged for EL307 where visible vein graphite exists at the surface. Based on findings from the Company’s reconnaissance survey, Very Low Frequency (VLF) results have revealed predicted conductive bodies under existing abandoned mines.

### **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 nearby Asian end user companies particularly focused on new technology graphene applications. The collaboration with G3 advances Lanka’s corporate strategy to be a key distributor of high quality Graphene products in Australia and New Zealand. Lanka Graphite maintains the largest portfolio of identified high-grade vein graphite Exploration Licenses in Sri Lanka. At many of the EL’s vein graphite outcrops at surface or has been historically mined at shallow depths.

### **Justyn Stedwell Company Secretary**

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