

BUSINESS UPDATE

LANKA GRAPHITE

17 April 2018

THE NEW BLACK GOLD



2018 Highlights

- **GR Strategic Partner National Taiwan University has developed a Micro-patterned graphene-based sensing skins for human physiological monitoring using Lanka's high grade vein graphite**
- **Completion of placement raising \$220,000 in Feb 2018 for working capital**
- **Appointment of Non-Executive Director Barry Pang. Company engaged Barry as Corporate Advisor to facilitate the Capital Raising**
- **Lanka is planning for a capital raising to expedite its Artisanal Mining operations.**
- **Funds raised will be used for purchase of equipment, setting up of mine, and building a storage warehouse**
- **Lanka is targeting to be in productions by the end of 2018 with the Artisanal status**
- **Lanka has applied for its second AML at EL236 at Western Sri Lanka**

Dear Lanka Shareholders,

It is my pleasure to write to you following the first quarter of new year 2018. The company has achieved further milestones raising \$220,000 working capital in February 2018. On behalf of the company I welcome new director Barry Pang who joined the board in February and will be assisting the Company in its future capital raising activities.

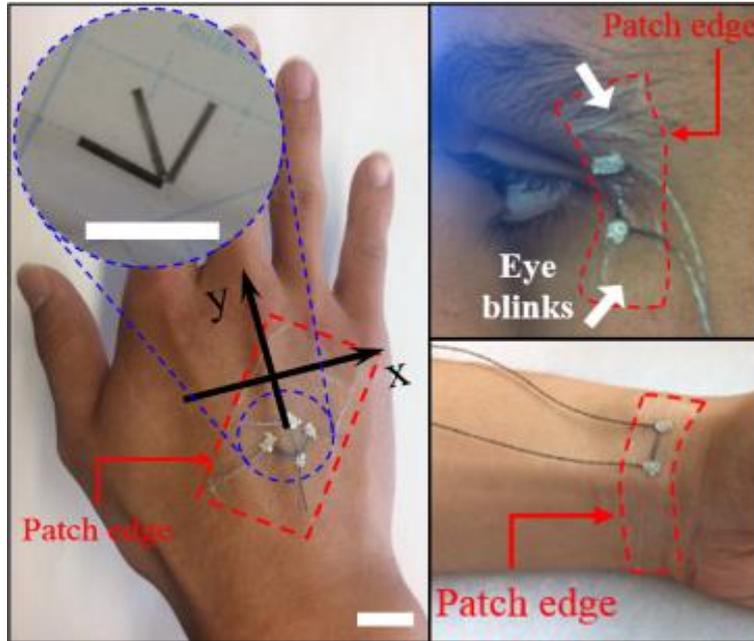
Initial ground works at our first Artisanal Mining site EL307 is progressing. The Company is currently engaging local consultants to evaluate and secure the safety and structure of the abandon mine located on site. The Company is planning capital raising to expedite its Artisanal Mining operations. Funds raised will be used for exploration and drilling program for the next 24 months, purchase machine, tools and equipment, building a mine, and storage warehouse. Detailed geophysical study followed by core drilling at our artisanal mining sites will be ongoing to better define our graphite reserves and production capacity.

The Company is pleased to announce that it has applied for its second Artisanal Mining License by GSMB at EL236 located at Kalutara district of Western Province. According to the locals at EL236, there are considerable amount of pits and mines that were operational prior to world war around the area. Two major abandoned graphite mine fields were identified within the surveyed area around Malaboda-Puhambugoda area and Ridiwita area.

BUSINESS UPDATE

As previously announced in our previous business monthly, the Company has shipped its first 100kg sample to G3 for their pilot test run. G3 and Lanka has since progressed its strategic collaboration by signing a non-binding Letter of Intent to supply vein graphite to G3 in 2018.

Graphene Research Update



The Company is pleased to report a further milestone achievement in its Material strategic collaboration with National Taiwan University of Science and Technology (NTUST). High grade vein graphite samples supplied from Lanka's tenements was able to produce an ultrathin, flexible, conformal, and skin-like electronic transducers. The micro-patterned graphene based sensors are a wearable sensing membrane developed by patterning a graphene-based solution onto ultrathin medical tapes, which can then be attached to the skin for monitoring human physiological parameters and physical activity. Research results have indicated future potential for evaluating athletic performance, physical therapy, and designing next-generation human-machine interfaces.

BUSINESS UPDATE

Appointment of Non-Executive Director



Lanka Graphite Limited has previously announced the appointment of Barry Pang as a non-executive director.

Barry is a Melbourne born successful businessman of Chinese decent. Barry is well known with a successful track record in the racing industry having won the 2013 Melbourne Cup with Fiorente. Barry has also built many successful businesses over a long career and raised substantial amounts of funding from China for Australian based companies.

Barry is a Trustee of Scotch College Foundation, an Honorary President of the Lion's Club of Melbourne Sino-Innovation, the Vice-President of the Australian Kung Fu Federation and a Patron of the Half the Sky Foundation Australia supporting orphans in China, mainly in the capacity of fund raising and brand building by using his valuable connection across a wide spectrum of industries.

Awarded with the *Hall of Fame* for his contribution to martial arts and winning multiple Cups and Group 1s in thoroughbred racing over the past 40 years, Barry is a well sought after inspirational speaker, mentor and innovator.

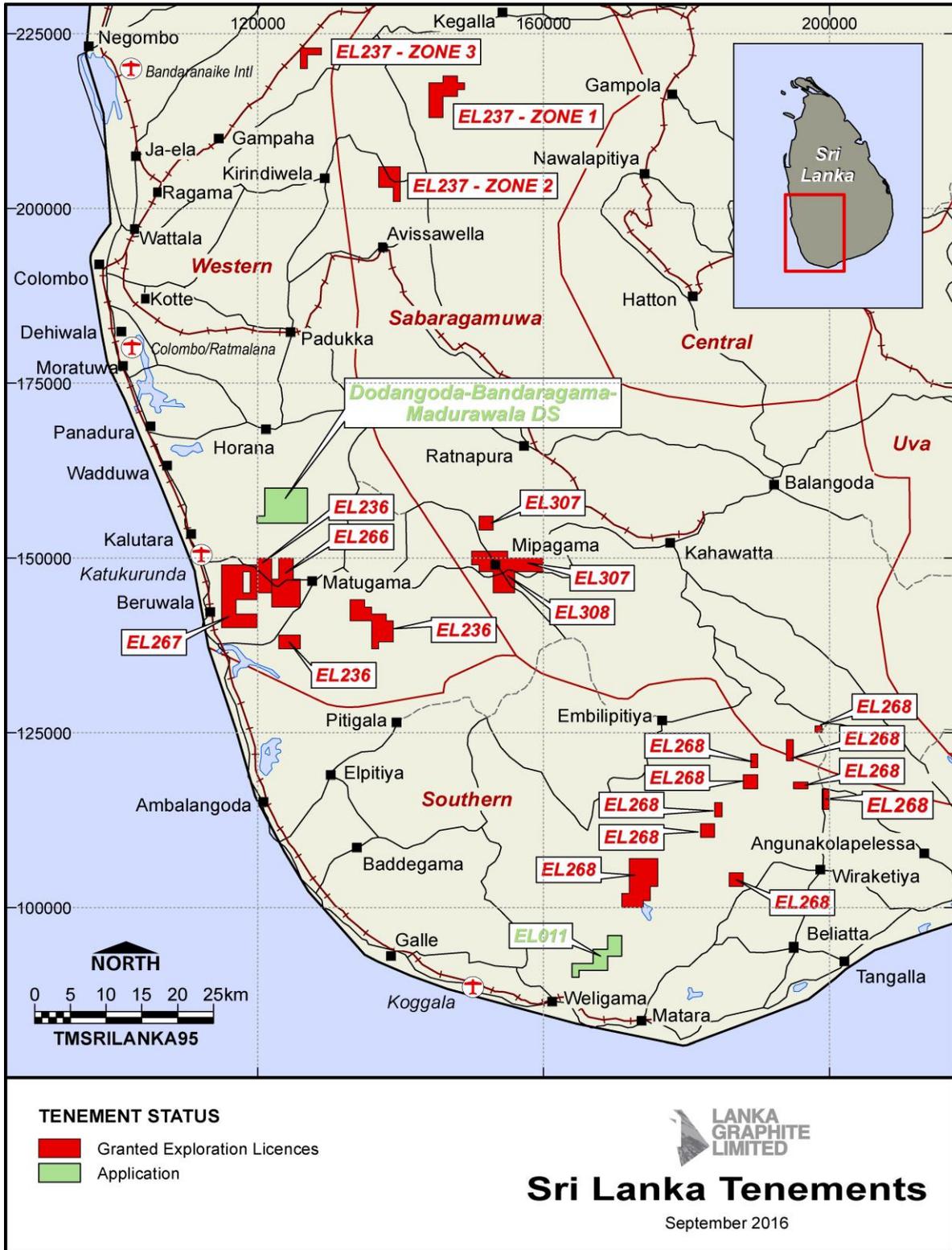
The Company maintains its goal to commence production in 2018. On behalf of the Company, I would like to personally thank all the Lanka shareholders for the continued support for the company.

Warm Regards,

Emily Lee
Managing Director

For personal use only

BUSINESS UPDATE



BUSINESS UPDATE



Global Graphene Group is the world's largest graphene producer, not just in name-plate capacity. We are positioned as the number one manufacturer of single-layer graphene oxide sheets and graphene powder and the number one manufacturer in graphene-enabled nano-intermediates. With large production capacity and the experience curve effect, G3 has steadily driven the price of graphene to affordability in high volume industrial applications. Leveraging its low production cost, G3 has moved downstream in several market verticals - thermal interface management, functional composites, energy applications, and corrosion protection coatings - which are all patent-protected.

G3 Graphene Products

(<https://www.theglobalgraphenegroup.com/products>)

Graphene Powders and Dispersions

Graphene
Graphene Oxide Powders
Graphene Oxide Dispersions

Graphene Intermediates

Rubber Composites
Conductive Solution
Polymer Masterbatch
Polymer Composites
Anti-Corrosion

Thermal Management Materials

Thermal Foil
Thermal Paste

Energy Storage

High-Energy Silicon Anode
Non-Flammable Electrolyte
Lithium-Sulfur Battery
Current Collector



Contact Details:

Jason Khoo

Sales Executive

jason@lankagraphite.com.au

+61392216394

For personal use only

Lanka Graphite Business Model

MOU with Sri Lankan Government

- LGR has successfully negotiated and signed a MOU with Sri Lankan government in December 2016
- Completed feasibility study to increase government mine production with Sri Lanka Government
- Future joint venture will enable LGR to fast track its business from an exploration company to a graphite producer.
- EOI expected to open during 2018.

Lanka Graphite Limited (ASX: LGR)

Exploration Activities

- Completed geophysical survey on key exploration licenses
- Initial assay of graphite samples is suitable for premium battery grade
- achieving a grade of 99.97% purity commanding prices between \$5,000 - \$20,000 USD

Artisanal Mining Activities

- Artisanal Mining License (AML) – high grade low cost production with minimal capex. More than 100 sites identified for Artisanal Mining
- LGR transitioning from exploration company to producer
- Early production expected to commence 2018
- Lanka is currently applying for the 2nd Artisanal License
- Core drilling to commence at Artisanal Mining mines
- **Premium processing plant** - LGR is planning to set up the first value addition plant in Sri Lanka to produce and supply high tech, energy industry and graphene producers.
- Pathway to Industrial Mining License

Lanka Graphite Technology (100% Owned Subsidiary)

NTUST

- Collaboration with National Taiwan University (NTUST) successfully developed low cost breakthrough in Graphene production
- Liquid Phase Exfoliation (LPE) technique produced high quality Graphene with consistent reproducible results of yield up to 100%
- Two patents granted with graphene produced suitable for thermal management, electrical devices, energy storage and conversion, battery anodes, and anti-corrosion coating

Global Graphene Group (G3)

- Graphene Distribution Agreement allows LGR to sell graphene products

G3 Strategic Partnership

LG3 Advance Materials Pty Ltd

(Lanka Graphite 51% & Global Graphene Group (G3) 49%)

- G3, a holding company for subsidiaries Angstrom Materials, Angstrom Energy, Honeycomb Battery and Nanotek Instruments
- One of the world's largest Graphene producers producing more than 1000 tons of single and multi-layer graphene
- Lanka has shipped 100kg of high grade vein graphite to G3 for its pilot testing. Upon the success of the trial run, G3 is looking into securing long term supply of premium grade graphite from LGR
- Efforts have been directed towards investigating methods to process graphite to accommodate for AMI's specific graphite specification
- **Graphene Anti Corrosion Coating** - Lanka is currently working with G3 for the development and commercialisation of graphene enhanced anti-corrosive coating and next generation energy storage product in pilot phase in 12 months. Initial results have shown that the anti-corrosion coating is twice more efficient than traditional coating
- Sales of anti-corrosion coating in Australian market is approximately US\$650Mn in 2015 with projections to reach US\$1.1Bn by 2026. Global coating sales in 2016 is approximately \$121Bn.