

# BUSINESS MONTHLY

## LANKA GRAPHITE

November 2017

THE NEW BLACK GOLD



**Dear Lanka Shareholders,**

It is my pleasure to write to all Lanka Shareholders to provide a company progress update. The last 12 months has been a very exciting period for LGR. Over that period the company has transformed itself from being junior exploration Graphite Company into a company making operational progress on the path to vein graphite production through its granted Artisanal Mining License (AML). The Company has recently been granted its first AML at Exploration License EL307 which gives the company the right to commence small scale production at the applied Exploration Licenses. High grade vein graphite mineralisation outcrops from the surface have been identified in this vicinity making recovery of graphite relatively simple and cost effective.

Lanka anticipates that production of graphite from near-surface and exposed vein graphite within the target area of EL307 is expected to start early Q1 2018 with volumes ramping up to at least 20 tonnes per month within six months of commencement.

Site clearance and preparation to commence production has already commenced. 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 to make the company profitable in the short and long term.

### 2017 Highlights

- Strong positive news flow pipeline with potential off-take currently in discussion to undertake 80% of all LGR graphite production in the next 12 – 24 months
  - Expected cash flow revenue generation within next 12 months
  - LGR is planning to set up value addition plant in Sri Lanka to supply high tech, energy industry and graphene producers
  - Artisanal Mining License (AML) – high grade low cost project with minimal capex. Early production expected to commence Q1 2018 with up to 20 tons per AML with more than 100 pits identified for Artisanal Mining.
  - Lanka is currently applying for its second AML to ramp up productions of up to 40 tons per month
  - ALS Metallurgy returned 99.97% carbon, can be sold as premium battery-grade graphite for US \$5,000 - \$20,000 per tonne. Considerable interest from high value end users in graphite and graphene related commercial products
  - Lanka has incredibly valuable strategic partners for graphite and Graphene related Research & Development
- Taiwan National University of Science and Technology (NTUST)**
- 2 IP patents granted for producing high quality graphene with minimal cost through Liquid Phase Exfoliation (LPE) technique, Lanka has the commercial rights to the patents

# BUSINESS MONTHLY

Previously the Company has announced the completion of a feasibility study on Sri Lankan government mining assets middle last year and has found there to be significant commercial opportunities for the company. However there have been numerous delays on the regulatory side of formalising an agreement. The company is actively in discussions with numerous key members of the Sri Lankan government to continue pushing this front which benefits not only the company but bring about much needed infrastructure upgrade and economic development to the country.

Pursuant to our value-added strategy, the Company has signed an Heads of Agreement with an American-based company Global Graphene Group (G3). G3 is currently the largest graphene producer in the world with productions of up to 1,000 metric tonnes of single and multi layer graphene. G3 currently produces graphene suitable for thermal sheets, energy storage, supercapacitor, nano-composites, anti-corrosion coating, and paint. It is in Lanka's best interest to not only supply high quality graphite to G3 but also to leverage the experience and expertise of G3 to value add onto its unique vein graphite for high value end users. The Company has shipped its first 100kg sample to G3 for their pilot test run and the success of this trial run will advance discussions to an off-take agreement over the next few months. G3 and Lanka are in discussion to collaborate in various graphite and graphene commercial applications, specifically in anti-corrosion coatings.

I have recently been invited as a guest speaker in the International Conference for Functional Carbon in Taiwan. The conference has been extremely successful where I was able to expand the company's business network and engaged in potential high value end user clients. We have received multiple requests to test our graphite. The Company aims to supply our unique graphite to high value end users to command a better selling price.

The next 12 months will be a crucial and exciting journey ahead for the company as it aims to be in production generate income. I am on behalf of the Company welcome the new director Kangadaran Mathivanan joined the board, who's wealth of experiences with extensive business and government networks will strengthen our market presents in Sri Lanka. I would like to personally thank all the Lanka shareholders for the continued support for the company.

Warm Regards,

Emily Lee

Managing Director



At ICFC Conference Taipei  
left -Emily Lee  
Middle - Dr Bor Jang  
Right - Dr Wei-Hung Chiang

# BUSINESS MONTHLY



## Corrosion Protection Coating Gebocta™ Ge-AC Series By Global Graphene Group

### Product Description:

- Gebocta™ Ge-AC series: graphene-enhanced anti-corrosion epoxy coatings.
- Multi-functional corrosion protection benefits: shielding, inhibition, and sacrificial layer.
- Two layer system: graphene epoxy primer and mid-coat

### Product Attributes:

- Superior corrosion protection to commercial products
- Less need for galvanization process, i.e. less zinc
- Good adhesion to metal

### **Contact Details:**

Jason Khoo

Sales Executive

[jason@lankagraphite.com.au](mailto:jason@lankagraphite.com.au)

+61392216394

### 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 early 2018

### 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

## Lanka Graphite Business Model

### 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 Q1 2018 with up to 20 tons per AML. Lanka is currently applying for the 2<sup>nd</sup> 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 in 2018 to produce and supply high tech, energy industry and graphene producers
- **Pathway to Industrial Mining License**

### 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