



Lanka Graphite Limited

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ASX Announcement Agreement to Acquire Retail E-Commerce Growth Story

The Board of Lanka Graphite Ltd (ASX:LGR) (“Company”) refers to its ASX announcement dated 3 August 2018 regarding execution of a binding conditional term sheet to acquire 100% of the MSY group of companies (collectively referred to as “MSY”), which retail consumer electronics throughout Australia. MSY sells computers, computer parts and software online and across 28 retail sites nationally and generates revenues of approximately \$100 million per year.

The Board is pleased to announce that the Company and MSY have now executed binding Share Purchase Agreements.

Following the satisfaction of certain conditions precedent, as set out below, it is proposed that the Company will acquire MSY and its business assets for total consideration of \$19.8 million, comprising of 396,000,000 ordinary shares in the Company at an issue price of \$0.05 per share, to be issued to MSY shareholders upon completion of the acquisition.

The proposed acquisition remains subject to a number of conditions precedents, including:

1. The Company obtaining all necessary shareholder approvals that are required to give effect to the Transaction in accordance with the Corporations Act and the ASX Listing Rules;
2. Receipt of an independent expert’s report by the Company’s directors confirming that the acquisition is fair and reasonable, or not fair but reasonable to the Company, or is deemed by the Company, in its absolute discretion, to be satisfactory and sufficient to proceed with seeking Company Shareholder approval for the acquisition;
3. Raising of between \$3,500,000 and \$4,500,000 under the Capital Raising (or such other amount as agreed between the parties in writing);
4. Any applicable required regulatory approvals; and
5. Re-compliance with Chapters 1 and 2 of the ASX Listing Rules;

An indicative timetable for the Transaction and relisting process will be announced in due course.

ENDS