

# Announcement

25 July 2018.

## Margosa Purchases First Diamond Drill Rig for Sri Lankan Graphite Projects

- Completes the purchase of MD600 Diamond Drill Rig and support equipment from New Zealand supplier.
  - Commences extension and infill drilling campaign at Pathakada, aimed at increasing and upgrading the high-grade Exploration Target.
  - Commences application process for “A” Class Mining Licence.
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Margosa Graphite Limited has continued to accelerate its exploration and development efforts in Sri Lanka with the purchase of its first diamond drill rig, and employing an internationally experienced Drill Supervisor to manage its ongoing programs.

The 2016 MD600 diamond drill rig was purchased from Alton Drilling Ltd, New Zealand in late May 2018, shipped to Colombo, and arrived onsite on the 23rd June. Whilst a very compact rig, the MD600 is rated to drill diamond holes up to 800 metres in length.

Following setup at the Company’s advanced Pathakada Graphite Project, 50km southeast of Colombo, the rig commenced drilling on the 28th June. As at 24th July the Company had drilled 520 metres of HQ core and was on the third hole of a program designed to test for extensions to the multiple high-grade graphite veins previously intersected in drilling, and later modelled during a DHEM survey. As announced on the 15th May, this survey interpreted that the centre of a large conductive body was down-dip of previous drilling and was open laterally to the north and south over at least 300 metres.

In another step towards production in the near term at Pathakada, Margosa will complete the necessary feasibility studies in FY19 following the completion of drilling, whilst the application process required for the granting of an “A” Class Mining Licence has already begun.

Peter Venn, Managing Director, said; “The purchase of the MD 600 diamond drill rig is an exciting step forward for our exploration in Sri Lanka and development of our most advanced graphite project at Pathakada”.

“The Company is highly motivated to expedite development of Pathakada and capitalise on the robust demand for this high purity product, which will likely be a key input for the ever-expanding lithium battery, electric vehicle and other specialty markets”.

“The early application for an A Class mining licence emphasises the team’s confidence in the project’s potential.”

The Company looks forward to updating shareholders during this exciting period and as further progress is made.

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Figure 1. New Diamond Drill Rig working at Pathakada

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