



Investor Update | August 2019

World Class Sri Lankan Crystalline Vein Graphite Production

EXPLORATION



DEVELOPMENT



MINING



VALUE ADD

Commercial Overview

THE COMPANY

- Unlisted Australian public company; targeting development of JORC compliant high-grade *crystalline vein graphite* deposit at Pathakada

PROJECT STATUS

- March 2019 (JORC 2012) Mineral Resource Estimate (MRE) of 400,340 tonnes grading 79.1% TGC
- Infill and extension drilling underway to expand and upgrade the MRE
- Final stages of Advanced Exploration Restoration Plan (AERP) approval
- "A" Class Industrial Mining Licence to be granted within 6 months
- Initial studies highlight low Capex requirement for material upgrade
- Granted licences covering 253km² of some of the most prospective graphite areas in southwest Sri Lanka. This tenure has drill ready EM targets supported by significant historical workings.

CORNERSTONE INVESTMENT

- 33% holding from Zeta Resources (ASX:ZER); controlled by Fund Manager and Corporate Advisor ICM Limited. ICM is a global organisation, currently managing directly and indirectly US\$19bn in assets.

SUMMARY OF INVESTMENT OPPORTUNITY

- High margin, high-grade *crystalline vein graphite* project close to production
- Control the worlds largest high grade *crystalline vein graphite* supply
- Drill ready targets to deliver a steady pipeline of new development opportunities

79.1% TGC

On track to **become the world's leading vein graphite producer** following the March 2019 report of a maiden JORC compliant Mineral Resource Estimate at Pathakada of 400,340 tonnes grading 79.1% TGC*



* Geology and Resource Estimate Report, March 2019 – Measured Group Pty Ltd, Brisbane Australia

Investment Terms

EQUITY RAISING

- August – October 2019: Place approximately 17.2m Margosa shares @ \$0.35 to raise up to \$6.0m
- Current Market Capitalisation \$20.9m

USE OF PROCEEDS

(DEVELOPMENT FUNDING)

- | | |
|--------|--|
| \$0.5m | ▪ Complete resource drilling and upgrade the current MRE of 400,340 tonnes grading 79.1% TGC |
| \$0.3m | ▪ Complete scoping/PFS, metallurgical, hydrological, geotechnical, environmental and ethnological studies |
| \$2.4m | ▪ Refurbishment/installation of AERP Headframe, associated mining equipment for shaft and AERP development |
| \$0.3m | ▪ Extraction of product for bulk metallurgy and marketing samples |
| \$0.5m | ▪ Supply and installation of Pathakada site infrastructure to support mine development |
| \$0.3m | ▪ Complete metallurgical design and engineering for the process plant |
| \$0.4m | ▪ Continue Exploration on identified priority 1 targets on other tenements |
| \$0.5m | ▪ Working Capital |

RATIONALE OF PLACEMENT

- Funding the Development of the high grade Pathakada vein deposit
- Achieve Pre-Production Mining and Marketing of its world class product
- Continue to enhance shareholder value leading to mine development in March 2020
- Broaden shareholder base
- Add to the technical, marketing and management team to bring the project into Production

Company and Board

- Current number of fully paid shares on issue: **59,856,636**
- Current number of performance rights on issue: **2,006,666**

TOP 5 SHAREHOLDERS	NUMBER	PERCENTAGE
Zeta Resources Limited	20,061,370	33.52%
John Shackleton	7,128,338	11.91%
5 th Avenue Nominees Pty Ltd	4,288,450	7.16%
Taplan Pty Ltd	3,899,213	6.51%
Venture First (Pvt) Ltd	3,647,134	6.09%
TOTAL	39,024,505	65.19%

TOP 5 SHAREHOLDERS	NUMBER	PERCENTAGE
Fully paid ordinary shares held by directors	12,670,472	21.16%
TOTAL	12,670,472	21.16%

JOHN SHACKLETON – Executive Chairman

Over 34 years' industry experience with responsibility for feasibility studies and construction of gold and base metals projects, held senior and executive roles

PETER VENN – Technical Director

Geologist with over 30 years' global experience in project selection and development. Held Senior and Executive roles; involved in exploration, acquisition, evaluation and development of more than 10 mining operations

PETER CUNNINGHAM – Mining Director

Qualified mining engineer with over 38 years' experience in mine development and management including prior experience at senior executive/board level

VARUNA MALLAWARACHCHI – Non-Exec Director

Over 27 years' legal experience and Senior Partner at a Sri Lankan law firm, specialising in corporate advisory services, and a recognised expert in labour law, including Board level experience with Sri Lankan mining companies

KELLY MOORE – Company Secretary & CFO

Director of consulting and advisory firm, Qualified Chartered Accountant and Chartered Company Secretary with extensive experience in senior financial and governance advisory roles

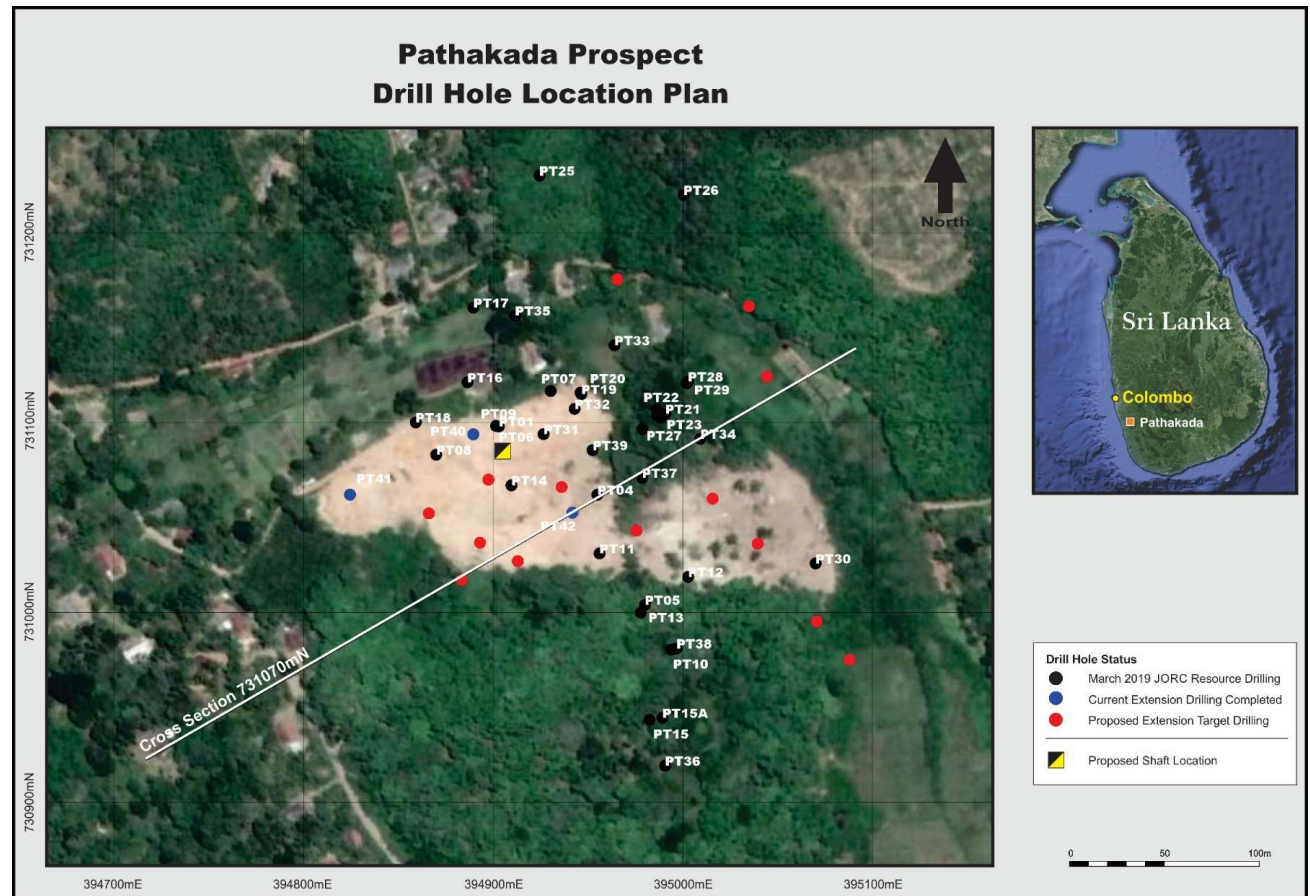
Unique Graphite



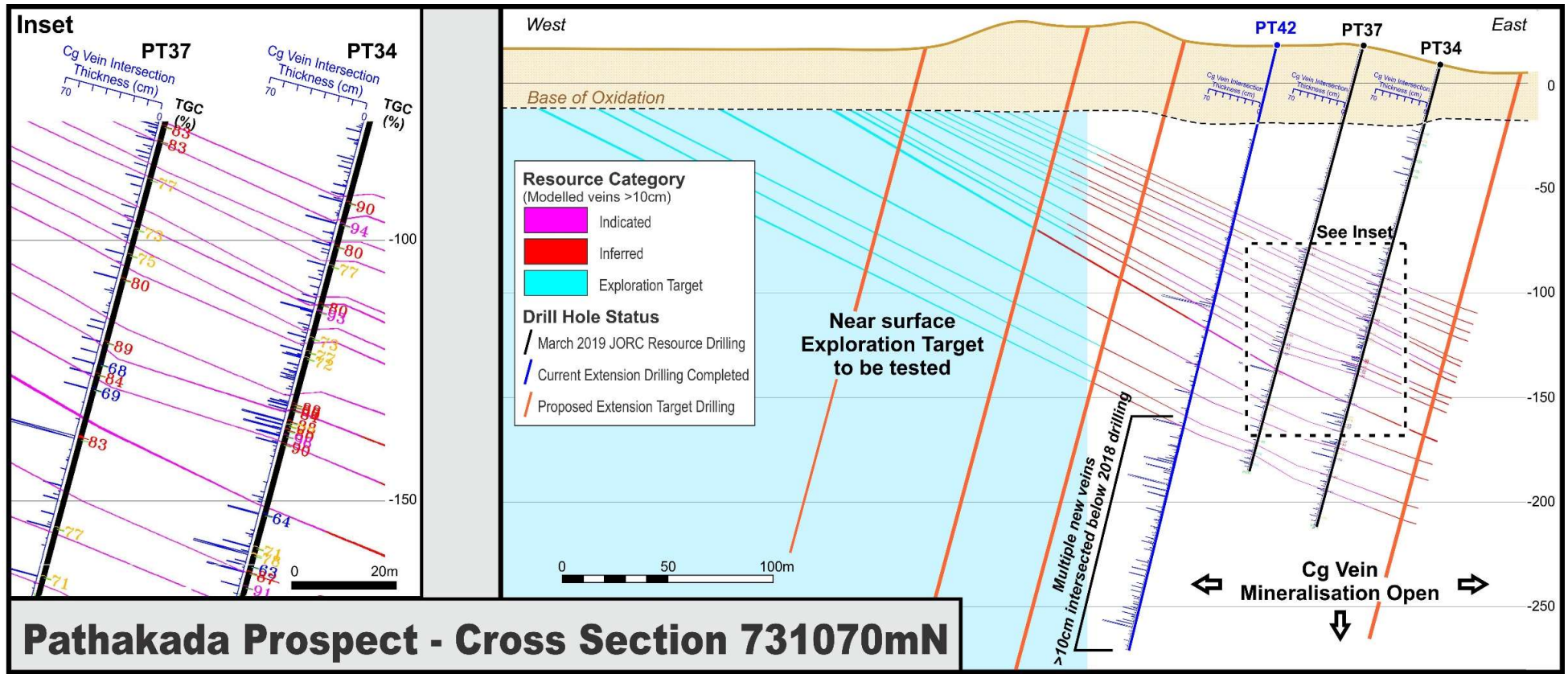
- Sri Lanka is the only country in the world where *crystalline vein graphite* is mined commercially - world's highest purity natural graphite
- Attracts premium prices due to superior performance in many industrial applications - higher crystallinity, cohesive energy, thermal and electrical conductivity
- Suitable for more diverse applications than flake or amorphous graphite
- Very low impurity levels; requires minimal processing to achieve ultra-high purity
- Closest natural competitor to synthetic graphite
- Mining friendly regime; Government eager to develop graphite industry
- Well developed, modern infrastructure with a skilled and educated workforce
- Proximity and direct transport routes to key markets
- Low cost of operation and favourable exchange rate

Pathakada JORC Resource / Exploration Target

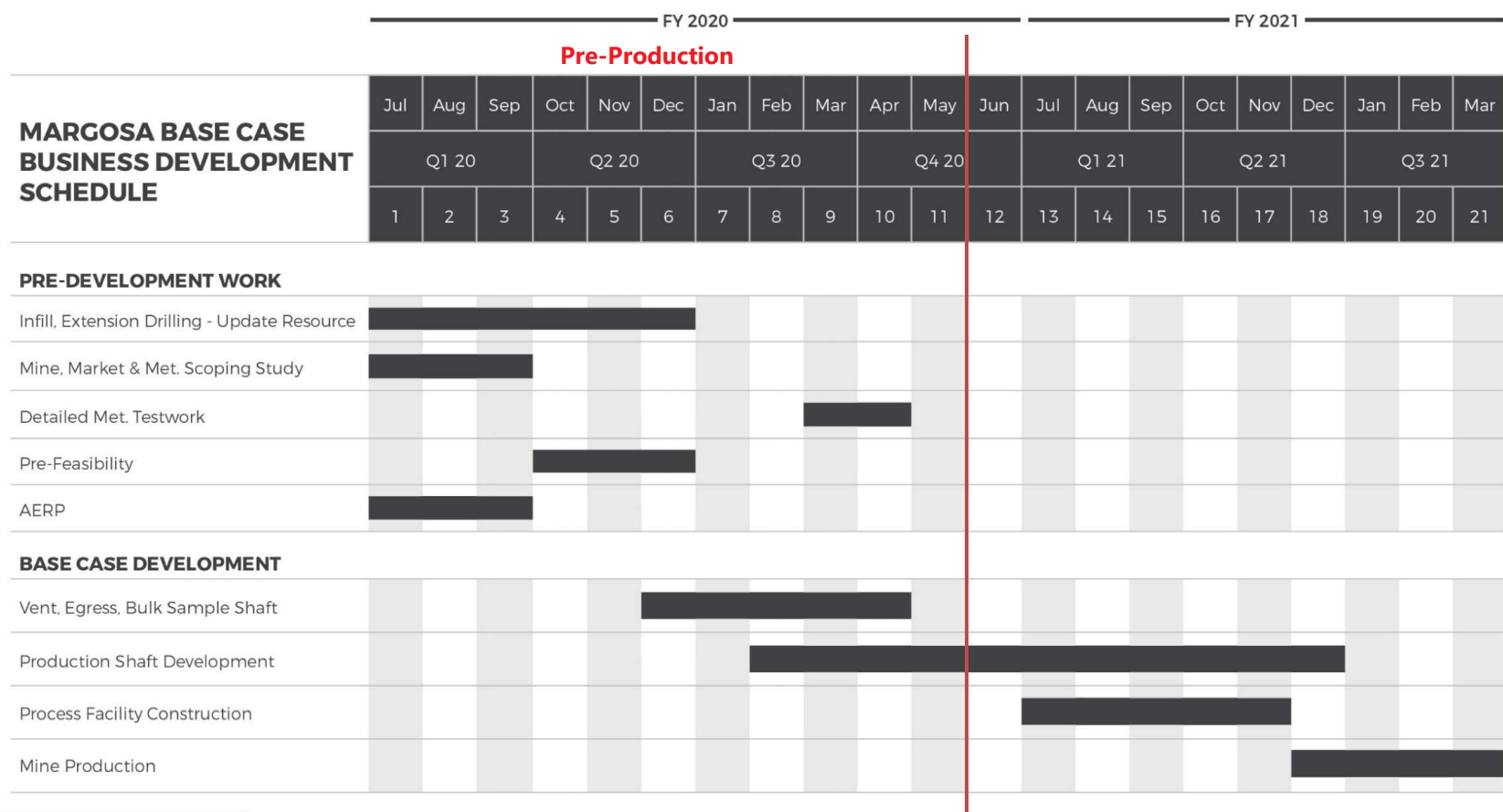
- Sri Lanka's largest JORC compliant high-grade crystalline vein graphite deposit outlined at Pathakada
- Only 40km from Colombo Port via expressway and sealed local roads. Ready access to water and power
- A maiden JORC 2012 Mineral Resource Estimate of 400,340 tonnes @ 79.1% TGC was outlined in March 2019 for Pathakada.
- Multiple zones of vein graphite mineralisation identified in every hole
- Recent drilling has extended graphite mineralization up-dip, whilst holes like PT42 (see slide 7) have intersected veins of greater average width and intensity at depth.
- Mineralisation remains open in all directions



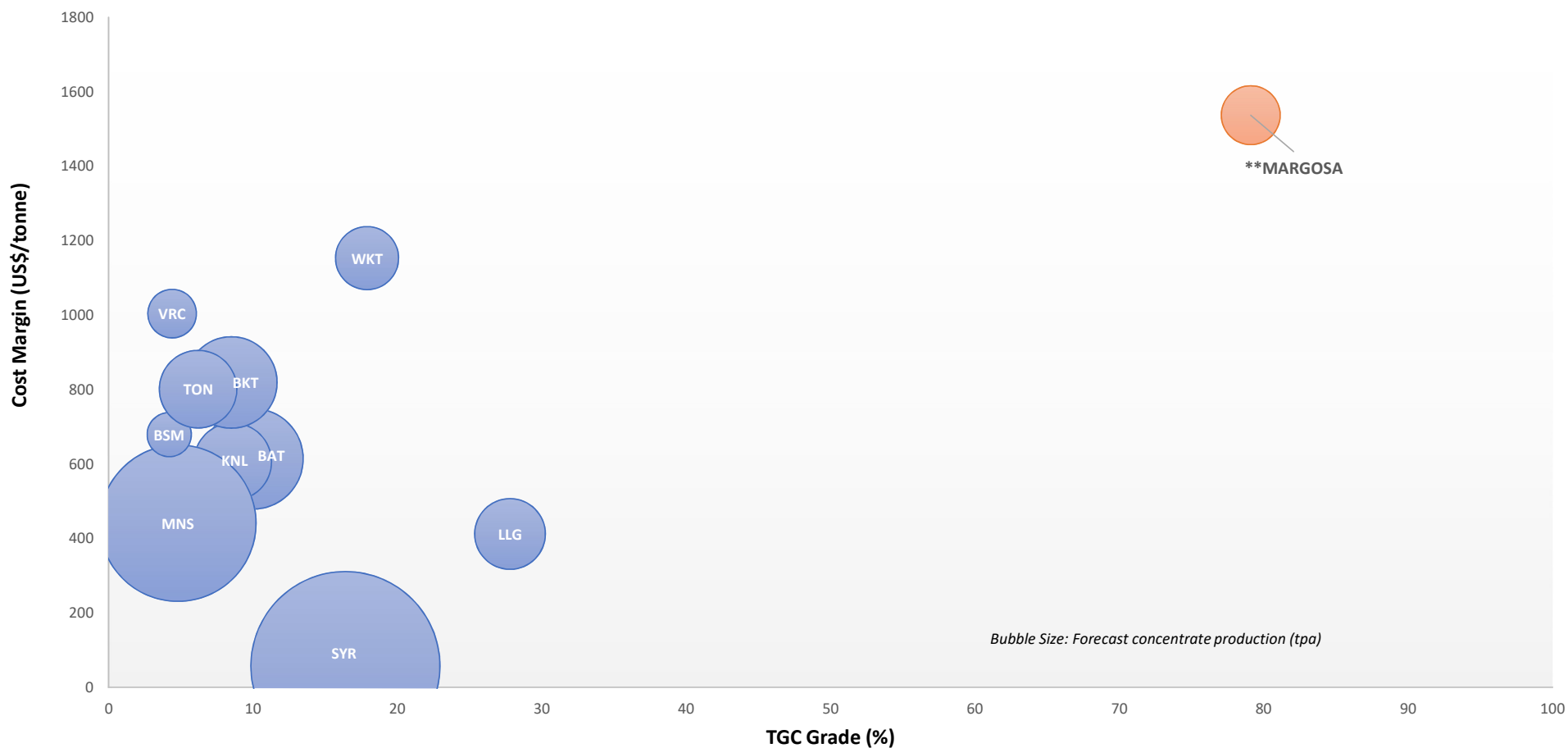
Pathakada JORC Resource / Exploration Target



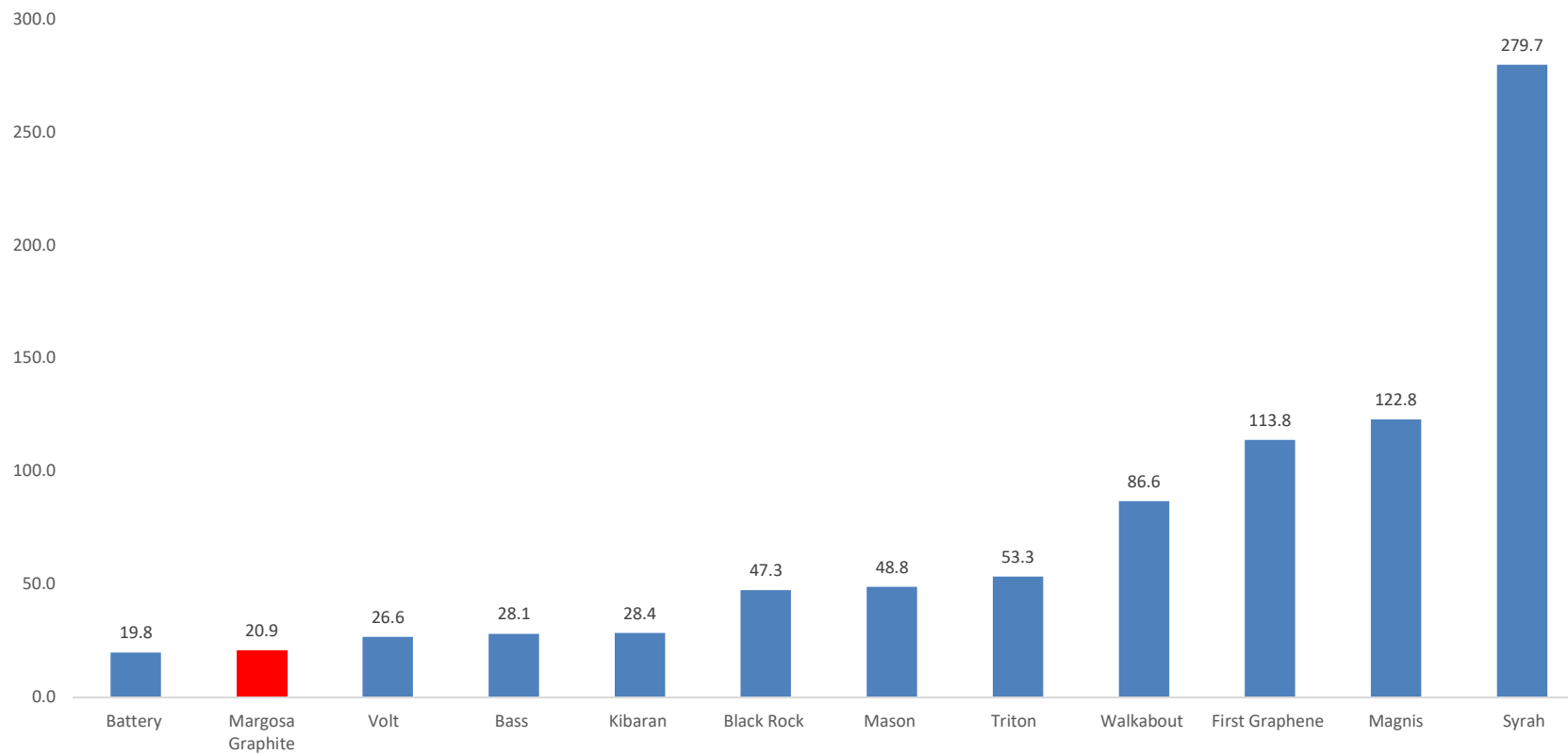
Path to Production



Vein vs Flake Developers – Cost Margin vs TGC Grade



Peer Market Capitalisations A\$



Marketing and Technology Partnerships

- Sri Lanka's high purity *crystalline vein graphite* is highly sought after due to its superior performance over other graphite types for many industrial applications.
- Margosa is already in discussion with major trading and marketing organisations in Asia and the USA, and plan to sign HoA in the near term.
- With an extensive network of customers these organisations will market Margosa's unique product for use in key and likely high end applications in Japan, Korea, Taiwan, China and the USA.
- Margosa has also commenced talks with quality technology partners and end users here in Australia, Asia, Europe and the USA.
- Following AERP approval in 2019, Margosa will focus on supplying bulk samples for further testing and marketing purposes.

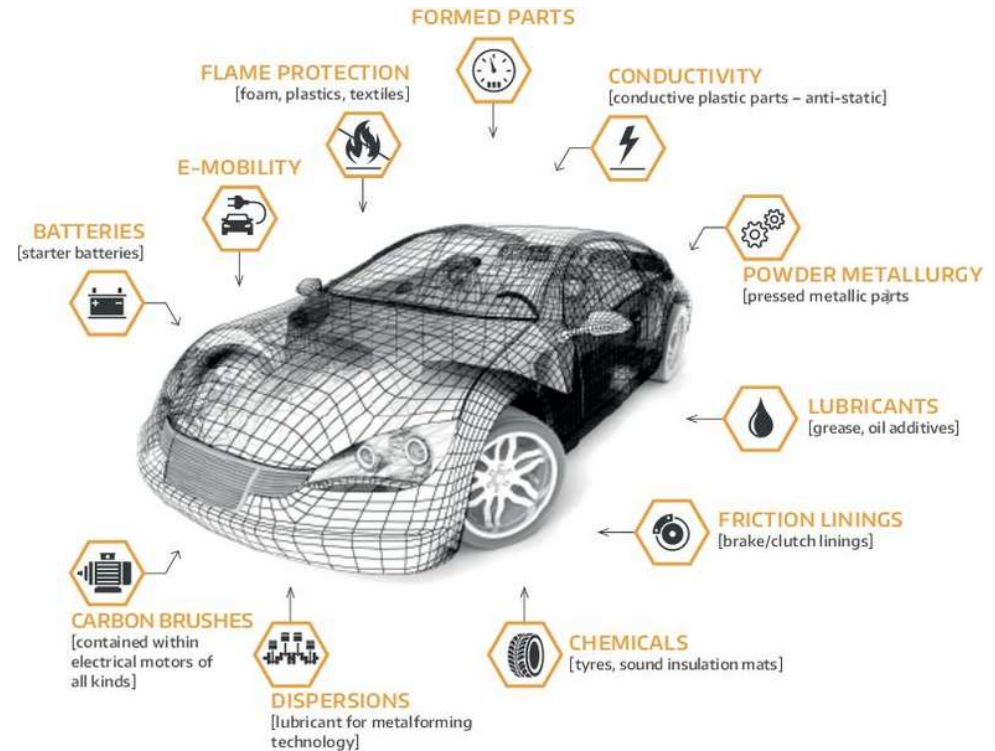


Image above shows the vast distribution of graphite based products in the EV industry alone. It's not just about batteries!

Investment Highlights

- High margin, high-grade crystalline vein graphite project ready for development
- Initial metallurgical test work and conceptual plant design highlights low Capex requirement for material upgrade
- Additional resource drilling to increase and upgrade the current MRE of 400,340 tonnes grading 79.1% TGC in 2019
- Mining headframe and associated equipment for shaft sinking purchased and being refurbished in Australia
- Targeting product extraction for bulk metallurgy and marketing samples for delivery prior to May 2020
- Marketing and Technology relationship talks in progress
- Pre-Feasibility Study (PFS) to be completed in FY20
- Exceptional drill ready exploration opportunities outside of Pathakada supported by coincident EM geophysics and significant historical mine workings



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The terms "Target" and "Exploration Target", where used in this presentation, should not be misunderstood or misconstrued as an estimate of Mineral Resources and/or Ore Reserves as defined by the JORC Code, and therefore the terms have not been used in this context. The potential quantity and grade of Exploration Targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource at the Company's Alukiteya, Bopetiya, Kithulgala, Waharaka, Dehiowita, Yattawaturu or Dumbura Project areas. Such forecasts, projections and information are not a guarantee of future performance, and involve unknown risks and uncertainties which may cause outcomes to vary. Actual results and developments will almost certainly differ materially from those expressed or implied.

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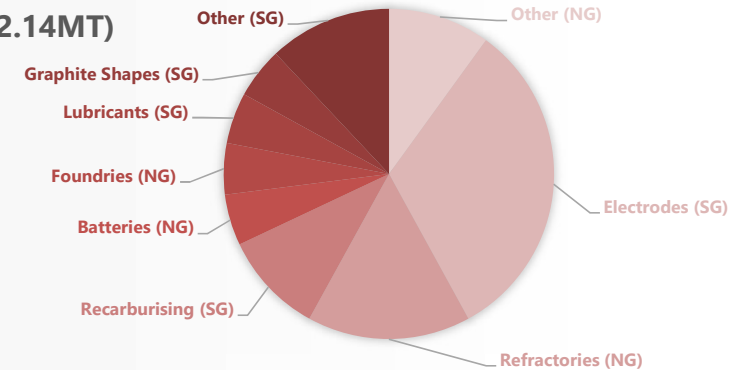
Appendices



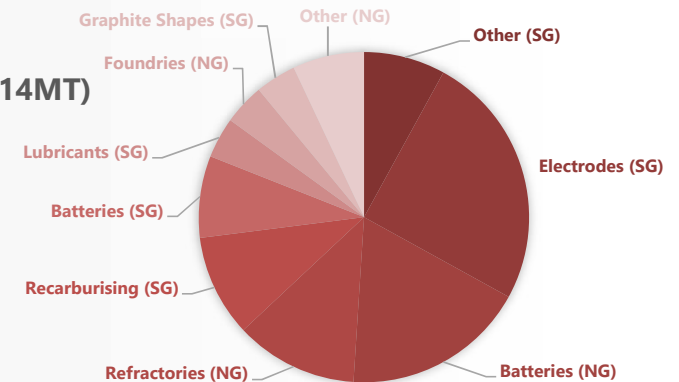
Global Market

- Graphite listed among world's most critical raw materials with global market projected to continue steady growth - varying CAGR rates of 5% to 7%
- Most in-demand product for booming lithium-ion battery market
- Green initiatives such as batteries, fuel cells, solar energy, semi-conductors, nuclear energy mean demand set to outweigh supply
- Demand growing in new areas such as aerospace applications, graphite foils, graphite nano-composites, graphene products
- Major supplier/consumer China seeing decreasing quality and increasing costs due to high grading mines, tightening labour and environmental standards
- China - US tariff increases provide opportunity for international suppliers to both markets

2017 (2.14MT)



2027 (2.14MT)



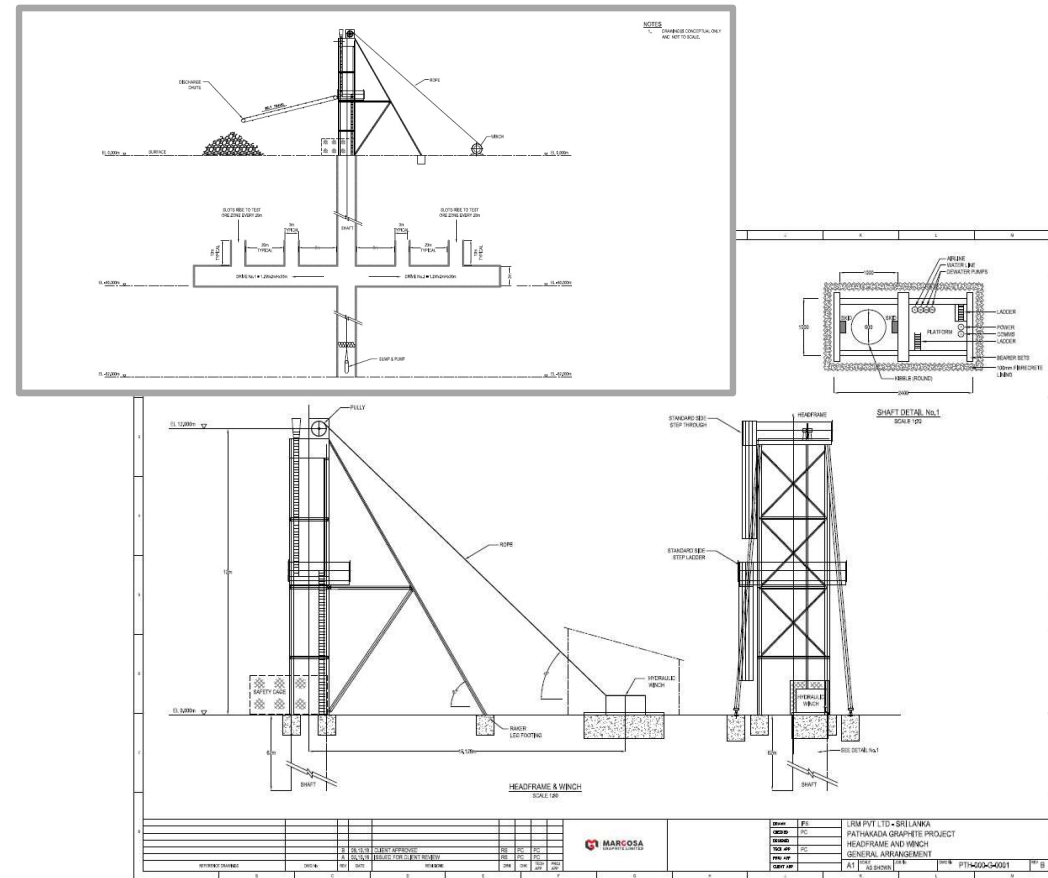
From: Natural and Synthetic Graphite: Global Industry, Markets and Outlook, 2018, Source: Roskill

Advanced Exploration Restoration Plan - AERP

- Perth-based Wilshaw Engineering engaged for design of Advanced Exploration Shaft headframe and ancillary equipment (waiting refurbishment approval in Australia)
- Application submitted to GSMB on 30 October 2018 and presentation to committee on 12 November 2018
- Following AERP approval, local construction to commence within 1 month and shaft sinking within 2 months

AERP Objectives

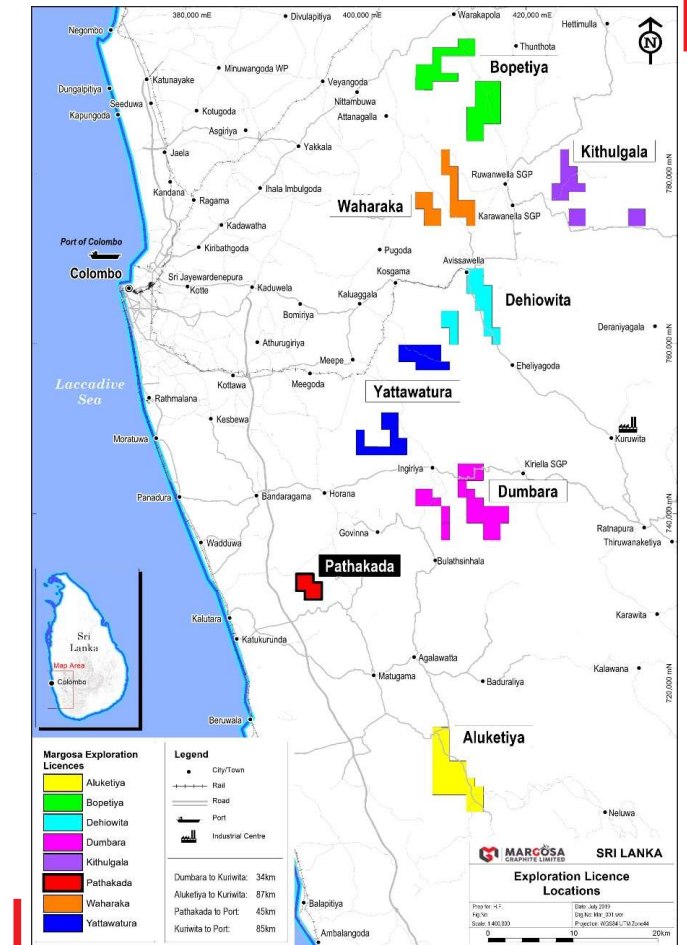
- Lithostructural information and vein geometry/width
- Bulk 100T sample for metallurgical works (to define grade/purity, comminution, product specifications, plant design) and *marketing* purpose
- Mining information – geotechnical, mining and vein recovery, hydrological, extraction and material handling
- On Feasibility Study completion, refurbished shaft to act as ventilation and emergency egress for future mining



Current Sri Lankan Projects

- Exploration Highlights**

- 1,700 line km airborne EM (AEM) survey completed over 6 priority projects with both ground and downhole EM surveys on priority 1 targets at Pathakada and Aluketiya
- 7,588m of diamond drilling completed at Pathakada (EL/219)
- Drill rig owner-operator allowing low cost drilling
- Maiden JORC (2012) Mineral Resource Estimate completed at Pathakada
- Aluketiya identified as future priority exploration target with circa 3,500 metre AEM anomaly and numerous deep historical shafts along its strike



Community Engagement

- **ZAMANI PROJECT FUNDING**

- University of Cape Town project to create accurate digital representations of Sri Lankan historical sites
- Information used for research and education, restoration and conservation, and to increase awareness of tangible cultural heritage

- **LOCAL EMPLOYMENT AND TRAINING**

- Commitment to employing and upskilling local staff
- Training of Sri Lankan employees has led to promotion of trainees to driller status
- Overseen by international industry professionals

- **LOCAL COMMUNITY INVOLVEMENT**

- Flood assistance and donations
- Education and school donations
- Donations to local Temples and Cultural events



Competent Person's Statement

The information in this report that relates to Mineral Resource Estimates and exploration targets and results is based upon information reviewed by Mr. Chris Grove who is a member of the Australasian Institute of Mining and Metallurgy.

Mr. Grove is a full-time employee of Measured Group Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Grove consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration results and exploration targets and results is based upon information reviewed by Mr. Hamish Fraser who is a member of the Australasian Institute of Mining and Metallurgy.

Mr. Fraser is a full-time employee of Margosa Graphite Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Fraser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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