

18 December 2020

Margosa Successfully Awarded Advanced Exploration and Restoration Plan Approval

Margosa Graphite Ltd ('Margosa' or 'the Company') is pleased to announce that it has been awarded the Advanced Exploration and Restoration Plan ('AERP') approval from the Geological Survey and Mining Bureau ('GSMB') for the refurbishment and development of a shaft at the Ridee Ganga Vein Graphite Project, Pathakada, Sri Lanka.

The approval of the AERP means the Company may proceed with dewatering and shaft development.

The approval was signed on 15 December 2020 by the Director General of the GSMB, Eng. De Sajjana De Silva, and Lankan Resources & Mining (Pvt) Ltd ('LRM') Company Director, Kanchana Kodituwakku. LRM is the wholly owned Sri Lankan subsidiary of Margosa.

Perth-based, Wilshaw Engineering have completed the design and engineering of the shaft equipment and fit out, including a 12m Headframe, ancillary mining equipment, electric hydraulic hoist and man-riding attachments. The equipment is refurbished and is awaiting shipment to the Ridee Ganga site.

Construction and development activities are scheduled to commence in the new year, subject to COVID pandemic travel restrictions, and the shaft program is scheduled to run for 6 months. The Sri Lankan Government has indicated easing of COVID restrictions may commence late December 2020.

The primary objectives of the shaft development will include:

- confirm lithostructural information and vein geometry;
- mine bulk samples of graphite ore for finalisation of metallurgy and advance marketing and off-take negotiations;
- confirm mine plan assumptions and assessments such as geotechnical properties, extraction and vein recovery factors, hydrological conditions, and material handling aspects; and
- provide ventilation, services and emergency egress for future mine development

The Board looks forward to providing further updates on the progress of the Ridee Ganga Vein Graphite Project in the new year.

Yours sincerely



John Shackleton

On behalf of the Board of Directors