



Margosa Graphite Limited– Operational and Corporate Update

Dear Shareholders,

Margosa Graphite Limited (“**Margosa**” or the “**Company**”) is pleased to provide the following update on its operational progress, processing development, and corporate activities at its Ridee Ganga Project in Sri Lanka.

Sri Lanka Operations

1. Shaft No. 1 Development

Development of Shaft No.1 continues to progress into bedrock and is approaching the first substantial graphite vein structures. At the current rate of advancement, the Company expects to intersect graphite veins within approximately two months.

Intersection of vein structures is expected to enable initial ore production from Shaft No.1 and represents a key milestone in Margosa’s pathway toward sustained graphite production.

2. Processing and Metallurgical Test Work

Margosa has commenced the next phase of metallurgical and process test work with Orway Mineral Consultants, ALS Metallurgy, and Auralia Metallurgy in Perth, Western Australia.

The objective of this test work is to:

- Support procurement and installation of the Stage 1 pilot processing plant; and
- Finalise back-end design criteria for the Stage 2 main processing facility.

With increasing graphitic content anticipated in pilot plant feedstock, the Company is evaluating the impact of higher grades on grinding and flotation equipment under the original design assumptions. Previous test programs have delivered a simplified process flowsheet, resulting in reductions to both capital expenditure and operating costs. Autogenous milling has produced a finer ground product, improved flotation performance and reducing the requirement for downstream regrinding to meet target product specifications.

Further test programs covering tailings thickening, concentrate thickening, filtration, and concentrate drying will be undertaken to complete design parameters for the main processing facility.

3. Corporate and Financing Activities

During the reporting period, Margosa has continued engagement with local and international partners to progress debt and equity financing discussions.

To support a staged pathway to Full Operational Capacity (“FOC”), the Company has accelerated pilot plant planning and installation in order to:

- Achieve early production and validation milestones; and
- Advance commercial readiness ahead of any public listing.

4. Early Production Opportunity (EPO)

The Company is actively progressing an Early Production Opportunity (“EPO”) with European manufacturers operating in the printed electronics sector.

Ridee Ganga Project graphite has been fully validated for this application, and the Company is working closely with potential customers to finalise product specifications and processing hub requirements. With support from UK-based chemical and scientific specialists, Ridee Ganga vein graphite has been successfully integrated as a direct replacement for synthetic graphite in this application, reinforcing its suitability for high-margin, specialty markets.



5. Public Listing Strategy

Evaluation of public listing opportunities remains a strategic priority for Margosa.

The Company continues to monitor global equity market conditions and investor sentiment toward critical minerals, which have experienced volatility amid ongoing geopolitical uncertainty.

Notwithstanding this backdrop, Margosa's development pathway—targeting Stage 1 pilot plant operations and Shaft No.1 material supply by the end of 2026 to support the EPO, positions the Company favourably for a potential Initial Public Offering.

Margosa has appointed a Perth-based corporate advisory firm to assess listing options across a range of international exchanges, including the ASX, LSE/AIM, TSX, and NYSE/Nasdaq.

The Company considers its decision to remain private during a prolonged period of subdued investor support for graphite equities to have been strategically beneficial, allowing capital to be deployed toward exploration, material qualification, and project advancement rather than public market compliance.

6. Strategic Positioning

Margosa believes it is differentiated from the majority of early-stage graphite developers:

- Sri Lankan vein graphite is recognised as the world's highest-grade natural graphite, with increasing interest from major US, European and India manufacturers seeking alternatives to synthetic graphite.
- Independent customer testing confirms Ridee Ganga graphite meets or exceeds technical performance requirements for printed electronics and advanced materials applications, frequently outperforming synthetic alternatives.
- The Ridee Ganga Project represents the only independently validated vein graphite resource of scale and quality currently positioned for commercial deployment.

These factors position Margosa to pursue specialty, high-margin applications rather than bulk commodity graphite markets.

7. Outlook

With Shaft No.1 development advancing toward initial vein intersection, pilot plant activities accelerating, and early commercial pathways being progressed, Margosa is entering a critical phase of transition from development to production.

The Company remains focused on disciplined execution and long-term value creation for shareholders.

Sincerely,

John Shackleton

(On behalf of the Margosa Board of Directors)