

Update to Shareholders - June 2023

Dear Shareholder,

Since providing an overview of activity and an update to shareholders at the Annual General Meeting (AGM), we have maintained our heading and focused on those activities that constitute the organisation's critical path. The Managing Director, Mr John Shackleton returned to Sri Lanka to ensure senior leadership presence at key meetings and discussions with Government Officials as we navigate closer to the award of the Industrial Mining License (IML). We have also considered several options for short-term capital raising and continued our discussions with potential investors and future partners, establishing further interest in our high-grade, crystalline vein graphite resource.

The recent changes within the ranks of Sri Lankan Government, coupled with the news of IMF funding approval and the World Bank's repurposing of resource in support, have created the conditions for targeted engagement with Mining Ministry Officials to ensure progression of IML approval. This has happened in lockstep with the global community turning its focus to better understand importance of graphite as a critical mineral, in pursuit of lower emissions and decarbonisation and the associated demand on the near and far market horizons. Our conversations have progressed beyond those that are commonplace and centred on Electric Vehicles, to that of graphene with its multitude of uses across green-technology, robotics, sensors and even sporting equipment. Our deep knowledge and understanding of our unique resource have sparked interest with those researching graphene and its future use cases. We intend to continue exploring the abundance of future development and off-take opportunities presented.

As discussed at the AGM, the approvals process for the award of the IML is progressing well. However, steady financial foundations are essential to ensure we create the time and space required to effectively prepare the organisation for its trajectory to operations and production. Having considered several alternatives, the Board concluded that a Rights Issue would provide existing shareholders the opportunity to participate in an achievable and effective method of raising capital in a short timeframe. The Board firmly believe that the support of existing shareholders is critical to the success of the organisation. Based on that decision, we have engaged Steinpreis Paganin to commence the planning and preparation for the activity. Further communications will be released when appropriate.

As we plan for the Rights Issue and continue our liaison in-country with the Sri Lankan Government and discussions with potential future interested parties, the Board will continue to work with Executive Management in Australia and further develop our future-focused strategy with the aim of becoming a leading producer of high-grade crystalline vein graphite.

Colin Belton
Chairman