



Dear Shareholder,

Margosa Graphite Limited ("**Margosa**" or the "**Company**") is pleased to provide an update to its shareholders on the status of the Company's material validation and qualification test programs.

### **Context**

Vein graphite's unique properties have been the subject of testing across world-leading R&D center's which has established the knowledge that it is the purest "Natural Graphite". Margosa's previous, comprehensive test programs had established its basic concentrate product would be produced at a high level of Total Carbon Content (TGC), and along with its unique Vein crystalline characteristics, could be sold into the higher end of the general market space.

Margosa's has now combined its Resource and feedstock capabilities with a UK-based Chemical Manufacturing and Processing Company (CMP Company) which has a robust affiliation with The National Graphene Institute and the Graphene Engineering Innovation Centre (GEIC) at Manchester University. The CMP Company is an ISO 9001:2015 certified specialty chemical manufacturer which specializes in formulation and manufacture of both critical and advanced materials for all applications. It also provides credibility into the qualification and validation of graphite material and their positioning in industrial use-cases and applications.

Margosa's Ridee Ganga (RG) Project material, along with several other project area samples has been subject to test work by the UK partners over the past few years. The purpose of the test work was to further understand the material's properties and assess its potential for alignment to specific high-end use cases being targeted by Margosa.

Margosa's raw and process materials were subjected to exfoliation techniques by the CMP Company proprietary methodologies. The output materials were analysed by microscopy and laser induced breakdown spectroscopy (LIBS).

The Company's future focus is ensuring our ability to provide a qualitative and quantitative supply of material to the global market not only at a basic concentrate level, but into the more lucrative top-end use case scenario's. Vein graphite material/product has struggled to be provided in commercial quantities consistently for many years. The Company is endeavouring to change that.

### **Results**

The results were extremely positive and have created a high level of confidence across Margosa's Board of Directors, Executive Management and the CMP Company Executive in the products ability to meet the standards required to enable entry into the more lucrative high end "Use Case Applications". When dispersed into standard resin systems, Margosa's material produced results with excellent rheology for screen printing and a high degree of conductivity, which indicated that its graphite powders obtained from these processes were viable candidates for printed electronic applications. It was noted during testing that graphene-like materials may have formed, which is an excellent indicator of the material's quality.

Comments echoing from the Managing Director of the CMP Company stating that the material performed above expectations, and they are extremely excited to complete more detailed testing programs to further enhance the materials ability to perform in the top end applications related to graphite and graphene manufacture. These results really do showcase Margosa's value in the market. We have always known that the graphite at the RG project was capable of being processed to a high quality, but to hear it from the experts and see the results on paper really does substantiate Margosa's differentiating brilliance.



Next Steps

Given the raw materials exfoliated effectively when processed the Company proposes to do further research and development to optimise the production of commercially viable materials for high end use case applications. Although the CMP Company experts have commented that there is a strong possibility that graphene like materials have already been formed, Margosa also intends to complete further work to qualify and quantify this. The next phase of exfoliation R&D would require the Margosa starting material to be processed to a classified, consistent graphite prior to exfoliation. Margosa's product qualification into current targeted use case applications will now enter the stage of product classification for specific use case scenario's that the Company, and its UK based partner CMP Company have identified for the RG Project material. This classification is in line with a potential offtake partners requirements for this type of product and Margosa is pleased to state that it's material to date has met all criteria for the offtake opportunity, leaving a production test program remaining for the final stage.

On behalf of the Board of Directors and Executive Management, thank you for your continued support.

Best regards,

COLIN BELTON

**Non-Executive Chairman**

On Behalf the Board of Directors