COMPANY: CEYLON GRAPHITE CORP.

TECHNICAL REPORT ON THE MALSIRIPURA (M1) EXPLORATION LICENSES, DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA.

NATIONAL INSTRUMENT FORM 43-101F1 TECHNICAL REPORT

PROJECT: MALSIRIPURA PROJECT

LOCATION: PANLIYADDA DIVISION, KURUNEGALA DISTRICT, NORTH WESTERN PROVINCE, UTM: 44 N

QUALIFIED PERSONS: CHRISTIAN DEROSIER P. Geo, M.Sc., D.Sc.

DATE: AUGUST 25, 2018

EFFECTIVE DATE: AUGUST 25, 2018
Signature Page

DATE: AUGUST 25, 2018

Christian Derosier
M.Sc., D.Sc. P.GEO.
TECHNICAL REPORT ON THE MALSirIPURA (M1) EXPLORATION LICENSES
PANLIYADDA DIVISION, KURUNAGALA DISTRICT, NORTH WESTERN PROVINCE, DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

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# THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

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THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 1: SUMMARY

On July 31rst, 2018, Mr Bharat Parashar Chairman and CEO of Ceylon Graphite Corp. (CYL), commissioned Christian Derosier Géologue-Conseil inc. to prepare an independent, NI 43-101 compliant technical report (Report) on its 100% owned Malsiripura Graphite project (M1 Project), located in the North Western Province of the Democratic Socialist Republic of Sri Lanka.

The Author visited the Project area on August 3rd, 2018.

On September 20, 2017, Ceylon Graphite Corp. announced it has signed an agreement to acquire all of the issued and outstanding shares of JADS Enterprises (Private) Ltd. (JADS), a local Sri Lankan mining company that has five graphite exploration Grid units (“GRIDs”) and an exploration license in the Malsiripura/Kurunegala region. The Grids cover an area of 5 sqkm (500 ha, or 1 235.48 acres)

Since the acquisition of the property, CYL has not undertaken an exploration program. The Company is in discussion with land owners for obtaining their authorization to proceed with surface and underground work.

The Malsiripura Graphite Project is located at about 120 km NE of Colombo, the capital of Sri Lanka. Within 30 kilometres of the licence area, are the larger regional centres of Kurunegala and Dambulla. The smaller village of Melsiripura located at some 15 kilometres south from the mining property, acts as a support base. The Block of Grids is crossed by Highway A-6 which links Kurunegala to Dambulla.

The Malsiripura area located in the North, is exposed to the Maha monsoon which affects the other half of Sri Lanka from around October to January, with the dry season usually from May to September. This area receives approximately 1250 to 1500 mm of rainfall annually.

The local economy is dominated by the pastoral activity with agriculture contributing greatly to the local economy. A service industry has grown around supporting both subsistence and commercial agriculture in the area. The region has known graphite resources with two producing mines. The region has a well-developed light industrial and social infrastructure, up to date transport and communications. A strong local construction industry is apparent, specializing in small projects. Textile, coconut and tobacco industries also play a large part in the local economy.

The region is connected to the main Sri Lankan Power Grid which is supplied by both hydro and thermal sources. A three wires power line (380 volts) crosses the Malsiripura Graphite Project from south to north.

The project area consists of low lying plains surrounded by north-south elongated hills of moderate to steep relief. The area could probably be considered as the north-western margin of the central highlands. Topography is moderate to steep and the landscape is dotted with incised gullies accommodating run-off into lower lying plains. Elevations range from around 200 m to 350-375 m above mean sea level (ASL).

The existence of graphite in Sri Lanka has been known since 1675 when the Dutch Governor, at the time, recorded its existence. Additional local archaeological evidence showings, during the same period indicates that iron ore had been melted in graphite crucibles.
ITEM 1: SUMMARY (cont.)

The existence of graphite in Sri Lanka has been known since 1675 when the Dutch Governor, at the time, recorded its existence. Additional local archaeological evidence showings, during the same period indicates that iron ore had been melted in graphite crucibles.

Graphite export peaked in 1899. Export of graphite counted for 22% of Sri Lanka trades. Export tonnage was recorded as 33,411 metric tonnes or 35% of the World’s consumption. Most of the graphite mines closed down after the WWI and the 1929 Great Depression.

The area has not been subject to any modern exploration work prior to the acquisition of EL/211 by Plumbago Lanka(PVT) Limited in November 2012. The same year, Bora Bora Resources Ltd. from Australia acquired 75% of the project. Plumbago and BBR undertook an exploration program which comprised a compilation of all previous data by the Geological Survey and Mine Bureau of Sri Lanka, an helicopter-borne magnetic and VTEM survey, road building, trenching, followed by a 4,997.90 m drilling program, assaying and a bench metallurgical test. Exploration ceased in 2016.

The helicopterborne VTEM survey was flown over the BBR’ properties including the Malsiripura Graphite Project. Because of the graphite veins exploited in the Kahatagaha-Kolongaha and Ragedara Mines are oriented E-W and steeply dipping to the South, BBR decided to have the survey flown in a N-S direction despite the fact that the geological formations, fold axis and plunges of the axis are oriented at an azimuth varying from 340˚ to 030˚.

C.D.G.C. is of the opinion that this orientation is resulting with an erroneous aeromagnetic representation (Figure 10) and interpretation of the magnetic axis which generally follow the lithology and structures. Normally, the flight lines would have been oriented E-W or better yet at 330˚ in order to cross cut the layering of the metamorphic host rocks and the fold plunge direction.

The conductive anomalies detected in the Malsiripura area are broad and correspond well with the concentration of graphitic mineralization. However, the N-S orientation of flight lines might be exact for the E-W oriented veins of the Kahatagaha-Kolongaha and Ragedara-Queens graphite mines, located on the eastern flank of the Maduragoda Antiform, The structural context is different for the Malsiripura graphite project which is situated on a different anticline axis plunging to the North. In that case, graphite veins may have a different orientation and dip.

On the Malsiripura Graphite Project, two large conductive anomalies have been detected. The reinterpretation of the VTEM data made in Australia by consulting geophysicists however highlighted the presence of only one anomaly.

In January 2015, BBR undertook a drilling program with two drill rigs. A total of 30 holes was bored for a total length of 4,997.90 m. A total of 265 core samples have been assayed by ALS Minerals, a certified laboratory, in Australia.
ITEM 1: SUMMARY (cont.)

Numerous narrow veins and some meter-scale massive graphite veins were intersected. Several holes missed their target. During the field visit, it was observed that several holes bored towards south were following the topographic slope when their dip was -50° to -60°. Those holes drilled down dip through the weathered zone cannot be relied upon due to a high potential of deformation of graphite vein by weathering.

The mineralized zones encountered during the drilling program have returned several high-grade intersections of crystalline graphite. The digitalization of the drill results with the assays shows the presence of several mineralized zones comprising high-grade veinlets and veins (80.0 to 98.6% Cg) and disseminated to semi-massive graphite mineralization (5% to 50% Cg).

All the assays giving more than 1% Cg have been grouped in mineralized zones (or envelopes). The true width and the average grade of those envelopes have been calculated and reported on plans and sections. Those mineralized zones have been interpreted according to the geology and structures, and linked together when it was possible. This work permitted to delineate a 200 m long NNE-SSW trending mineralized zone with several high-grade graphite values. This mineralized zone corresponds to the long conductive anomaly detected by a N-S flight line, runs more or less parallel to the stratigraphy and the anticlinal axis. Some E-W oriented massive graphite veins seem to branch from that principal zone.

In May 2018, JADS commissioned a senior mine geologist to prepare a mineral estimation based on the 2015 bore hole data. The consulting geologist interpreted the presence of four E-W oriented veins (Kahatagaha vein-type) which gave a mineral resource of 76,574 tonnes with no specified Cg grade. Sinking of a shaft on the south vein and the boring of a NNE oriented adit were recommended.

All the BBR’ data have reviewed and verified. It is the C.D.G.C.’s opinion that the 2015 work has been made in compliance with NI 43-101 and the best practices of the industry. A QCQA program was in place and applied. C.D.G.C. has been able to verify the hole locations and some core boxes.

To complete its mandate with CYL, C.D.G.C. has prepared a mineral resource estimation. Modeling of the mineralization is done in 3D. Several graphite mineralization have been intersected by the drill holes. However, a Main Zone appears to have some extensions laterally (200 m) and at depth. The orientation of the graphite bearing system (Main Zone) is evaluated to have a principal trend of 022°/85°W and secondary orientations (branches) at 094°E and 075° E. The Main Zone appears to present a “Z” type crenulation folding indicating a possible anticlinal isoclinal fold nose to the NE. This is confirmed by the regional geological map. This Zone is located within a felsic gneissic unit of possible metasedimentary origin bordered to the east and west by quartzite layers. There is no evidence that the Zone is related to a fault structure.

The modeling of the mineralization has been made in 3D and new cross-sections have been determined. It was understood that the main graphite bearing system is oriented at 022° with a dip of -85°W.

After several methodology tests, it has been determined that the Inverse Distance Weighting (IDW) interpolation was the most adequate method to evaluate the resources.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

ITEM 1: SUMMARY (cont.)

Several low cut-off grades were determined for the block model. With a prioritization of the grade and considering the optimization of the continuity of the mineralized zone, the low cut-off grade of 2% Cg was retained. This permits to calculate a mineral resource of 159,544.05 tonnes averaging 8.15% Cg. This scenario is also identified as the base case for an Indicated Mineral Resource of 37,234.62 tonnes at 9.79% Cg and 122,309.43 tonnes at 2.76% Cg classified as Inferred Mineral Resources. These mineral resources contain all the known lump veins grading between 80.20% and 98.60% Cg over thicknesses ranging from few centimetres to 0.72 m. Their length ranges from few metres to a maximum of 75 m. A total of 13,000 tonnes of Carbon Graphite is contained within the mineralized envelope.

The author considers that the Malsiripura Graphite Project is a reasonable prospect for an eventual economic extraction. The zone is heavily transposed but there is a good continuity even at high cut-off grade.

Based on results obtained during the 2015 drilling program, C.D.G.C. recommends a follow-up drill program using NQ calibre drills to test for along strike and down dip extension to a depth of 200 m.

At this stage, it is very important to meticulously survey all the old workings and have some surveyed bench marks established around the main mineral zones for a better control of the coordinates and elevations. It is also recommended to dig several trenches across the recently discovered mineralized zones situated West of the main zone and to check the best conductive anomalies located in the eastern part of the property. This will economically valorize the known resource and will permit to extract several little bulk samples.

The total cost for the 2018 recommended drilling and exploration program is estimated at US$ 600,000.00.
FIGURE No 1:  SATELLITE VIEW OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 2: INTRODUCTION

On July 31st, 2017, Mr. Bharat Parashar, Chairman & CEO of CEYLON GRAPHITE CORP. (“CYL”), from Vancouver, British Columbia, Canada, mandated Christian Derosier Geologue-Conseil Inc. (“C.D.G.C.”) to undertake a NI 43-101 compliant Technical Report with possibly a Mineral Resource Estimation on the Malsiripura graphite property located in the North Western Province, Kurunagala District, Panliyadda Division of the Democratic Socialist Republic of Sri Lanka (Figure No 1).

2.1 Scope of Work

On September 20, 2017, CYL announced it has signed an agreement to acquire all of the issued and outstanding shares of JADS Enterprises (Private) Ltd. (JADS), a local Sri Lankan mining company that has five graphite exploration Grid units (“GRIDs”) and an exploration license in the Malsiripura/Kurunegala region in central Sri Lanka. The acquisition of JADS takes the total number of GRIDs under CYL’s umbrella in Sri Lanka from 116 to 121.

Since the acquisition of the property, CYL has not undertaken an exploration program. The Company is in discussion with land owners for obtaining their authorization to proceed with surface and underground work.

The Author was retained to complete a technical report in compliance with National Instrument 43-101 of the Canadian Securities Administrators (“NI 43-101”) and the guidelines in Form 43-101 F1. The Author is a “Qualified Person” within the meaning of National Instrument 43-101.

It is intended that this report be filed with SEDAR in Canada and with the Board Of Investments of Sri Lanka.

The scope of services commissioned by CEYLON GRAPHITE CORP. included the following terms:

* Examination of all previous work executed on the property,
* Locate on map the previous exploration work,
* Compilation and plan drafting of all the geological information;
* Prepare new geological sections, longitudinal and surface plans;
* Prepare an estimation of the mineral resources delineated by the previous program;
* Propose an exploration program that will permit to better delineate and qualify the mineral resources.

C.D.G.C. Inc. reviewed some company reports provided by CYL and JADS as listed in Item 27 and consulted the files of the GSMB.

C.D.G.C. Inc. started to work on the Malsiripura project on August 3, 2018 and Christian Derosier P. Geo., M.Sc., D.Sc. visited the property and the core storage facility for the first time at this date.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 2: INTRODUCTION (cont.)

2.2 Terms and Definitions

“CYL” refers to CEYLON GRAPHITE CORP. from Vancouver, British Columbia, Canada;
“JADS” refers to JADS Enterprises (Pvt) Ltd. from Colombo, Sri Lanka;
“GSMB” refers to the Geological Services and Mining Bureau of Sri Lanka, Kandy, Sri Lanka;
“C.D.G.C.” refers to Christian Derosier Géologue-Conseil Inc. from Saint-Lazare, Quebec, Canada.

2.3 Units and numerical system

Units in the C.D.G.C. Inc. ‘s report are in metric units unless as otherwise specified.

Precious metal content is reported in grams of metal per metric tonne (g/T Au or Ag) except as otherwise stated. Tonnage figures are dry, metric tonnes unless otherwise stated. Reference to base metals reported in weight percent or in parts per million (ppm) metal. Graphite or Organic Carbon (Cg) content is expressed in weight percent.

The weight, the measurement as well as the currency convention which is used in the course of this study is in conformity with the nomenclature of the international system (IS).

The cartographic reference system used for local mapping and drawing is Universal Transverse Mercator / 3° Gauss-Kruger. Datum: UTM WGS84 zone 44N,
   Geoid Elevation: -31.960m, CGG2013a
   Magnetic Declination: 02° 2.40’ W changing by 0° 3.2’ E per year.
   UTM Grid Declination: 1° 55.08’ W.
   Magnetic Field: 40683 H(nT)
   Ellipsoid Elevation: 111m. Orthometric Elevation: 142.960m

2.4 Author Information

Dr. Christian Derosier is a professional geologist who is providing worldwide services in geology and exploration for industrial minerals, precious and base metals since 1969. He has been involved in numerous graphite projects from the exploration through to production in the Province of Quebec from 1988 to 2018 and others in Canada and abroad. He is independent from Ceylon Graphite Corp. and its interests regarding all Project components.

Dr. C. Derosier is responsible for Items 1 through 27 of the Report.
Item 2: INTRODUCTION (cont.)

2.5 Statement

The Author believes the information used to prepare this Report and to formulate its conclusions and recommendations is valid and appropriate considering the status of the Project and the Report purpose. The technical data are judged appropriate for producing a NI 43-101 mineral resource/reserve estimate on the Malsiripura Graphite Project.

The Author, Christian Derosier, by virtue of his technical review of the project’s exploration potential, certifies that the work program and recommendations presented in the report are in accordance with NI 43-101 and CIM technical standards.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 2: INTRODUCTION (cont.)

TABLE No 1

TABLE OF CONVERSION

WEIGHT

1 oz (troy) = 31.103 grams (g)  
1 oz (troy) by short ton (t) = 34.286 g/T

1 pound (lb) = 0.454 kg  
1 pound (lb) by short ton (t) = 1.215 troy pound

1 short ton (t) = 0.907 Tonne (T)  
1 short ton = 2,000 pounds (lbs)

1 metric Tonne = 1,1023 short ton  
1 pound = 16 oz = 0.454 kg

1 pound = 14.5833 troy ounces

LENGTH

1 inch = 2.54 cm  
1 foot = 0.3048 m

1 mile = 1.6093 km  
1 mile = 1,609.3 m

1 metre = 3.2808 ft

AREA

1 square mile = 259 hectares  
1 square mile = 640 acres

1 square km = 247.105 acres  
1 acre = 4,047 sq m

1 sq ft = 0.0929 sq m  
1 sq m = 0.000247 acre

ABREVIATIONS

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FIGURE No 2: TOPOGRAPHIC AND ADMINISTRATIVE MAP OF SRI LANKA

MALSRIPURA GRAPHITE PROJECT
FIGURE No 3: ROAD AND RAILWAY NETWORKS IN WESTERN SRI LANKA
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 3: RELIANCE ON OTHER EXPERTS

3.1 Author

The Author, Qualified and Independent Person as defined by NI 43-101, is authorized by CYL to study technical documentation relevant to the report and to recommend a work program. The author reviewed the mining titles status, any agreements and technical data supplied by CYL (or its agents), and any public sources of relevant technical information.

Information regarding mining titles and option supply agreements were received from CYL. The Author also consulted the SEDAR database. www.sedar.com is the official site that provides access to most public securities documents and information filed by issuers with the thirteen provincial and territorial securities regulatory authorities (“Canadian Securities Administrators” or “CSA”) in the SEDAR filing system. Although the Author reviewed all option agreements and available Grid status documents, the Author is not qualified to express any legal opinion with respect to the property titles or current ownership and any possible future legal disputes.

Most of the geological and technical reports for projects in the vicinity of the Malsiripura Graphite Project were prepared after the implementation of National Instrument 43-101 in 2001 and NI 43-101 in 2005. The authors of such reports appear to have been qualified, and the information prepared according to standards that were acceptable to the exploration community at the time. Those reports are listed in ITEM 27: References. However, the data are incomplete in some cases and do not fully meet the current requirements of NI 43-101.

3.2 Source of Information

C.D.G.C. inc. is a Canadian based consulting company that has been established since 1986. C.D.G.C. inc. has been retained by CYL in the role of independent consultant, neither C.D.G.C. inc. nor the Author of this report have any material interest in the companies or mineral assets considered in this report. The relationship with C.D.G.C. inc. is purely professional association between client and independent consultant. This report has been prepared in return for fees based upon agreed commercial rates and payment of these fees is no way contingent on the results of this report.

CDGC inc. has completed its work on the Malsiripura Graphite Project based upon technical information known as August 25, 2018. The Author has spent one day on site and conducted two meetings with JADS’s officers and consultant.

C.D.G.C. inc. considers that all material information has been disclosed to C.D.G.C. inc. by CYL. C.D.G.C. inc. claims no liability arising from its reliance upon the information provided by others or from information not supplied. C.D.G.C. inc. has made all reasonable attempts to establish the validity of the information supplied and included in this report. A final draft of the report was supplied to CYL in an attempt to identify any errors or omissions prior to finalization of the report.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 4: PROPERTY DESCRIPTION AND LOCATION

The Malsiripura Graphite Project is located approximately 120 km north east of Colombo, Sri Lanka, and 30 km north east of Kurunnegala, a large regional centre (Figures No 2, 3 and 4).

The small village of Melsiripura is at 15 km south west on the Highway A-6. This village acts as a support base.

4.1 Mining Property (Figures No 5)

JADS Enterprises (Private) Ltd. owns one Block of five Grids. The Block is recorded as El/361 and was attributed on September 27, 2017 by the Geologcical Survey and Mines Bureau of Sri Lanka (GSMB).

The individual Grids are numbered according to a six-figure Universal Transverse Mercator, UTM coordinate at the bottom, left corner of each square. This is according to UTM (WGS 84), Zone 44, Northern Hemisphere Projection and the Sri Lankan National Topographic system known as Kandawala/ Sri Lanka Grid.

TABLE No 2
GRIDS LIST

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</table>

The exploration licence is issued subject to the rights of the owner or occupant of the land covered by the licence and to the provisions of the Mines and Minerals Act, No 33 of 1992 and Regulations made thereunder and of any Act or Regulations in amendment thereof, and such other terms and conditions set out. The Licencee should pay LKR 6,500 (CAD$ 58) per year inspection fees.

Progress report should be submitted to the GSMB before the end of every 6 months. Failure to do so, it may lead to cancel the exploration licence without prior notice.
FIGURE No 4: ACCESS TO THE MALSIRIPURA GRAPHITE PROJECT (M1)
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 4: PROPERTY DESCRIPTION AND LOCATION (cont.)

The Licensee shall on the completion of the exploration or mining authorized by the licence, rehabilitate the land to which such licence relates, to such condition as may be specified.

A minimum of 14 days written notice must be given prior to either accessing private land or undertaking invasive exploration activities such as drilling, excavating or line cutting.

It is the C.D.G.C. inc.’s understanding that JADS owns 100% of the Exploration Licences and mineral rights to the Malsiripura Graphite Project and these rights are transferred to CYL following the agreement between the two companies by which CYL acquired all of the issued and outstanding shares of JADS.

Geological mapping to the scale of 1: 10 000 initially and later on to a scale of 1: 1,000 to be submitted to the GSMB

The acquisition of JADS was approved by the TSX.V. It is now the CYL’s responsibilities to respect all the Regulations and Acts of the Mining Code.

No claims from other parties are known to exist over the project area.

4.3 Environmental Liabilities

Current environmental liabilities are considered minor. They primarily consist of the need to rehabilitate areas of cleared vegetation formed during the construction of access trails and drilling sites. All programs are covered by the companies’ Environmental Management Plan.

The Management Plan outlines procedures for re-vegetation of affected areas, water monitoring and controls for slope failure or mass movement.

All environmental approvals for the current level of activity are in place and in good standing.

4.4 Description of Grids

A Grid (claim) is a square of 1 km by 1 km, covering and area of 1 sq km or 100 Hectares or 247 acres.

According to the Government of Sri Lanka Mines and Minerals Act No 33 of 1992 (Mining Act 1992), there is a 6% royalty payable on Industrial Minerals not exported and 7% royalty payable on exported industrial minerals. These payments are not required until mining operations commence and are then payable from sales or determined market value of mine output.

There are not other significant factors and risks that may affect access, title or the right or ability to perform work on the property.
Block EL/361 boundaries

(Source: JADS Enterprises (Private) Ltd.)

FIGURE No 5:  MALSIRIPURA BLOCK OF GRIDS (M1)
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 5: ACCESSIBILITY, LOCAL RESOURCES, INFRASTRUCTURE, PHYSIOGRAPHY AND CLIMATE

5.1 Accessibility (Figures No 3 to 5)

The Malsiripura Graphite Project is located at about 120 km NE of Colombo, the capital of Sri Lanka. Within 30 kilometres of the license area, are the larger regional centres of Kurunegala and Dambulla. The smaller village of Melsiripura located at some 15 kilometres south from the mining property, acts as a support base. The Block of Grids is crossed by Highway A-6 which links Kurunegala to Dambulla.

From the paved road at waypoint 448817.33mE/849327.03mN, Elevation 207 mASL, a single lane lateritic road leads to the West. At 296 m from the paved road, the road forks to the North and the South. The northern lane leads to a small house built at the foot of a hill (448303mE/849815mN, elevation 229mASL). From the fork, the distance is about 560 m. That road is moderate to good quality during the dry season. From there, the road is invaded by the vegetation, was not well maintained, and becomes a trail. That trail plus the trails made for the drilling program give access to the different grids. The eastern grids are crossed by the Highway A-6.

5.2 Climate

Due to its location in the equatorial and tropical zones, Sri Lanka has been influenced by the monsoons which consist of four very distinctive seasons.

First Inter-monsoon Season (March – April) – Thunderstorm type rainfall with warm and uncomfortable conditions;

Southwest-Monsoon Season (May – September) – The warm season is eased away by the windy weather during this particular monsoon season. Rains can be expected during any time of the day;

Second Inter-monsoon Season (October – November) – Rains occur with thunder storms while the influence of the weather system like depression and cyclones in the Bay of Bengal is considered to be common. The whole island experiences widespread rain with strong winds;

Northeast-Monsoon Season (December – February) – Cold and dry windy weather can be expected during this season while cloud free and days filled with sunshine can be expected. Rain can be expected in several parts of the island as well.

The Yala monsoon brings rain to the Country’s western and southern regions from May to September. These areas experience their dry season from around December to March. On average, the southwest receives 4000 mm of rainfall each year.

The Malsiripura area located in the North, is exposed to the Maha monsoon which affects the other half of Sri Lanka from around October to January, with the dry season usually from May to September. This area receives approximately 1250 to 1500 mm of rainfall annually, significantly less than the other half of the
FIGURE No 6:  ANNUAL AVERAGE RAINFALL IN SRI LANKA

(Source: Department of Meteorology, Sri Lanka)
FIGURE No 7: AVERAGE TEMPERATURES IN SRI LANKA

(Source: Department of Meteorology, Sri Lanka)
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 5: ACCESSIBILITY, LOCAL RESOURCES, INFRASTRUCTURE, PHYSIOGRAPHY AND CLIMATE (cont.)

Country (Figure No 6). There is also an inter-monsoonal period in October and November during which rain and thunderstorms occur frequently across the island.

The climate in Sri Lanka is tropical and consists of very distinctive dry and wet seasons. The average temperature of Sri Lanka usually ranges from 28 – 32 degrees Celsius which may differ due to global weather conditions as a whole. The temperature can vary from being as low as 16 degrees Celsius in Nuwara Eliya which belongs to the central highlands and to as high as 32 degrees in Batticaloa along the Eastern coast of the island. However there are certain areas along the coast that are cooled by the ocean breezes. The coldest months according to the mean monthly temperature are December and January while the warmest months are April and August (Figure No 7).

Generally speaking, upland areas of Sri Lanka are cooler, with yearly average around 16-20°C. Coastal areas are warmer with average temperature around 27°C. From March to June, sees slightly higher temperatures at around 32°C, while temperatures from November to January are a few degrees lower at around 24°C. Humidity is typically high in Sri Lanka averaging out at around 80% throughout the year.

As the nation is located in the Tropics, Sri Lanka drought conditions become possible during the March-to-August period and flooding is possible around September through November. Flooding is prevalent particularly in the southwest during the wet season.

Natural hazard for Sri Lanka include occasional hurricanes and tornadoes. The low-lying coastal areas are subject to tsunami like the 2004’s one.

There is no reason that mining operations cannot be carried out year around, other than short term disruptions due to limited flooding during the wet season.

5.3 Population and Local Resources

The local economy is dominated by the pastoral activity with agriculture contributing greatly to the local economy. Rice-growing take place in the valleys with a compact group of houses, or a neighborhood surrounding one or several religious centres. Most of the houses are concentrated along the major roads and include a few shops, or the village may include several outlying hamlets.

A service industry has grown around supporting both subsistence and commercial agriculture in the area. The region has known graphite resources with two producing mines. The region has a well-developed light industrial and social infrastructure, up to date transport and communications.

A strong local construction industry is apparent, specializing in small projects. Textile, coconut and tobacco industries also play a large part in the local economy.

Local underground mining skills are available within 20 km.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Picture No 1: Road from Negombo to Kurunegala, near Dambadeniya.

PICTURE No 2: Kurunegala, on the right, the cricket field, main road to Malsiripura.
5.4 Infrastructures

The region is connected to the main Sri Lankan Power Grid which is supplied by both hydro and thermal sources. A three wires power line (380 volts) crosses the Malsiripura Graphite Project from south to north.

The Norther Railway line passes through the region from Kurunegala to Anuradhapura.

Communication towers are installed all around. Telephone communications with local or international correspondents are very easy.

There is an International airport to the southwest, at Negombo. The Bandaranaike International Airport, colloquially known as Katunayake Airport and Colombo International Airport, is the main international airport serving Sri Lanka. It is located at 25 km north of the Capital and linked by a new toll expressway.

The region has sufficient infrastructure to host small to medium scale mining operations.

5.5 Physiography

The project area consists of low lying plains surrounded by north-south elongated hills of moderate to steep relief. The area could probably be considered as the north-western margin of the central highlands. Topography is moderate to steep and the landscape is dotted with incised gullies accommodating run-off into lower lying plains. Elevations range from around 200 m to 350-375 m above mean sea level (ASL).

Only one permanent stream is evident in the project area, this is used by locals for various purposes. There are numerous ephemeral streambeds accommodating run-off from heavy rainfalls. Towards the end of the dry season water becomes scarce and the main tributary reduces to a series of ponds of very limited size.

Soils in the region are poorly developed and generally of dark brown to brown color. Soil is in the order of 0.10 to 3 m thick. Vegetation is thick and ranges from grasses (0.3 to 2 m high) to significant trees in particular coconut trees.

Cattle is observed around the isolated houses. Wildlife populates the project area ranging from various reptiles (lizards, snakes, etc.) and small marsupials to monkeys and wild boar.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

PICTURE No 3: Vegetation and landscape at Malrisipura. Looking West.

PICTURE No 4: Malsiripura, landscape, view to the South.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

6.1 Historical background to mining graphite in Sri Lanka.

The existence of graphite in Sri Lanka has been known since 1675 when the Dutch Governor, at the time, recorded its existence. Additional local archaeological evidence showings, during the same period indicates that iron ore had been melted in graphite crucibles.

Trade in graphite, mainly for the pencil industry, began during the XVIIth Century but significantly developed during the Industrial Revolution during the XIXth Century (Iron Smelters, foundries, grease, ammunitions, etc.). Graphite was used in making crucibles for the casting of bomb shells and cannon balls in Europe. Graphite export peaked in 1899. Export of graphite counted for 22% of Sri Lanka trades. Export tonnage was recorded as 33,411 metric tonnes or 35% of the World’s consumption.

Most of the graphite mines closed down after the WWI and the 1929 Great Depression.

Prior to 1940, there were over 2,400 graphite pits and mines located in the South-West and Central Highlands in Sri Lanka, with only three underground mines remaining in production today.

A study of the Sri Lankan Graphite industry by Rex A. Casinader (1974), has categorized the period from 1850 to 1972 into three phases:

1) The Fledging Phase: from about the middle of the nineteen century to early 1870’s. This is a period during which graphite established itself as one of the minor export industries of the island. Among the factors contributing to the development of the graphite industry at this stage, was the growing demand for Sri Lankan graphite due to its high carbon content. This quality was particularly required by the crucible industry which was rapidly emerging in Great Britain and USA in part due to the American Civil War.

2) The Prosperity and Maturity Stage: for the period 1869 to 1918. That period may be characterized as a period of great activity in Sri Lanka. This was the period that witnessed the scatter of nearly 3,000 pits and mines in the south-west quarter of the island. Several pits were mechanized (“mol pathal”) and primitive pits mines operated manually (“dabare pathal”). It is a matter for conjecture wether some of the graphite mining methods were borrowed from traditional gemming methods of extraction and practices.

3) The Decline and Selective Maturity: from 1917 to present day. The graphite industry slipped down. In 1912, some graphite which matched the quality of Sri Lankan Graphite, was discovered in Madagascar. This resulted in a stiff competition. The Madagascar graphite was extracted at a lower cost. The Sri Lankan production declined slowly but inexorably with some outbursts of revival during the First and Second World Wars. The share of Sri Lanka, which was half the world trade prior 1912, had fallen to less than 2% in 1980.

6.2 Graphite mining in Sri Lanka

Very primitive mining methods were used during the peak period of graphite mining owing to the lack of
equipment and technology, prohibitively high capital costs and no experienced mining professionals. A large number of shallow pits were sunk in the weathered rock or topsoil to produce graphite artisanaly and at low cost, and in fairly large quantities, using manual excavating methods.

The type of graphite mining operation varied from shallow pits and shafts in the lateritic overburden, to mines consisting of a vertical shaft with a series of horizontal galleries driven along the veins from the shaft at different levels into the saprolite. Developing another shaft or pit at some distance away and connecting them by galleries highly improved the ventilation and dewatering was achieved using an adit or occasionally using steam engines.

Major problems incurred were dewatering, haulage of material, drilling and blasting, and ventilation. Sometimes hand-operated winches were used for haulage or ore scrapping purposes. In the pits, when the miners were unable to deal with the problems of the inherent ground water or side wall stability, they were compelled to abandon the pit.

Due to a combination of drop in price and the discovery of more accessible and cheaper sources of graphite elsewhere in the World, the mining industry of Sri Lanka collapsed after WWII. Only one mine remained continuously in production. Today, three are currently operating (Bogala, Ragedara and Kahatagaha).

6.3 Current Graphite mining in Sri Lanka

The State Graphite Corporation of Ceylon was established in 1971, after the nationalization of the graphite industry. At this occasion, three mines: Kahatagaha, Kolongaha and Walakatahena were grouped into a single entity, the Kahatagaha-Kolongaha Mine. The Bogala Mine was already the result of the merger of several old, small mines producing from the same oreybody. At first these two mines were the sole producing units of the new Corporation known as the State Mining and Mineral Development Corporation. The experimental graphite mine of Rangala was opened in 1973 and the one at Ragedara followed in 1976. After few years of operation those two mines were closed down and abandoned.

In 1989, the Kahatagaha-Kolongaha Mine was privatized and remained in operation for only few years before closing down. In 1996, it was taken over by the government and is currently being run with a limited production of approximately 100 tonnes per month, with an estimated reserve of 50,000 tonnes (Touzain, 2010). All the production was stockpiled but some graphite bags are regularly shipped overseas. The Kahatagaha-Kolongaha Mine has shaft access down to 345 m (1,130 feet) with access to approximately 25 veins.

The Bogala Mine has been in production since 1821 and in 1991 was privatized and became a public company. In 2000, Ms Graphit Kropfmühl AG of Germany (AMG) became the major shareholder. The mine produces between 250 tonnes and 600 tonnes per month and has an estimated reserve of 26,000 tonnes (Touzain, 2010). The mine is 310 m deep and is mining three veins.

Between 2000 and 2003, the Aluketiya Mine operated as a public company, but has since ceased its operations.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

Ragedara Mine, which was abandoned in the early 1980s, recommenced limited production in 2011. In early 2014, Elcora Advanced Materials acquired the full operational control and a 40% equity interest in Sakura Graphite (PVT) Limited, who operates the Ragedara mine. The orebody is accessible by an adit and is currently mining four veins. The production is about 500 tonnes per year.

6.4 History of the Malsiripura Graphite Project

Anecdotally graphite has been known in the Malsiripura for over a century. There are stories of old underground workings on the property in the first half of the 1900’s. No records of any production are known to C.D.G.C. inc.

There is both indirect and circumstantial evidences of the existence of graphite potential within the Malsiripura property. The indirect evidence is in the form of scattered shallow pits within the top soil and the laterite. Sometimes, there is an apparent continuity of strike suggesting that there is a lateral extension of veins.

The circumstantial evidence is in the form of a local oral history of each of the mined areas indicating there has been varying degrees of shallow mining within the selected area.

The area has not been subject to any modern exploration work prior to the acquisition of EL/211 by Plumbago Lanka(PVT) Limited in November 2012.

6.5 Plumbago Lanka (PVT) Limited. (2012-2013)

Plumbago Lanka (PVT) ltd. has submitted an Exploration Licence application to the GSMB in November 2012 to reserve 32 grid units in area around Omaragolla- Maduragoda in Kurunegala District, within Dambulla and Matale 1: 50,000 topographic sheets in order to conduct an exploration program to access the economic viability of graphite occurrences. The five grids covering the Malsiripura graphite project are part of this application.

If the results of the exploration program become satisfactory, a BOI project for mining and processing of graphite would be initiated. In this regard, Plumbago requested the GSMB Technical Services to inspect the entire reserved areas and to identify all the abandoned graphite mines and pits and select promising areas in order to conduct some exploration activities. The five grids forming the Block EL/211 were comprised in Zone-2 in the GSMB’s report.

In Zone -2, only minor fold structures were observed and only one abandoned graphite mine was encountered on Grid # 173276. This mine if located close to the old N-S trail. Two shallow pits or shafts were identified at Godaparagolla village in “Das Watta” land. (Figure No 8). Those two shafts were considerably filled with debris materials. The mining area is located close to the top of the Omaragolla ridge structure. Elevation difference of this ridge structure is between 240 m and 360 m. ASL.
FIGURE No 8: LOCATION OF OLD SHAFT FOUND IN 2013 BY THE GSMB TS.
FIGURE No 9: ISOMETRIC, TOP AND FRONT VIEWS OF THE ABANDONED DAS WATTA MINES

GPS COORDINATES: Shaft No 1: 173409 mE 276742 mN
Shaft No 2: 173378 mE 276828 mN

Source: GSBM's report 2013

FIGURE No 9: ISOMETRIC, TOP AND FRONT VIEWS OF THE ABANDONED DAS WATTA MINES

Coconut trees

THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

According to the villagers, all these shafts were shallow shafts and were driven in the overburden cover and saprolite with a maximum depth of 10-15 m. Villagers further mentioned that the mine management abandoned the mines without any reason. However, economical grade graphite veins are available for further mining at this abandoned mine. Graphite bearing fragments are observable in the dumps.

All the mucking and hoisting were done through the shafts. Barrel attached to rope were driven into the shafts for dewatering.

According to villagers, when the mine was in operation, graphite veins, 0.10 m to 0.25 m thick, with good quality needle type semi-crystalline graphite were discovered at different levels of all shallow shafts. They further mentioned that considerable amount of economically viable graphite could be mined from the remaining parts of the vein system in this mine.

GSMB’s Team also mentioned that during the field investigation, it was unable to gather evidence on the vein pattern due to collapsing nature of the shafts.

6.6 Plumbago Lanka (PVT) Ltd.- BORA BORA Resources Ltd. (2012-2016)

On November 28th, 2012, Bora Bora Resources Ltd (BBR.ASX) from Australia announces that the Company has signed a binding Heads of Agreement with Plumbago, to acquire a “75% interest in a suite of tenements surrounding one of the world’s oldest producing and highest grade vein graphite mines near Kandy, Sri Lanka”.

The deal included the acquisition of 100% of the issued shares of Plumbago Mining Pty Ltd which hold 75% shareholding in Plumbago Lanka (PVT) Ltd. The acquisition was also subjects to other terms and approval by shareholders.

On January 8th, 2013, the due diligence was completed and sale agreement signed.

6.6.1. Helicopter-borne survey (October-November 2013)

From October 14th to November 3rd, 2013, Geotech Ltd. from Aurora, Canada carried out a helicopter-borne geophysical survey over the Matale and Paragoda North Project.

Principal geophysical sensors included a versatile time domain electromagnetic (VTEMplus) system, and a Geometrics caesium magnetometer, with a sensitivity of the magnetic sensor of 0.02 nano Tesla (nT) at a sampling interval of 0.1 second. Ancillary equipment included a GPS navigation system and a radar altimeter. A total of 1802 line-kilometres of geophysical data were acquired during the survey. In-field data quality assurance and preliminary processing were carried out on a daily basis during the survey phase. Preliminary and final data processing, including generating of final digital data and maps were undertaken from the Geotech’s Headquarters.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

The Matale project (which includes the Malsiripura Block) was flown in a north to south direction with a flight line spacing of 100 m. Tie-lines were flown perpendicularly (N90°E azimuth). During the survey, the helicopter was maintained at a speed of 80 km/h and an altitude above ground of 115 m.

Results of the magnetometer survey are shown on Figure No 10. No result or commentary is reported in the A. Johnstone’s report for Bora Bora Resources Ltd.

The electromagnetic system was a Geotech Time Domain EM (VTEMplus) system. The VTEM plus Receiver and Transmitter coils were in concentric-coplanar and Z-direction oriented configuration. The receiver system for the project also included a coincident-coaxial X-direction coil to measure the in-line dB/dt and calculate B-Field responses. The EM bird was towed at a mean distance of 35 m below the aircraft.

A three stage digital filtering process was used to reject major sferic events and to reduce system noise. Local sferic activities can produce sharp, large amplitude events that cannot be removed by conventional filtering procedures. Smoothing or stacking will reduce their amplitude but leave a broader residual response that can be confused with geological phenomena. To avoid this, a computer algorithm searches out and rejects the major sferic events.

Although the Bora Bora’s report does not describe the anomalies, the Author can mention that two important conductive zones have been recorded by the airborne VTEM survey. The other anomalies represent mostly the power line which follows the highway and houses covered by undulated steel sheets (Figure No 11).

Figure No 12 shows the dB/dt Calculated Time Constant (Tau) with Calculated Vertical derivative contours. The two strong conductive anomalies are confirmed and the contours seem to indicate the presence of transversal faults oriented NW-SE and some less visible NE-SW. The strong VTEM anomalies have similar characteristics to the anomalies associated with the productive graphite mines.

6.6.2. Remote area Geoscience (RAGS) 2014

Remote Area Geoscience was engaged by Plumbago-Bora Bora to provide an initial assessment of the Licence areas. Plumbago Lanka accompanied GSMB and RAGS with site visits to the operating mines in the area to gain insight into the graphite mineralization and to try to understand why there were substantial vein clusters at the mine locations, in comparison to the single vein occurrences located historically throughout the region.

No report from those consultants has been made available to the Author.
FIGURE No 10:  PSEUDO REDUCED TO POLE TOTAL MAGNETIC INTENSITY (TMI)

(Source: Bora Bora Resources, 2014)
FIGURE No 11: VTEM B-FIELD Z COMPONENT CHANNEL 38-TIME GATE 2.667ms
FIGURE No 12:  VTEM dB/dt Z Component Profiles, Time Gates 0.220- 7.036 ms

In its Renewal Application for Block EL/211 dated October 2014, Bora Bora reports the planning of field work which comprises: mapping, sampling, geochemistry, ground geophysics, pitting and drilling. Exploration program was designed to deliver inferred, indicated and measured resources as governed by the JORC (2012) guidelines.

Also in this report was an image representing the satellite imagery with the VTEM data highlighting the “Kingfisher” anomaly. The boundaries are the same as the Malsiripura Graphite Project (Figure No 13).

The Author found some evidence that the detailed mapping, detailed ground geophysics (VLF) and detailed ground geochemistry have been carried out. However, no report seems to have been submitted. Some information was picked-up in one press release (BBR, July14, 2014).

A ground based VLF/magnetic survey was undertaken by Modern Mag in December 2014 to better define the airborne EM responses. Significant rain and limited access tempered the results of this survey and the data gained did not add much insight into the exploration model (BBR-Geosure’s report, 2016)

6.6.4. Bora Bora Resources Ltd-Plumbago Lanka (PVT) Ltd. ; 2015 Drilling Program.

On January 29th, 2015, Bora Bora Resources announced that it has commenced drilling on the property. Two drill rigs owned respectively by Indodrill (ID500A) and GSMB (XY-42T) were mobilized under the supervision of SRK Consulting (Indonesia). Drilling via the ID500A is triple tube varying in diameter from PQ to NQ. The core was oriented via a spear orientation tool. Diamond core from the XY-42T is of NQ2 and not oriented.

Access roads and drill site were built by an excavator and a small bulldozer (See Picture No 5).

In mid-April 2015, Geosure from Australia replaced SKR as technical support for drilling operations.

In an effort to better target drilling a review of the initial EM model was conducted by Fathom Geophysics Australia in June 2015. The EM modelling produced a slightly different result with Fathom’s modelling response as being the product of two conductive bodies as opposed to the one proposed by Geodiscovery.

The 2015 drilling program was concluded at the beginning of September with both drill rigs, with 30 holes completed for a total of 4,997.90 m. Table No 2 gives the collar summaries.
FIGURE No 13: SATELLITE IMAGERY WITH VTEM DATA
Holes were located by hand held GPS and orientated using a compass. (Note from the Author: no magnetic declination has been applied. So orientations start from the magnetic North). At the end of the drilling program, all holes were surveyed by a licensed surveyor using a total station survey instrument (Figure No 14).

Downhole surveys were taken to quantify hole deviation. Downhole surveys were taken at intervals not exceeding 50 metres by a Camteq-Prohost Dual multi-shot electronic survey instrument. It should be noted that 3 drill holes were not surveyed down hole: PLB001 as the survey tool was not available and holes PLB012 and 017 as they were abandoned and down hole surveys proved to be impossible. Down hole surveys defined no areas of concern relating to hole deviation.

INDODRILL collared holes in PQ size reducing to HQ size bits usually around 20-30 m when out of the saprolite zone. Depending of the depth of the hole and the technical requirements holes were sometimes reduced further to NQ size. Holes were drilled using triple tube.
TABLE No 3
2015 Drill Holes Coordinates

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**TOTAL** 4997.90 m

Location of Drill Holes is shown on Figure No 14.
GSMB used a tungsten carbide crown of 110 mm diameter to ream through the oxide and transitional material (saprolite) usually to a depth of about 15 m. After this depth, conventional NQ2 drilling techniques were employed. GSMB drilling was performed at NQ size only.

Core recovery were measured by drill contractors at the drill site and also measured at the core-shack by BBR employees. Whilst discrepancies were found between recoveries defined by drillers and BBR representatives, there were generally good in excess of 90%, and as such it is believed that recoveries are not an issue.

At the drill site, core was placed in wood boxes with four trays. Core boxes were transported from the drill sites to the BBR core warehouse where it was logged and processed.

6.6.5. Results of the 2015 Drilling Program

The following informations are extracted from the 2016 Geosure’s report and from several BBR Press releases and Quarterly Reports.

The 2015 Drilling Program was implemented to test the VTEM anomalies generated by the 2013 helicopter-borne survey. The drilling program can be considered in two phases:

1) Phase I: Holes PLB001 @ 008 - designed to test an East-West structure dipping to the South, a geological model that mimics that of Kahatagaha Graphite Mine;

2) Phase II: Holes PLB009 to PLB030- designed to test a structure measured in field observations, striking to the NE and dipping moderately to the NW.

Initial holes were drilled from the Northern end of the Project, in Lot 4, targeting an East-West striking south dipping vein set. This geological model was based on the Kahatagaha geological model and was based on the rationale that exploration was looking for a similar system. Holes PLB001 and 002 were unsuccessful, both holes were orientated to drill to the north testing the south dipping model.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

PLB003 was drilled towards 235° to test a differently orientated structure. PLB003 encountered graphite mineralization around 65 to 74 m downhole, several small veins up to around 3 cm in thickness. Unfortunately, this hole encountered some technical problems and was stopped at 75.2 m. However, from 65.54 m to 73.80 m, the hole intersected three graphite veins in an impure quartzite which returned an average value of 22.84% Cg over a true width of 7.55 m.

PLB004 was drilled as a re-drill of PLB003 and had good success, with several significant graphite intersections including downhole intercepts of 1.12 m and 0.92 m at 89.5 and 101.3 m respectively. Best results are as follows:

- From 55.27 m to 55.29 m, 80.6% Cg over 0.02 m;
- From 57.0 m to 57.03 m, 0.03 m at 90.0% Cg;
- From 70.69 m to 70.75 m, 80.2% Cg over 0.06 m;
- From 88.20 m to 88.27 m, 96.8% Cg over 0.07 m;
- From 90.30 m to 90.70 m, 96.0% Cg over 0.40 m;
- From 93.0 m to 93.06 m, 0.06 m at 90.6% Cg;

The graphite mineralized zone intersected from 52.32 m to a depth of 120.90 m gave an average of 10.60% Cg over a true width of 62.65 m.

PLB005 and 006 were set-up approximately 40 m from PLB004, to the east and west respectively, to test the strike continuity of the graphite veining encountered in PLB004. Both holes returned no graphite intersections. These results raised significant questions relating to the notion of east-west striking graphite veins.

In an attempt to resolve the orientation of the graphite mineralization, drill holes PLB007 and PLB008 were drilled from the collar of PLB004 in different directions so as to try and resolve the geometry of the graphite veining system. PLB004 was drilled towards 235°, PLB007 towards 230° and PLB008 towards 200°.

Both PLB007 and 008 encountered graphite mineralization up to 40 cm in downhole thickness (FIGURE No 15).

PLB007 intersected three massive graphite veins, 5 cm thick and considerable veinlets and disseminated graphite. One zone returned a low grade value of 1.08% Cg over 16.21 m (True width) and the second zone gave 9.02% Cg over a true width of 0.65 m. The whole graphitic envelope between 77.45 m and 137.85 m gives an average graphite value of 1.02% Cg over a true width of 54 m. This mineralized envelope includes 89.90% Cg over 5 cm from 101.10 m, 87.10% Cg over 2 cm at 120.48 m, 66.90% Cg over 30 cm at 139.90 m and 87.90% Cg over 4 cm at 147.90 m.

Hole PLB008 intersected one semi-massive graphite vein at 35.40 m. This vein returned a grade of 26.10% Cg over 1 cm.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

After review of first results, it was decided to move the drill rig to Lot 7 (South) to target graphite veining seen in Trench 16. In that trench, veining was observed dipping moderately to steeply towards the NW (The Author confirms this observation). Drill holes were designed to test this orientation. This seemed reasonable as:

a) Orientation observed in the field (Trench # 16 and sump of Hole PLB002);
b) EM modelling supported a NW dipping structure;
c) a NE striking structure explained the drilling results returned by holes PLB004, PLB007 and PLB008.

PLB009 and PLB010 were drilled towards 155° at -50° and -70° respectively in an attempt to intersect graphite veins seen in TR-16. Both holes intersected graphite veins of significance. Structural measurements noted two orientations of the veins. One with a NW dip and the other with a southerly dip.

Hole PLB009 intersected a very low grade graphite zone from 66.16 m to 67.30 m.

Hole PLB010 intersected the same zone between 64.45 m and 76.05 m. This mineralized envelope has an average grade of 2.75% Cg over a true width of 10.90 m. Three semi-massive graphite veins are comprised in this envelope. The veins gave 66.10 %Cg over 2 cm, 66.70% Cg over 12 cm and 66 % Cg over 4 cm.

The mineralized zone intersected by those two holes dips at 40° to the northwest and may correspond to the long one intersected by hole PLB028.

Based on the initial success of targeting a NW dipping vein system, it was decided to step out 50 m to the southwest and drill a section oriented in the same direction with the same target. PLB011 and PLB012 were the first holes drilled by GSMB and were drilled at angles of -70° and -50° respectively. Once again both these holes intersected graphite veining of significance. These results gave confidence in the interpretation that the graphite mineralization at Malsiripura dipped moderately towards the northwest.

Hole PLB011 returned 98.6% Cg over 0.40 m from 62.80 m to 63.20 m. This lump vein is contained within a mineralized zone averaging 2.76 % Cg over a true width of 16.96 m.

Hole PLB012 intersected a 10 cm thick vein at 56.30 m which contains 63.20 % Cg. The mineralized envelope is 7.85 thick (true width) and averages 0.79% Cg.

Holes PLB013 and PLB014 were drilled on Lot 8 to the South, targeting northwest dipping veins seen in road escarpments in Lot 9. This target was based on a stacked multiple vein system, once again not dissimilar to the graphite vein system seen at Kahatagaha.
PICTURE No 6:  Graphite vein intersected by hole PLB004 at 88.0 m, down to 102.0 m.

PICTURE No 7:  Multiple graphite veins and zones up to 60 cm thick. Hole PLB004.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

These holes were drilled towards 155° and angled at -50° and -70° respectively. Both holes intersected graphite albeit mostly of a low grade disseminated style mixed with lump veins.

Hole PLB013 intersected two veins returning 79.70% Cg and 81.50% Cg over 17 cm and 45 cm respectively. The mineralized envelope average 42.82% Cg over 3.06 m (true width).

Hole PLB014 was barren. If the mineralization intersected in hole PLB013 is dipping vertically, then this hole was stopped too early.

Hole PLB015 was designed to check the eastern extension of graphite veins seen in PLB009 and PLB010. This hole was barren and believed to have closed off mineralization to the east of that vein.

Hole PLB016 intersected three thin graphitic structure and one thicker mineralized zone. The envelope was found at 47.05 m down to 74.76 m. The best mineralized zone inside this envelope returned 9.68% Cg over 4.27 m (true width).

To better define mineralization seen in PLB004, it was decided to move the drill rig back to Lot 4 to drill some holes in the new preferred orientation to the SE. Holes PLB016, 018, 020 and 021 were oriented at 155°. All these holes intersected graphite mineralization ranging from few centimetres to 0.4 m. It is believed that the graphite intersected in those holes could be correlated with the veins intersected by PLB004, 007 and 008.

Holes PLB017 and 019 were drilled to the west of mineralization seen in PLB011 and 012, looking for extensions along strike. Hole PLB017 was terminated at 27.2 m due to technical problems.

Hole PLB018 intersected two thin veins within a mineralized envelope. The average grade obtained is 38.79% Cg over a true width of 2.92 m.

Both holes were oriented at 200° to try and achieve a pierce point separation of intersections around 50 m. In hindsight this hole orientation was of high risk when attempting to intersect a structure trending to the NE. Both holes did not intersect graphite mineralization, whereas PLB017 was terminated well before target depth. It is believed that potentially hole PLB019 drilled sub-parallel to any graphite mineralization not dissimilar to PLB006.

Hole PLB019 is barren.

Hole PLB020 intersected two narrow veins and some disseminated mineralization between 27.62 m and 34.92 m. The first vein gave 89.90% Cg over 5 cm at a depth of 27.62 m and the second one returned 66.90% Cg over 5 cm at 34.57 m. The mineralized zone from 27.62 m down to 34.92 m averages 1.13% Cg over a true thickness of 5.59 m.
Hole PLB021 intersected several veins and veinlets from 40.23 m down to 72.25 m. The average grade of this mineralized envelope is **1.47% Cg over a true thickness of 31.53 m**. This includes two narrow veins which returned 66.90 % Cg and 55.50 % Cg.

PLB022 was designed to intercept mineralization seen in holes PLB013 and PLB014 to the west and at depth. The idea being that disseminated mineralization seen in holes PLB013 and 014 may form a thicker vein at depth. Graphite mineralization was encountered in the form of small veins and disseminated graphite. The mineralized graphite envelope gave an average value of **0.66% Cg over 13.80 m**. This envelope contains two zones returning 8.03 % Cg over 0.69 m from 31.20 m to 32.00 m and 3.27% Cg from 45.92 m to 47.13 m.

Holes PLB023 and PLB024 were designed to in fill between mineralization found in holes PLB009 and PLB010 and close out hole PLB015. It was also designed to test the southernmost plate modelled by Fathom. Graphite mineralization was found in both holes but it was either very small scale or of the low grade disseminated type. This style of mineralization possibly explains the geophysical response and the differential between the northern and southern conductors.

PLB023 intersected one mineralized envelope from 123.42 m down to 124.97 m. This mineralized zone gave an average grade of **19.10% Cg over a true thickness of 4.18 m**. This zone comprises a lump graphite vein returning **81.40 % Cg over 0.53 m**, from **126.52 m to 127.09 m**.

PLB024 failed to intersect some graphite value.

PLB025 was drilled from the northern part of Lot 7 targeting mineralization encountered in holes PLB009 and PLB012 at depth. Once again, this hole encountered graphite mineralization of significance, over about 15 m from 225 m. However, it was of disseminated type. Once again, the results of this hole may feed into the idea that the mineralization in the southern conductor is different from that of the northern plate. The mineralized zone was intersected from **227.00 m down to 228.30 m. The average grade is 1.87 % Cg**.

A review of drilling and geophysical modelling led into a new interpretation. This new interpretation saw a main graphite mineralization seen in holes PLB003, 004, 007 and 008, with a splay emerging from this main mineralization which represents a secondary mineralized structure (graphite seen in holes PLB009 @ 12, 023 and 024).

Hole PLB026 intersected four thin mineralized zones. From 28.20 m to 28.68 m, the mineralization returned **26.30 % Cg over 0.48 m**. The second zone gave **42.20% Cg over 0.54 m**, from 31.96 m to 32.50 m. The third zone which comprises a lump graphite vein gave **81.40 % Cg over 0.26 m**, from 41.66 m to 41.92 m, and the fourth zone gave an assay of **42% Cg over 0.25 m**, from 62.80 m to 63.05 m. The mineralized envelope gave an average grade of **1.92% Cg over 30.18 m** (true thickness).
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

PLB027 was drilled to test a weak graphite mineralization seen in holes PLB013, 014 and 022, to test if the nature of the weak graphite mineralization changed to the west. This hole intersected what is interpreted as the southern conductor in the upper part of the hole and a weaker zone of disseminated graphite further down which possible correlates to weak mineralization seen in holes further to the east.

Apart from holes drilled from Lot 4, drilling to date had focussed on the southernmost conductor. Access issues with lots 5 and 6 had restricted the ability to drill the northernmost conductor. In an attempt to drill the main conductor, hole PLB 028 was drilled towards 340°. Given that drilling and geophysics had supplied good support for the northwest dipping structure interpretation a hole orientated in this direction was not ideal. Graphite veining was encountered, albeit centimetre scale veinlets, over 4 m from around 92 m. This is believed to be the top of the northernmost conductor.

PLB028 intersected three graphite mineralized zones. The first one corresponds to a graphitic fracture which returned a low grade. A grade of 81.40 % Cg was obtained from 97.36 m to 97.40 m. A second mineralized intersection was encountered from 128.55 m to 129.05 m. This zone gave an assay of 39.90 % Cg over 0.50 m.

Hole PLB029 was drilled on the same premise of trying to intersect the main conductor via a hole drilled to the NW. A less than preferred drilling orientation. It is believed that this hole was terminated before intersecting the target.

PLB030 was drilled towards 340°, underneath PLB028 to try and investigate graphite found in PLB028 at depth. Once again a less than preferred drill orientation and at a steeper angle, increasing the risk that the hole would not successfully test the target. This hole encountered alteration of note and some minor graphite mineralization at around 93.50 m. Whether this hole adequately tested the northernmost conductor at depth is unknown. Two mineralized zones with significant grades were encountered. The first zone gave an average grade of 4.83 % Cg over 14.91 m (True width), from 77.88 m to 93.75 m. The second zone returned 68.00 % Cg over 0.53 m from 127.9 m to 128.25 m. The mineralized envelope averages 2.28 % Cg over a true thickness of 47.33 m from 77.88 m to 128.25 m.

6.6.6 Trenching

During the drilling program, a trenching program was initiated. Only few information was provided by BBR concerning the number of trenches dug and their description.

Press Release dated March 12, 2015 mentions the existence of multiple graphite veins up to 15 cm thick discovered in Trench TR-2 located at the northern end of the VTEM anomaly. In the same PR, it is mentioned that two additional graphite veins have also been discovered south of the VTEM anomaly during upgrading of the access road for drilling. Graphite reaching a maximum width of 15 cm on one of the veins. Trench TR-2 is 3 m deep. Many tend to split and converge...
**THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA**

**Item 6: HISTORY (cont.)**

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Malsiripura Core Sample Results

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<td>73.60</td>
<td>16.96</td>
<td></td>
<td>2.76</td>
<td><strong>Mineralized Zone</strong></td>
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</table>
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

TABLE No 4 (cont.)
Malsiripura Core Sample Results

<table>
<thead>
<tr>
<th>HOLE ID</th>
<th>FROM TO</th>
<th>LENGTH</th>
<th>ASSAY RESULTS</th>
<th>DESCRIPTION</th>
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<tr>
<td></td>
<td>m m</td>
<td>m True Width</td>
<td>%</td>
<td></td>
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<td>PLB012</td>
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<td></td>
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<td>Barren Hole</td>
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<td></td>
<td></td>
</tr>
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<td>PLB016</td>
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<td>0.72</td>
<td>81.40</td>
<td>Graphite Veinlet</td>
</tr>
<tr>
<td></td>
<td>86.80 89.77</td>
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</tr>
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<td>Graphite veinlet</td>
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<td>13.80</td>
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<td></td>
<td>126.52 127.09</td>
<td>0.53</td>
<td>81.40</td>
<td>Graphite vein</td>
</tr>
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<td>PLB024</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PLB025</td>
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<td>1.22</td>
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<td>PLB027</td>
<td>Barren Hole</td>
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<td></td>
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<td>PLB028</td>
<td>97.36 97.40</td>
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<td></td>
<td>128.55 129.05</td>
<td>0.50</td>
<td>39.90</td>
<td>Graphite vein</td>
</tr>
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<td>PLB029</td>
<td>Barren Hole</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>PLB030</td>
<td>127.90 128.25</td>
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<td></td>
<td>77.88 128.25</td>
<td>47.33</td>
<td>2.28</td>
<td></td>
</tr>
</tbody>
</table>
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 6: HISTORY (cont.)

down dip, forming bands up to 25 cm. The veins also exhibit both needling and lump styles of graphite mineralization, similar to veins observed in operating mines in the area. The veins are sub vertical and strike in an approximate east-west direction.

Also observed in the north south trending quartzites are countless coalescing veins of graphite permeating around broken fragments within quartzite breccia.

On February 2015, BBR has excavated three trenches to examine the structural trends in the bedrock to assist with the drill planning.

On April 20, 2015 BBR announced that trenching was continuing and delivered multiple veins including two 0.5 m thick veins that exhibit needle and lump characteristics. It is mentioned that those veins were observed in TR-4 near hole PLB004 and in TR-7.

On May 14, 2015, BBR announced the discovery of a 0.75 m graphite vein in TR-16. Location of this trench is not released.

Figure No 16 shows the location of some trenches as reported by BBR.

6.6.7 Metallurgical Testing

A 2.5 kilogramme sample from holes PLB004 and 021 was sent to ALS Metallurgy Adelaide for bench scale metallurgical test work a simple crush and float yielded a concentrate of 99.4% total graphite content. This demonstrated the high quality of the Malsiripura graphite.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 7: GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The position of Sri Lanka within East Gondwana, linking India, Madagascar, Africa and East Antarctica, makes this region of prime importance for understanding the mode of formation of the Late Neoproterozoic Gondwana supercontinent. The various configurations of east Gondwana, positioning Sri Lanka in the central part, have recently been reviewed by Kehelpannala (2017). Except for a thin Cenozoic sedimentary cover along the north-western coastal belt of Sri Lanka, the whole island comprises Precambrian high-grade metamorphic rocks metamorphosed to upper amphibolite, granulite, and ultrahigh temperature (UHT) granulite facies (Figure No 17).

Based on Nd Model ages (Milisenda et al., 1988) and U-pb zircon datations, the Neoproterozoic to Paleoproterozoic basement of Sri Lanka is subdivided into three lithotectonic units or complexes: the Wanni Complex (WC), the Highland Complex (HC) and the Vijayan Complex (VC).

The characteristics of these three complexes are summarized in Table No 5. The contacts between the three complexes are generally assumed to be tectonic. The boundary between the centrally located HC and the southeastern VC is a major crustal -scale ductile shear zone representing a suture zone. The exact location of the contact between the WC and HC in the southwest is uncertain.

The Kadugannawa Complex in the Kandy area represented by migmatized mafic lithologies and the presence of doubly plunging synforms. Nb and U-Pb zircon ages suggests, that this KC is part of the WC.

<table>
<thead>
<tr>
<th>COMPLEX</th>
<th>Nd MODEL AGE</th>
<th>LITHOLOGIES</th>
<th>METAMORPHISM</th>
</tr>
</thead>
<tbody>
<tr>
<td>WANNI</td>
<td>1-2 Ga</td>
<td>Metapelite, Quartzite, granitoid gneiss, charnockites, numerous mafic igneous rock, Marble is missing</td>
<td>Granulite facies metamorphism at 5-7 kbars 700˚-830˚C. Metamorphic evolution is characterized by a clockwise P-T path. Charnockitisation.</td>
</tr>
<tr>
<td>HIGHLAND</td>
<td>2-4 Ga</td>
<td>Dolomitic marble, marble, meta-calc-silicate gneiss, metapelite, quartzite, charnockite, enderbite and metamorphosed mafic igneous rocks.</td>
<td>Granulite facies metamorphism, up to 900˚C at 8 kbars. Localised UHT metamorphism at 9-12.5 kbars and 900˚-1150˚C</td>
</tr>
<tr>
<td>VIJAYAN</td>
<td>1-1.8 Ga</td>
<td>Dominated by migmatites, granitoid gneisses with minor amphibolite, quartzite and minor meta-calc-silicate.</td>
<td>Granulite-facies metamorphism (800˚-850˚C) is followed by retrogression at the amphibolite facies metamorphic conditions.</td>
</tr>
</tbody>
</table>

Kehelpannala (2004) and Santosh (2014) have presented models explaining the tectono-metamorphism evolution of Sri Lanka. It is proposed that the HC, WC and VC were three distinctly different crustal domains that amalgamated during the Late Neoproterozoic Gondwana assembly by two separate collision
FIGURE No 17: GEOLOGICAL MAP OF SRI LANKA (modified after Kehelpannala, 1995)
events following two separate subductions. According to this model, the WC seems to have formed as part of root zone of an Andean-type magmatic arc whereas the VC may have originated as part of an island arc. The subduction of the HC micro continent under the WC magmatic arc led to the first collision between the WC and the HC (Figure No 18). The subsequent subduction of the oceanic plate carrying the VC island arc under the united WC-HC block brought these three units into contact during the second collision.

In this model, granulite facies metamorphism in both the WC and HC are related to the first collision and the high grade metamorphism reported in the VC is related to the second collisional event.

Santosh et al. (2014) speculated, in order to link the HC to the metasedimentary terrains in southern India, that the Late Neoproterozoic-Cambrian HC formed as part of an accretionary complex developed during a Neoproterozoic double-sided subduction involving the VC and WC. In this model, HC sediments are considered to have deposited as an accretionary complex on a Neoproterozoic ocean between the VC and the WC, and the final collision between these two units during Late Neoproterozoic led to the closure of the ocean creating the HC as a suture zone.

The two collision model appears to be the best fit with the available data, including Late-Neoproterozoic-Cambrian metamorphic ages, the large volume of Paleoproterozoic metagranitoïds in the HC, the HC klinpen occurring in the south-eastern part of the VC, and the clockwise P-T paths of the HC and WC. Most of these features are difficult to explain in the double subduction model proposed by Santosh et al., 2014.

7.2 Local Geology (Figures No 19 and 20)

The Malsiripura project geology is consistent with the units of the Highland Complex, close to its contact with the Wanni Complex.

These metasediments have Nd model ages which indicate their derivation from a Paleoproterozoic to Archean-type continental mass. The common occurrence of thick quartzite and carbonate (dolomitic marbles and calc-silicate gneisses) suggest a general correlation with other Mesoproterozoic shelf sequences.

Rock encountered on the property during the author’s visit and in the drill holes are mainly quartzite, impure quartzite, quartz-feldspar gneisses, garnet and orthopyroxene bearing quartzofeldspathic units, charnockite or metagranite, biotite gneisses, garnet sillimanite gneisses and hornblende-biotite or biotite hornblende gneisses (Pictures No 8 to 11).

Most of the original granulite mineral assemblages are overprinted adjacent to graphite mineralization, with the new minerals formed including orthoclase, chlorite, biotite, hornblende, scapolite, calcite and sericite to name a few.

Petrographic samples of Malsiripura core have shown the presence of sericite, oerthite rich feldspar within granitic gneiss units and diopside, scapolite, K-spar, garnet, hypersthene, sillimanite and cordierite within calc-silicate gneiss units.
FIGURE No 18:  TECTONO-METAMORPHIC MODELS FOR SRI LANKA

Source: Jacques LR Touret et al, 2018
FIGURE No 19:  REGIONAL GEOLOGY WITH GRAPHITE MINE LOCATIONS

Legend:
- M1 GRAPHITE PROPERTY
- Kahatagaha Mine
- Ragedara -Queens Mine

DAMBULLA–PALLEGAMA   SHEET # 11, 1995, SCALE 1: 100 000

Ceylon Graphite Corp.  Malsiripura Project, Northernwestern Province, Sri Lanka  August 25th, 2018

C.D.G.C. inc.
FIGURE No 20:  LOCAL GEOLOGY (Dambulla- Sheet # 11, 1995)
Item 7: GEOLOGICAL SETTING AND MINERALIZATION (cont.)

Structures within the Highland Complex are dominated by metre-scale layering with an internal fabric showing evidence of ductile deformation, including transposition of layering coupled with extreme flattening and stretching.

The intense tectonic events bring into contact adjacent lithologies that include both granulite grade metasediments and charnockitic gneisses. At least three major phases of deformation but probably six including minor phases of deformation are known.

On the property, rocks present a penetrative foliation oriented from N10°W to N40°E with a steep dip to the NW (40°-90°). Numerous drag folds have been observed during the field visit.

The last fracture system in the area shows transversal faults oriented NW-SE and NE-SW with a sub vertical dip (Figure No 19).

The Malsiripura property covers an antiform which run parallel to the fold axis of the Maduragoda antiform. The two operating graphite mine: Kahatagaha and Ragedara mines are located on the east limb of this antiform. In addition, Kahatagaha extends close to the plunge of this axis to the South.

On the Malsiripura property, the antiform axis is plunging to the North (Figure no 20).
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

PICTURE No 8: Outcrop of foliated biotite-quartz gneiss, looking North.

PICTURE No 9: Recent trench dug for house construction showing a thick steeply dipping Quartzite, in the south part of the property.

PICTURE NO 10: Outcrop of Biotite-Hornblend-Quartz gneiss, S3 = 010°/90°.

PICTURE No 11: Impure Quartzite layer interbedded between two Biotite Gneisses
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 7: GEOLOGICAL SETTING AND MINERALIZATION (cont.)

7.3 Mineralization

7.3.1 Sulphide mineralization

Sulphides are associated with graphite mineralization and increased concentrations are noted proximally to graphite mineralization, in particular pyrite but also pyrrhotite. These sulphides may be the signature of a maturing hydrothermal fluid. Sulphides appear as disseminations, discrete grains, breccia in fill, stringers, and as smears on fracture surfaces.

Concentrations of sulphides would appear to be a function of country rock porosity and proximity to graphite mineralization indicating a possible hydrothermal origin. Occasionally, sulphides are observed rimming the graphite. This would support the assumption of iron sulphides preceded the graphite.

7.3.2. Graphite mineralization

Trenching and Diamond drilling program have shown several styles of graphite mineralization at Malsiripura.

- Discrete graphite veins of high quality graphite (0.5 cm to 0.75 m in thickness);
- Disseminated graphited masses with or without accicular graphite needles;
- Graphite matrix in small hydraulic breccia zones;
- Accicular graphite associated with margins of graphite veins;
- Stockworks, generally small scale graphite veinlets and stringers associated with iron oxides. Believed to be a remobilisation or a higher level expression of vein style mineralization;
- Partially formed graphite veins where disseminated graphite appears to form an oriented zone of mineralization but graphite replacement of host mineralogy appears incomplete.

Often graphite mineralization have been seen over a width of some 10-15 metres which consisted of several parallel veinlets and veins, of varying widths, in a zone of disseminated graphite of varying concentrations. This is what the author names “the mineralized envelope”.

As observed in the drill core, graphite mineralization can be divided into three main groups:

1) Graphite as segregation veins within graphite bearing metamorphic rocks;
2) Graphite associated with pegmatite in graphite bearing and graphite free metamorphic rocks;
3) Graphite veins, graphite veins may be further sub-divided into those associated with igneous rocks and those as pure graphite veins of epigenetic origin.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

PICTURE No 12:  Disseminated graphite (flecks) in a Biotite -Quartz Gneiss at Malsiripura, 2015.

PICTURE No 13:  Lump and Needle Graphite Vein in a Biotite Gneiss (Picture by Geosure, 2015).

PICTURE No 14:  Stockwork of Graphite veinlets and Stringers in an Impure Quartzite. (Picture by Geosure, 2015).
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 7: GEOLOGICAL SETTING AND MINERALIZATION (cont.)

In Sri Lanka, there is a consensus of opinion saying that all graphite deposits occur as veins in granulite of diverse origin. The vein deposits are usually found close to the axial trace of both synforms and antiforms and recent field work has shown that graphite veins crosscut the host gneiss rocks at variable orientations. The thickness of most graphite veins varies from a few mm to less than 0.75 m. Their horizontal length ranges from a few metres to about 75 m.

Generally, graphite veining consists of branches of subsidiary veins, the orientation and size of which varies significantly and usual occurrence is a vein swarm that potentially coalesces at greater depth. Most of the veins produce in an en echelon array that has long been known to be associated with extensional tectonics (Kehelpannala, 1999). The “upward forking” of the graphite veins indicates that they are branching off from a common source area at an unknown depth.

The graphite veins crosscut gneissic foliations of inhomogeneous granulitic-facies rocks of both sedimentary and igneous origin. Most of the host rocks seem free of disseminated graphite. The graphite veins also crosscut the axial planes of large-scale synforms and antiforms postdating the major folding event, which occurred after peak metamorphism but still at granulite-facies metamorphic conditions.

In outcrop, the graphite vein boundaries appear knife sharp. However, at close inspection, it can be observed that the vein forms a series of regularly spaced bulges convex towards the host rock. The occurrence of few garnet remnants in the graphite vein indicates that the graphite split the wall rock.

The graphite veins comprise a wide variety of gangue minerals including quartz, Na-K feldspar, clinopyroxene, biotite, muscovite, apatite, pyrite, pyrrhotite, chalcopyrite, sphalerite, marcasite, calcite, siderite, dolomite, iron ores and traces of Mn-carbonate.

Graphite crystals are up to a few centimetres in size and show fibrous, coarse-flaky, and rosettes crystal shapes. Typically, graphite occurs as fibrous aggregates at the vein edge, becoming elongated crystals intergrown with quartz approximately perpendicular to the vein wall. Massive graphite characterizes the centre of the vein.

Pyrite is often associated with graphite, either as thin films within the graphite or as fracture coatings within the quartz associated with vein graphite.

Close to the graphite veins intense wall rock alteration is exemplified by completely or partially obliteration of the rock fabric, and alteration of both orthopyroxene and plagioclase, which are produced during decompression. This implies that vein graphite formation took place or was still taking place at P-T conditions that are lower than those of the decompression reactions (Kehelpannala, 1995). The alteration minerals include: chlorite, sphene, antiperthite, Cl-F apatite, orthoclase, myrmekite, Cl-rich dark brown biotite (Bronze biotite), Cl-rich hornblende and Cl-scapolite.
The exsolution of plagioclase, forming antiperthite in the wall rock alteration zones is unique to Sri Lankan vein graphite and is found in all altered rocks.

The occurrence of graphite deposits within granulite facies rocks in Sri Lanka has led to propose that graphite precipitated from CO$_2$ fluid at granulite facies metamorphic conditions. However, as discussed earlier, the graphite veins post-date peak metamorphism excluding this as a possibility Kehelpannala, 1995, 1999, Kehelpannala and Francis, 2001).
Item 8: DEPOSIT TYPES

There are two types of natural graphite:

1) Crystalline Type (which is of two varieties, flake or lump graphite);
2) Microcrystalline Type (known commercially as amorphous graphite).

These two types are found in three metamorphic environments. Flake graphite forms in syngenetic metasediments; lump graphite is found in epigenetic veins in high-grade metamorphic regions; and microcrystalline graphite is the product of contact metamorphosed coal (Krauss et al. 1988).

8.1 Flake Graphite

The Syngenetic form graphite implies that graphite is formed through the metamorphic evolution of carbonaceous matter dispersed in the sediments whereas the epigenetic graphite originates from precipitation of solid carbon from fluids that contain one or more carbonic species such as CO₂ and CH₄ (Rodas et al. 2000).

Disseminated flake graphite deposits develop sygenetically from the metamorphism of precursor naturally occurring organic carbonaceous material in sedimentary rocks that have been subjected to garnet grade or higher regional metamorphism at temperatures from 300 °C to 1,200 °C (Weis et al. 1981). Economically significant concentrations of flake graphite are commonly hosted by porphyroblastic and granoblastic marble, paragneiss, and quartzite. Alumina-rich paragneisses and marbles in upper amphibolite or granulite-grade metamorphic terrains are the most favorable host rocks (Simandl and Kenan, 1997). These deposits are typically stratabound and consist of individual beds or lenses that reach up to 30 m thick and 2 km or longer in length. Sutphin and Bliss (1990) determined that the median grade and tonnage of disseminated flake deposits are 9 % and 240,000 metric tons, respectively. Depending on market conditions, large deposits containing high proportions of coarse flakes, which can be easily liberated, may be economic with grades as low as 4%.

Low grade, stratabound and stratiform deposits are believed to be a product of graphitization of the organic material within pre-metamorphic protolith (carbonates and shales). The crystallinity of graphite is linked to the degree of metamorphism (Katz 1987, Luques et al. 2013).

Higher grade portions of these deposits are usually structurally controlled and were probably enriched during the retrograde phase of regional or contact metamorphism. Late graphite precipitation (enrichment) may have been triggered by internal or external buffering of fluid mixing (Simandl and Kenan, 1997).

Although the metasedimentary origin of the surrounding gneiss and quartzite may suggest a syngenetic model of graphite occurrence, its enrichment within highly schistozed zone may imply migration and recrystallization as large flakes in shear zones which may have enhanced both continuity and quality of the mineralization. Such mineralization should form conductive zones easily detected by EM geophysics, which was not systematically applied to the property in the past.
8.2 Vein type Graphite

Vein type graphite deposits may also be associated with disseminated flake graphite deposits. Although Simandl (1989) mentions seldom veins in the Grenville Province of Quebec, such graphite occurrence seems to be limited to very few areas where tectonic movements have been very intense.

The graphite veins in Sri Lanka are unique because of the large scale of their occurrence and their high crystallinity. Similar graphite veins are found in high grade metamorphic terranes of southern India but at a smaller scale though.

Vein graphite deposits of Sri Lanka have received more attention due to their high purity (about 95-99% of pure carbon), extensive mineralization with large reserves, high crystallinity and mode of occurrence. Many studies in the past had discussed the origin of Sri Lanka vein graphite (Katz et al., 1972, 1987; Binulal et al., 2003, Kehelpannala et al. 2005 and Hewathilake et al., 2015).

A number of factors have contributed to the formation of the Sri Lankan vein graphite. Each one is critical in the process. It is the combination of these factors that allows the formation of these unique deposits. They include:

1) Temporary storage of large amount of mantle CO$_2$ in UHT granulites during the continent amalgamation. CO$_2$ streaming from the mantle asthenosphere appears to be typical for UHT granulites (Touret and Huizenga, 2012, Touret et al, 2016);
2) Fast exhumation in order to release CO$_2$ from UHT granulites;
3) Presence of brine fluids to facilitate CO$_2$ mobility. Brines can also explain the presence of alteration minerals including Cl-rich biotite, Cl-rich hornblende and Cl-rich scapolite;
4) Pre-existing structures such as faults, shear zones, that act as a fluid focussing zones;
5) Graphite precipitation caused by (a) CO$_2$ reduction, (b) fluid cooling, and (c) retrograde hydration reactions.

The reason for the high crystallinity of vein graphite in Sri Lanka remains an unresolved issue which requires more research. Luque et al. (1999) demonstrated for the Borrowdale deposit that high crystalline graphite precipitated from a moderate-temperature (500˚C) fluid. The crystallinity of hydrothermal graphite appears not to be related to the temperature only.

Finally, the Sri Lankan graphite veins are equivalent to carbonated mega-shear zones found in other granulite terrane. Here, the oxidized environment is probably caused by sulphide-bearing brines. In Sri Lanka, the relatively reduced nature of the host rocks allowed the formation of graphite. Large scale fluid streaming from the mantle appears to be typical of UHT granulites, a critical rock type for the amalgamation and disruption of supercontinents (Touret and Huizenga, 2012).
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 8: DEPOSIT TYPES (cont.)

8.3 Graphite deposits of Sri Lanka

In Sri Lanka, the deepest high-carbon-grade occurrences were located at depths of between 400 m and 600 m. In 2014, graphite was produced at the two largest graphite mines: the Bogola and the Kahatagaha Mines. The companies that operate graphite mines in Sri Lanka were Graphite Lanka Ltd., which is owned by the Government and Bogala Graphite Lanka Plc which is a subsidiary of AMG Mining AG (87%) from Germany.

In 2016, Bogala reported Inferred and Indicated resources of 124,400 tonnes. With a production of 4,200 tonnes per year, the mine life is estimated to be 29 years. In 2014, Bogala applied to the Sri Lanka Geological Survey and Mining Bureau for a mining licence for the Rangala Mine, which is located 8 km southeast of the Bogala Mine.

The Kahatagaha/Kolongaha Graphite mine is the second Graphite producer in Sri Lankan Graphite industry. In 1972, the newly established State Graphite Corporation incorporated the Kahatagaha and Kolongaha mines. This organization (renamed the State Mining and Mineral Development Corporation) had all mines in the country under its purview. In 1992, Kahatagaha and Kolongaha mines were handed over to the Kahatagaha Graphite Lanka Limited. These mines are now operated independently. Kahatagaha Graphite Lanka Limited is a Government Owned Business Undertaking managed by a Competent Authority appointed by the Government of Sri Lanka.

Mineral resources at the Kahatagaha-Kolongaha mine are not publicly released. The mine is presently producing 100 tonnes of vein graphite per month.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 9: EXPLORATION WORK

9.1 JADS Enterprises (Private) Ltd.

Since the attribution of the Malsiripura property by the GSMB to JADS (September 2017), and after the agreement signed with Ceylon Graphite Corp. in September 2017, JADS commissioned M. Kithsiri Palandagama P. Geo., M.Sc. Senior mine geologist from Sri Lanka, to prepare a mineral resource estimate based on the 2015 bore hole data (May 2018).

All the technical data was integrated in SURPAC and a 3D view of the graphite mineralization was produced. The geologist interpreted the presence of four east-west trending veins (Az 90° and 95°). Three in the northern part and one in the south part.

A resource estimation was done using resource blocks created by core drilling data and outcrops, trenches findings.

Cautionary statement: Investors are cautioned that the potential quantity indicated in Table No 6 is not NI43-101 compliant and has not been verified by the Author and may not be indicative of the property, the subject of this report. It has been provided only for illustration purposes and material fact. At this time, there is insufficient public information to verify the information.

### TABLE No 6

<table>
<thead>
<tr>
<th>VEIN</th>
<th>Length m</th>
<th>Depth m</th>
<th>Thickness m</th>
<th>Specific Gravity</th>
<th>Tonnage Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vein 1</td>
<td>137.8</td>
<td>55</td>
<td>1.23</td>
<td>2.29</td>
<td>21,348</td>
</tr>
<tr>
<td>Vein 2</td>
<td>137.4</td>
<td>67</td>
<td>1.40</td>
<td>2.15</td>
<td>27,707</td>
</tr>
<tr>
<td>Vein 3</td>
<td>147.3</td>
<td>72</td>
<td>1.10</td>
<td>2.15</td>
<td>25,081</td>
</tr>
<tr>
<td>Vein 4</td>
<td>105</td>
<td>72</td>
<td>0.15</td>
<td>2.15</td>
<td>2,438</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>76,574 Tonnes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure No 21 shows the location of the veins and their strike.

Like usual in Sri Lanka for the resource estimation, no average grade is calculated. Veins with more than 80% Cg and 15 cm in thickness are considered as economic.
FIGURE No 21: VERTICAL PROJECTION OF GRAPHITE MINERALISATION (after K. Palandagama)
FIGURE No 22: 3D VIEW OF THE 2015 DRILL PROGRAM (source: K Palandagama)
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 9: EXPLORATION WORK (cont.)

9.2 Digitalization of BBR drill holes

In order to fulfill its mandate, C.D.G.C. undertook the digitalization of the 30 drill holes bored in 2015 by BBR on the Malsiripura project, for a total length of 4,997.90 m.

The BBR’ drill logs are very succinct. Each rock type appears as a code and numerous portions of the core have not been logged and sampled. During his visit of the core storage facility, the Author has been able to observe that all the graphite mineralization has been sampled and consequently assayed.

There is no test of deviation (acid test or Pajari test) reported although such testing was made and mentioned in the press releases and company’ quarterly reports.

The structures observed on the core are not reported. Bedding, schistosities, shear zone, joints, etc. nor the contacts of the massive graphite veins with the host rock are available.

BBR did not provided the certificate of analysis. However, all the assays were totally reported in the different reports with the blanks and the standards. There is also no document concerning the topographic survey of the grid.

We have exactly copied the 2015 logs into GeoticLog without making an interpretation or changes.

9.3 GeoticLog

Since 2002, Geotic offers specialized software for the mining industry. From the drilling data capture to 3D modeling, the software is an integrated, safe and easy to use solution. The GeoticLog application is used to input drilling information. Its user-friendly interface greatly accelerates data input by allowing users to enter titles, summaries and even typical descriptions with the help of dictionaries. These dictionaries, can be edited by the users themselves. They allow data to be validated when input, minimizing the need for subsequent corrections and ensuring exceptional data quality at all times. The information is input and organized in a simple and logical way, making the work even easier.

The application also generates personalized reports according to your needs. The application includes a users’ rights management interface to control data access and make data secure. Data is saved in Microsoft Ms-Access or SQL format and organized in an intuitive schematic diagram, making it easier to produce charts and thematic plans. These databases can then be used by GeoticGraph to create sections and plan views or they can even be exported to other applications.

Lastly, modules for batch imports/exports, calculating composites, calculating adjusted structures, and QAQC and drilling core photo management integrated with your environment, greatly increase the application’s potential.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 9: EXPLORATION WORK (cont.)

The software comprises a complete validation of all data entries, the use of standard and personalized dictionaries, descriptions for six geological levels plus RQD, magnetism, assaying, geochemistry and geophysics, definition of an infinite number of coordinate systems, zone weighted average calculations, Import/export of data, Export to Gemcom, Printing of high quality logs, Integration and linearization of drilling core photos, management of assay certificates, tracing of QAQC graphs, personalized data tables, integration and calculation of adjusted structures, addition of calculated fields in the assay table, direct access to GeoticGraph’s section creation wizard, and planning and monitoring of a drilling campaign.

Average values of the mineralized zones can be calculated with the true widths of the zones.

The drill plans edited with the BBR’s reports were scanned and imported into MapInfo/Discover in order to localise the holes in the UTM coordinate system.

9.4 GeoticGraph

Once the digitalization was completed, the Author used the software GeoticGraph for the preparation of cross sections and level plans. Cross sections produced show colored lithology and geological interpretation as well as the assay results.

The principal lithologies described in the logs are:

Metasedimentary rocks: Gneiss, Biotite gneiss, Biotite-Quartz gneiss, Orthogneiss, Charnockite, Quartz-Feldspar gneiss, Impure Quartzite and Quartzite;

The Mineralizations described are: Graphite, Pyrite and Pyrrhotite.

Concerning the mineralization, three colors have been adopted:

- Black for grades of Carbon ranging from 1 % to 6 % Cg;
- Green for grades ranging from 6 % to 10% Cg; and,
- Red for grades higher than 10% Cg.

The codes for lithology are marked on the left side of the drill holes while the assay results and/or average grades are listed on the right side when sufficient space is available.

9.4 Vertical Projections and Geological Sections drafted with the software

A Vertical Projection Plan showing the mineralized zones has been drafted. It is presented in Appendix I. This plan shows the traces of the vertical and northwest dipping mineralized envelope. Vein graphite with the high grade Cg are contained in those envelopes and their value contribute to the average grade.

Nine cross-sections, oriented NW-SE with a look to the NE, have been prepared. Figure No 23 shows
the trace of these cross-sections. They are named A to I from the southwest to the northeast. Azimuth 330° facing N50°-60°E. Those section are presented in Appendix 1.

In addition, one longitudinal section has been drafted to follow the NNE trending graphite mineralisation intersected by drill holes PLB003, 004, 007, 008, 018, 020, 021, 025, 028 and 030.
Item 10.0: DRILLING

Since the acquisition of the Malsiripura Graphite Project by both JADS and CYL, no drilling has been performed on the Grids.

On January 29th, 2015, Bora Bora Resources announced that it has commenced drilling on the property. Two drill rigs owned respectively by Indodrill (ID500A) and GSMB (XY-42T) were mobilized under the supervision of SRK Consulting (Indonesia). Drilling via the ID500A is triple tube varying in diameter from PQ to NQ. The core was oriented via a spear orientation tool. Diamond core from the XY-42T is of NQ2 and not oriented.

The 2015 drilling program was concluded at the beginning of September with both drill rigs, with 30 holes completed for a total of 4,997.90 m. Description of the results is given in Item 7.0 and Table No 3.
**Item 11: SAMPLE PREPARATION, ANALYSES, AND SECURITY**

**11.1 2015 Drilling Campaign, logging and sampling**

Drill core was transported in wooden boxes from the drill sites by BBR to the BBR’s core storage facility in Melsiripura, where it was logged and processed.

At the drill site, core was placed in wood boxes with four trays. Core boxes were transported from the drill sites to the BBR core warehouse where it was logged and processed.

Core was placed onto tables where it was sprayed with water and photographed. It was then logged as detailed lithologies, textures, alteration and mineralization. Data was recorded as hard copy and later transferred into digital format. RQD determinations were also taken. Structural measurements were taken utilizing a “rocket launcher”. Structural logging was not complete as resources did not permit this, measurements focussed on areas of interest in particular graphite mineralization.

On completion of logging, core was marked for sampling and sample sheets generated. Samples were either quarter or half core, split via a diamond saw, depending on the size of the interval sampled and the minimum sample requirements of the analytical laboratory. When split, one half of the core was put in a plastic bag for laboratory analysis. The second half was returned in the core box for future reference.

Sample intervals were identified on the basis of geology. Sample lengths ranged from around 0.02 to 0.5 m in most cases.

The bags were numbered with black marker on both side and the corresponding numbered tag stapled on it. Sample bags were closed with multipurpose ties wraps. Samples were after kept in rice bags with a maximum of 10 samples by bag. All samples were exported for assays to ALS Laboratories in Brisbane, Australia. Samples were secured on site and dispatched via TNT Couriers. Samples were subject to normal export, import and security protocols during shipment. A quarantine is existing in Australia for foreign rock samples.

**11.2 Analyses**

On receipt by ALS samples were sorted and reconciled against BBR submission paperwork with discrepancies being referred back to the BBR. Barcodes were assigned to samples and samples weighted. Samples assigned for specific gravity test work had that analysis performed prior to placing samples in the drying ovens. Samples were dried for a minimum of 12 hours before being coarse crushed through the jaw crusher. From the crusher, samples were split and quartered and the portion retained was pulverized until a standard of >85% of material passes through a 75 micron mesh.

Both the jaw crusher and the pulverizers were exposed to silica sand flushes after each sample is
Item 11: SAMPLE PREPARATION, ANALYSES, AND SECURITY (cont.)

Pulverized samples were analyzed for total carbon by Leco Furnace methodologies. If samples were less than 50% carbon then they were reduced in size so sample weight used for the analysis to ensure the result is within the instrument calibration range. All samples with total carbon greater than 50% were also assayed by loss on ignition (LOI) methods at 425°C and 1000°C. Because the precision of this method is far greater than the LECO methods, the difference between the LOI at 425°C and LOI at 1000°C is considered far better indication of graphitic carbon concentration at high levels.

Carbon has important metallurgical and environmental implications for many types of mineral deposits. Carbonates may consume acid, impacting leach process design and mine waste remediation, while pre robbing by organic carbon can interfere with the cyanidation of gold and silver ores.

Different types of Analysis:

- **Corg:** HCl 25% leach of carbonates, LECO Furnace Method Code: C-IR06a;
- **C (Graphite):** HCl (50%) leach of carbonates, roasting to remove organic carbon, LECO furnace Method Code: C-IR18;
- **C (non carbonate):** Dilute acid digestion followed by combustion furnace Method Code: C-IR17;
- **C (Total):** Total Carbon by LECO furnace Method Code: C-IR07.

Analytical procedures used for the core samples were C-IR06 and ME-MS41 Ultra Trace Aqua Regia ICP-MS.

The C-IR06 consists of determination of Graphite by multistage furnace treatment to remove organic carbon and infrared detection on LECO.

On December 2016, coarse residues and pulps were stored securely at ALS storage facilities in Brisbane. The remaining portions of drill core are securely stored at the BBR core storage facility in Melsiripura.

Between July and September 2015, **BBR** exported 261 samples bags to the ALS Laboratories for analysis. ALS is an ISO 9001-2008 accredited service provider.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 11: SAMPLE PREPARATION, ANALYSES, AND SECURITY (cont.)

It is the C.D.G.C.‘s opinion that sample preparation and analyses were done in line with industry standards.

11.3 Bulk Density Data

During the 2015 drill Program, bulk density was conducted by ALS Minerals on almost all core samples received. Results were provided on the Assay Certificates and reported by Geosure (2016).

C.D.G.C. conducted a bulk density assessment of 3 drill core samples. The samples were weighed with a UWE digital hanging scale (model no. HS-7500 / serial no. HS0009972) with a precision of ± 5 grams. The samples were initially weighed in air and then in water, with these measurements used to calculate the bulk density as follow:

$$\text{Bulk density (\(\rho\))} = \frac{\text{Weight in air (Wa)}}{\text{Wa - Weight in water (Ww)}}$$

It was not considered necessary to seal the samples when submerged in water due to them being very fine-grained and impermeable.

Table No 7 gives the specific gravity of representative samples taken in Malsiripura by the Author.

<table>
<thead>
<tr>
<th>DRILL HOLE</th>
<th>DEPTH</th>
<th>ROCK TYPE</th>
<th>WEIGH</th>
<th>SPECIFIC GRAVITY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>m</td>
<td>Dry grammes</td>
<td>In water grammes</td>
<td></td>
</tr>
<tr>
<td>PLB010</td>
<td>69.20</td>
<td>175</td>
<td>95.5</td>
<td>2.201</td>
</tr>
<tr>
<td>PLB010</td>
<td>78.45</td>
<td>476</td>
<td>295</td>
<td>2.630</td>
</tr>
<tr>
<td>PLB010</td>
<td>49.10</td>
<td>347</td>
<td>215</td>
<td>2.629</td>
</tr>
</tbody>
</table>

The average specific gravity of the Gneiss is about 2.65-2.75 while the High Grade mineralized zones are averaging 2.20.

11.4 RQD

Rock-quality designation (RQD) is a rough measure of the degree of jointing or fracture in a rock mass, measured as a percentage of the drill core in lengths of 10 cm or more. High-quality rock has a RQD of more than 75%, low quality of less than 50%.
Item 11: SAMPLE PREPARATION, ANALYSES, AND SECURITY (cont.)

Total core recovery (TCR) is the borehole core recovery percentage.

TCR is defined as the quotient:
\[
TCR = \left( \frac{\text{Sum of pieces}}{\text{Tot core run}} \right) \times 100\%
\]

\[\text{L Sum of pieces} = \text{Sum of length of core pieces;} \]
\[\text{Ltot core run} = \text{Total length of core run.}\]

RQD measures were taken by BBR’s QP.

All measures were reported on an Excel spreadsheet before to be integrated in the Data Base.

Core boxes observed by the author of this report show an acceptable RQD in the fresh rock.

Generally speaking, the RQD is excellent everywhere. No shear zone or fault zone has been encountered by the drill holes. The first 15-25 m of each hole shows a strong fracturing which is due to the weathering. At depth, the rock is more massive and solid. Most of the open fractures observed in the core boxes come from the manipulation of the core by the drillers. Open fractures generally present rust or chlorite coatings.

11.8 Quality Control /Quality Assurance

In addition to the regular sampling and assaying of samples, additional quality control protocols were initiated externally by Geosure (2016), required the preparation of various blank and duplicate samples to evaluate the precision (i.e. reproducibility) and accuracy of the reported values. Each batch of 50 samples included a blank and one or two standards.

The certified reference material submitted by BBR as part of its QAQC program was reviewed. This data set contained standards and blanks submitted as part of the sample stream to help gain confidence in the accuracy and precision of the results provided by ALS.

Blank material was sourced from Ore Research and Exploration Pty Ltd. and is «off the shelf» standard. A total of 29 blanks have been analyzed. There is no apparent issue from this data, albeit a small data set (Figure No 24) shown on the following page.

BBR commissioned Ore Research and Exploration Pty Ltd. to manufacture 2 graphite standards for inclusion in the sample stream. These represented a «high grade» and a «low grade» graphite sample. The material used to generate these standards was obtained from the Queens Mine, one mine which was in operation at the time.
A total of 22 standards were sent to ALS for CRM OREAS_QM1_LowG. All results fall within 2 standard deviations of the expected value and as such these results do not highlight any significant issues. However, results may define a slight positive bias. It should be pointed out that conclusions based on small data sets such as this have a significant risk attached to them.

A total of 17 results for the high grade CRM OERAS_QM1_HighG were reviewed and all fall within 2 standard deviations of the expected value.

Review of the quality control data available has emphasized no area of concern relating to results supplied from ALS. It should be noted that quality control data was reviewed only for total carbon results.

Blanks and standards account for 20.67% of the total samples. With the addition of the duplicates made by the laboratory, the quality control data accounts for close to 40% of the data set for field blanks and standards. This number of samples does totally satisfy the industry’s recommendation of submitting approximately 5% each of field blanks, standards, and duplicates.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 11:   SAMPLE PREPARATION, ANALYSES, AND SECURITY (cont.)

Figure No 25: ALS Results for CRM OREAS_QM1_LowG

Figure No 26:   ALS Results for CRM OREAS_QM1_HighG
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 12: DATA VERIFICATION

12.1 Site Visit

C.D.G.C.’s first visit to the Malsiripura Graphite Project was conducted on August 3, 2018. During the inspection, several outcrops and old excavations were observed. Visual observation, digital photos and Global Positioning System (GPS) measurements were used to conduct and record the results of this inspection.

Dr Christian Derosier spent one full day on the site, accompanied by M. Janaka Ratnayake, General Manager of Operation for Ceylon Graphite Corp. in Sri Lanka. The QP verified the locations of drill hole collars, access roads, graphite showings, infrastructures, water supply, electricity, etc.) and observing in-situ graphite mineralization. They also verified some drill core from the 2015 BBR’s program, and discussing the technical aspects of the project.

Drill hole collar and trench positions were verified by Dr C. Derosier, P. Geo. using a handheld Garmin GPS 60CSx, the photographic device is a Canon SX 530HS. The collected X and Y coordinates for the observed drill hole collars corresponded well with the coordinates provided by BBR and Geosure. The exception was the elevation results (Y) that did not compare, as well and is attributed to the inherent inaccuracy associated with deriving elevation data from a hand held GPS.

No independent samples were collected or analyzed. This was because the reported geochemical values appeared to correspond well with what was observed, and to preserve what remained of the drill core.

The site visit and discussions with C.D.G.C. confirmed that the exploration aspects of the project appear to have been completed in keeping with accepted industry practice.

12.2 Data Validation

The Ceylon Graphite Corp. data base is new and was built with the historical drill holes. No assay certificate were submitted by BBR and Geosure at the time as well as deviation tests. However, most of the assay results were transcribed in many reports.

“From” and “To” intervals, measurements of assay sampling intervals, and graphite grades were compiled from historical drill logs into GeoticLog (MsAccess). The error rate of the initial data set exceeded the acceptable limit of 1% of errors. Most errors were insignificant and related to mistakes in transcription.

12.3 Bore Hole Comparison and Validation

C.D.G.C. was able to confirm the location of 2015 surface drill hole collars during the site visit made on August 3, 2018.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 12: DATA VERIFICATION (cont.)

Casings were removed when possible and replaced by PVC tubes. Most of them are broken or melt by the hot sunshine. Steel casings correspond to hole terminated due to technical problems.

12.4 Assay Database versus Lab Certificates

Dr C. Derosier, P. Geo. and QP completed a 100% validation of the Malsiripura Graphite Project graphite assays for drill holes drilled in 2015 against the numerous assay lists.

Several minor discrepancies were found between the assays from the different documents. The minor differences were corrected in the data set used for modelling and estimation.

In summary, Dr C. Derosier, P. Geo. and QP, concluded that the current database is largely free of translation errors and is adequate for resource estimation.

12.5 Comparison of BBR’ 2015 assays and JADS’ Data

12.5.1. Documents used

The BBR’ 2015 logs. Maps and database from the GSMB, and from JADS’s report.

12.5.2. Softwares used

Map Info / Discover for the GIS registration, block model construction and the resource evaluation.

Microsoft Excel for the calculation and the construction of log table from the Geotic database import. Adobe InDesign for report word processing, Adobe Photoshop and MacDraft.

Data was collated and imported into an MS Access data base for further interrogation and manipulation. The supplied drilling data for Malsiripura was reviewed and validated prior to any interpretation.

GeoticGraph for the GIS treatment and for drawing.

12.5.3. Data Verification and Adjustments

The original DDH entries were adjusted to compensate for different location and grade deficiencies. The following was undertaken as part of the database validation process:

- Cross checking hole depths and sample depths;
- Checking for overlapping and missing samples;
- Reviewing downhole survey data to identify dubious hole orientation;
The following verifications and adjustments are considered adequate and can be included in the database used for the resource evaluation.

12.5.4. **Carbon Content Adjustment**

The assay results reported by BBR, and Geosure, cover 9 elements, LOI, total Carbon, Carbon graphite, Ccono1c, LOI 425˚C and LOI 1000˚C.

The methodology used for the adjustment is empirical and based on the range observed for the 2015 DDHs. It proceeds as follow:

- Evaluation of the minimum, maximum and average graphitic carbon of the 2015 DDHs. Considering that there is few wall sampling in the 2015 DDH and that the visual cut was possibly 1.5% of graphite. A lower cut of 1.5% is applied to the 2015 DDHs.

- Comparison of the grade range.

- Determination of the adjustment factor.

12.5.7. **Database statistics**

**TABLE No 8**

<table>
<thead>
<tr>
<th>Drilling Contractor</th>
<th>Nb of DDHs</th>
<th>Total Length</th>
<th>Min Length</th>
<th>Max Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indodrill</td>
<td>23</td>
<td>4256.55</td>
<td>74.85</td>
<td>376.70</td>
</tr>
<tr>
<td>GSMB</td>
<td>7</td>
<td>741.35</td>
<td>27.20</td>
<td>199.82</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>4,997.90</td>
<td>27.20</td>
<td>376.70</td>
</tr>
</tbody>
</table>
Item 13: MINERAL PROCESSING AND METALLURGICAL TESTING

This section does not apply for the Malsiripura Graphite Project of Ceylon Graphite Corp., which is at an exploration stage.
14.1. Geological Modeling

Modeling of the mineralization is done in 3D. Several graphite mineralization have been intersected by the drill holes. However, a Main Zone appears to have some extensions laterally and at depth. The orientation of the graphite bearing system (Main Zone) is evaluated to have a principal trend of 022°/85°W and secondary orientations at 094°E and 075° E. The Main Zone appears to present a “Z” type crenulation folding indicating a possible anticlinal isoclinal fold nose to the NE. This is confirmed by the regional geological map (see Figure No 20). This Zone is located within a felsic gneissic unit of possible metasedimentary origin bordered to the east and west by quartzite layers. There is no evidence that the Zone is related to a fault structure (See Figure no 24).

14.1.2. Section registration

Considering the geological model, the cross-section set is adjusted to an azimuth of 150° with a view to the NNE (Figure No 23). They are numbered from A to I, starting from the SW.

Intervals between the sections are presented in Table No 9 below:

<table>
<thead>
<tr>
<th>SECTIONS</th>
<th>INTERVAL</th>
<th>WIDTH  m</th>
<th>INFLUENCE m</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>A-B</td>
<td>22.50</td>
<td>36.25</td>
</tr>
<tr>
<td>B</td>
<td>B-C</td>
<td>22.50</td>
<td>22.50</td>
</tr>
<tr>
<td>C</td>
<td>C-D</td>
<td>24.00</td>
<td>23.25</td>
</tr>
<tr>
<td>D</td>
<td>D-E</td>
<td>11.00</td>
<td>17.50</td>
</tr>
<tr>
<td>E</td>
<td>E-F</td>
<td>15.00</td>
<td>13.00</td>
</tr>
<tr>
<td>F</td>
<td>F-G</td>
<td>74.00</td>
<td>44.50</td>
</tr>
<tr>
<td>G</td>
<td>G-H</td>
<td>20.00</td>
<td>47.00</td>
</tr>
<tr>
<td>H</td>
<td>H-I</td>
<td>52.50</td>
<td>36.25</td>
</tr>
<tr>
<td>I</td>
<td>I</td>
<td></td>
<td>38.75</td>
</tr>
</tbody>
</table>
Item 14: MINERAL RESOURCE ESTIMATES (cont.)

In addition to the transversal sections, one longitudinal section has been prepared at an average azimuth of 025˚E. This section follows the major graphite mineralizations intersected by holes PLB003, 004, 020, 021 and 026. This section is presented in Appendix I

Corresponding sections, actual versus historical:

<table>
<thead>
<tr>
<th>SECTIONS</th>
<th>BLOCK RANGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0</td>
</tr>
<tr>
<td>B</td>
<td>1 to 6</td>
</tr>
<tr>
<td>C</td>
<td>7 to 10</td>
</tr>
<tr>
<td>D</td>
<td>11 to 16</td>
</tr>
<tr>
<td>E</td>
<td>17</td>
</tr>
<tr>
<td>F</td>
<td>0</td>
</tr>
<tr>
<td>G</td>
<td>18</td>
</tr>
<tr>
<td>H</td>
<td>19 to 21</td>
</tr>
<tr>
<td>I</td>
<td>22 to 25</td>
</tr>
</tbody>
</table>

14.1.3. Intersection length standardization

Pondered adjustment of the DDH assay length to 1 metre vertical equivalent to 0.5m true width was made by GeoticLog.

14.2. Methodology

After several methodology tests (Dections, Voronoï, Delaunay, Kriging, etc.) the Author determined that the block model construction using the IDW interpolation is the most adequate method to evaluate the resource.

14.2.1. Block Model

Assays from drill hole surveys are spatially interpolated and each punctual value generated is attributed to a defined 3-dimensional volume (block).

14.2.2. Inverse Distance Weighting

Inverse distance weighting (IDW) is a type of deterministic method for multivariate interpolation with a known scattered set of points. It is the simplest interpolation method.
A neighborhood about the interpolated point is identified and a weighted average is taken of the observation values within this neighborhood. The weights are a decreasing function of the distance. The user has control over the mathematical form of the weighting function, the size of the neighborhood (expressed as a radius or a number of points), and in addition to other options.

14.2.3. Parameters

The following is a list of the parameters used by the Author to grid the resource estimate:

Density- Specific Gravity: 2.65
Gridding technique: Inverse distance weighting
Coincident points: Average
Null Value / Background: 0

<table>
<thead>
<tr>
<th>Grid Geometry</th>
<th>Size</th>
<th>Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Y</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Z</td>
<td>2</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Anisotropic Search</th>
<th>Major Axis</th>
<th>Minor Axis</th>
<th>Depth Axis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elliptical</td>
<td>30</td>
<td>30</td>
<td>1</td>
</tr>
<tr>
<td>Bearing Inclination Tilt</td>
<td>20</td>
<td>0</td>
<td>120</td>
</tr>
<tr>
<td>Search sectors</td>
<td>Number</td>
<td>Min Points</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Weight model

<table>
<thead>
<tr>
<th>Power density</th>
<th>Correction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>elliptical weighting</td>
</tr>
</tbody>
</table>

14.3. Resource Evaluation Results

Several low cut off grades for the block model are presented on the following page.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 14: MINERAL RESOURCE ESTIMATES (cont.)

TABLE No 10
Low Cut off Grades for the Block Model

<table>
<thead>
<tr>
<th>Low Cut</th>
<th>Volume $m^3$</th>
<th>Tonnage Tonnes</th>
<th>Grade Cgp%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>285511.43</td>
<td>756605.27</td>
<td>2.80</td>
</tr>
<tr>
<td>2.0</td>
<td>60205.30</td>
<td>159544.05</td>
<td>8.15</td>
</tr>
<tr>
<td>3.0</td>
<td>28348.25</td>
<td>75122.90</td>
<td>14.44</td>
</tr>
</tbody>
</table>

All assays measures are within a 25m influence radius.

The Mineralization is classified as Indicated Mineral Resource and Inferred Mineral Resource considering the nature, quality, quantity and distribution of data, allows for a confident interpretation of the geological framework and reasonably assumes the continuity of mineralization.

TABLE No 11
Categorisation of the Mineral Resources

<table>
<thead>
<tr>
<th>Low Cut</th>
<th>Tonnage Tonnes</th>
<th>Grade % Cg</th>
<th>Inferred Tonnage Tonnes</th>
<th>Grade % Cg</th>
<th>Indicated Tonnage Tonnes</th>
<th>Grade % Cg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>756605.27</td>
<td>2.80</td>
<td>680076.12</td>
<td>1.98</td>
<td>76529.15</td>
<td>2.89</td>
</tr>
<tr>
<td>2%</td>
<td>159544.05</td>
<td>8.15</td>
<td>122309.43</td>
<td>2.76</td>
<td>37234.62</td>
<td>9.79</td>
</tr>
<tr>
<td>3%</td>
<td>75122.90</td>
<td>14.44</td>
<td>75122.90</td>
<td>14.44</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Author recognizes the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

With a prioritization of the grade and considering the zone continuity optimization, the Author considers that the 159 544.05 tonnes at 8.15 % graphite, is the preferred scenario. This one is also identified as the base case for an Indicated Mineral Resource.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 14: MINERAL RESOURCE ESTIMATES (cont.)

These mineral resources contain all the known lump veins grading between 80.20% and 98.60% Cg over thicknesses ranging from few centimetres to 0.72 m. Their length ranges from few metres to a maximum of 75 m. A total of 13,000 tonnes of Carbon Graphite is contained within the mineralized envelope.

14.4. Quality control

Visual observation on sections confronting the grade assay and the coincident estimated block does not present any bias. Some blocks that present a deficiency are related to the distance of the diamond drill holes to the projection plane.

14.5. Observations, Discussions and Interpretation

The Author considers that the project is a reasonable prospect for eventual economic extraction. The zone is heavily transposed but there is a good continuity even at high cut off grade. The metallurgical recovery, processing method and mining do not seem to be problematic, since the project is located in an area where graphite is mined out. Other factors like royalty payments, commodity price or product value, mining and, processing and general and administrative costs are not evaluated but do not seem to be actually problematic. The grade, the thickness and the dip of the zones appear to be the most influential factors which could affect an economic extraction.

The Author is not aware by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the mineral resource estimates.

14.6 CIM Definition Standards Statement

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors (these include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors).
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

ADDITIONAL REQUIREMENTS FOR ADVANCED PROPERTY TECHNICAL REPORTS

Those following sections do not apply for the Malsiripura Graphite Project of Ceylon Graphite Corp., which is at an exploration stage.

Item 15: MINERAL RESERVE ESTIMATE

Item 16: MINING METHODS

Item 17: RECOVERY METHODS

Item 18: PROJECT INFRASTRUCTURE

Item 19: MARKET STUDIES AND CONTRACTS

Item 20: ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL, OR COMMUNITY IMPACT

Item 21: CAPITAL AND OPERATING COSTS

Item 22: ECONOMIC ANALYSIS

REQUIREMENTS FOR ALL TECHNICAL REPORTS
Item 23: ADJACENT PROPERTIES

Since 2012, the region has experienced a revival of graphite exploration, as a response to the steady rise of graphite prices over that period. However, with the end of the Bora Bora Resources Ltd.’s investment in 2016, the Malsiripura area has remained dormant.

To the Author’s knowledge, there is no adjacent property. The closest block of grids is the Ragedara-Queens Graphite mine located at about 7.5 km to the SE.
Item 24: OTHER RELEVANT DATA AND INFORMATION

There is no other information and relevant data. The Author is not aware of any additional information or explanation necessary to make this report understandable and not misleading.
Item 25: INTERPRETATION AND CONCLUSIONS

The Malsiripura Graphite Project comprises 5 Grids covering a total area of 500 ha (5 sqkm) forming Block # EL/361. The Grids are in good standing and are now 100% owned by Ceylon Graphite Corp. through its Sri Lankan subsidiary JADS Enterprises (PVT) Ltd. The Project is located in the North Western Province, Kurunagala District, Panliyadda Division of the Democratic Socialist Republic of Sri Lanka.

Anecdotally graphite has been known in the Malsiripura for over a century. There are stories of old underground workings on the property in the first half of the 1900’s. No records of any production are known to C.D.G.C. inc.

The area has not been subject to any modern exploration work prior to the acquisition of EL/211 by Plumbago Lanka(PVT) Limited in November 2012. The same year, Bora Bora Resources Ltd. from Australia acquired 75% of the project. An helicopterborne VTEM survey was flown over the BBR’ properties including the Malsiripura Graphite Project. Because of the graphite veins exploited in the Kahatagaha-Kolongaha and Ragedara Mines are oriented E-W and steeply dipping to the South, BBR decided to have the survey flown in a N-S direction despite the fact that the geological formations, fold axis and plunges of the axis are oriented at an azimuth varying from 340° to 030°.

C.D.G.C. is of the opinion that this orientation is resulting with an erroneous aeromagnetic map (Figure 10) and interpretation of the magnetic axis which generally follow the lithology and the structures. Normally, the flight lines would have been oriented E-W or better at 330°.

The conductive anomalies detected in the Malsiripura area are broad and correspond well with the concentration of graphitic mineralization. However, the N-S orientation of flight lines might be exact for the E-W oriented veins of the Kahatagaha-Kolongaha and Ragedara- Queens graphite mines, located on the eastern flank of the Maduragoda Antiform, The structural context is different for the Malsiripura graphite project which is situated on a different anticline axis plunging to the North. In that case, graphite veins may have a different orientation and dip and flight lines must be adjusted in accordance with.

On the Malsiripura Graphite Project, two large conductive anomalies have been detected. The reinterpretation of the VTEM data made in Australia by consulting geophysicists however highlighted the presence of only one anomaly.

In January 2015, BBR undertook a drilling program with two drill rigs. A total of 30 holes was bored for a total length of 4,997.90 m. A total of 265 core samples have been assayed by ALS Minerals, a certified laboratory, in Australia.

Numerous narrow graphite veins and some meter-scale massive graphite veins were intersected. Several holes missed their target. During the field visit, it was observed that several holes bored towards south were following the topographic slope when their dip was -50 to -60°. Those holes bored down dip through the weathered zone cannot be relied upon due to the high potential of deformation of graphite veins by weathering.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 25: INTERPRETATION AND CONCLUSIONS (cont.)

The mineralized zones encountered during the drilling program have returned several high-grade intersections. The digitalization of the drill results with the assays shows the presence of several mineralized zones comprising high-grade veinlets and veins and disseminated to semi-massive graphite mineralization (5% to 50% Cg).

All the assays giving more than 1% Cg have been grouped in mineralized zones (or envelopes). The true width and the average grade of those envelopes have been calculated and reported on plans and sections. Those mineralized zones have been interpreted according to the geology and structures, and linked together when it was possible. This work permitted to delineate a 200 m long NNE-SSW trending mineralized zone with several high-grade graphite values. This mineralized zone corresponds to the long conductive anomaly detected by one N-S flight line. This last runs more or less parallel to the stratigraphy and the anticlinal axis. Some E-W oriented massive graphite veins seem to branch from that principal zone (Figure No 24).

In May 2018, JADS commissioned a senior mine geologist to prepare a mineral estimation based on the 2015 bore hole data. The consulting geologist interpreted the presence of four E-W oriented veins (Kahatagaha vein-type) which gave a mineral resource of 76,574 tonnes with no specified Cg grade. Sinking of a shaft on the south vein and the boring of a NNE oriented adit were recommended.

All the BBR’ data have reviewed and verified. It is the C.D.G.C.’s opinion that the 2015 work has been made as carefully as possible, in compliance with NI 43-101 and the best practices of the industry. A QCQA program was in place and applied. C.D.G.C. has been able to verify the hole locations and some core boxes.

To complete its mandate with CYL, C.D.G.C. has prepared a mineral resource estimation. Modeling of the mineralization is done in 3D. Several graphite mineralization have been intersected by the drill holes. However, a Main Zone appears to have some extensions laterally (200 m) and at depth. The orientation of the graphite bearing system (Main Zone ) is evaluated to have a principal trend of 022°/85°W and secondary orientations (branches) at 094°E and 075° E. The Main Zone appears to present a “Z” type crenulation folding indicating a possible anticlinal isoclinal fold nose to the NE. This is confirmed by the regional geological map. This Zone is located within a felsic gneissic unit of possible metasedimentary origin bordered to the east and west by quartzite layers. There is no evidence that the Zone is related to a fault structure (See Figure no 24).

The modeling of the mineralization has been made in 3D and new cross-sections have been determined. It was understood that the main graphite bearing system is oriented at 022° with a dip of -85°W.

After several methodology tests, it has been determined that the Inverse Distance Weighting (IDW) interpolation was the most adequate method to evaluate the resources.
Item 25: INTERPRETATION AND CONCLUSIONS (cont.)

Several low cut-off grades were determined for the block model. With a prioritization of the grade and considering the optimization of the continuity of the mineralized zone, the low cut-off grade of 2% Cg was retained. This permits to calculate a mineral resource of 159,544.05 tonnes averaging 8.15% Cg. This scenario is also identified as the base case for an Indicated Mineral Resource of 37,234.62 tonnes at 9.79% Cg and 122,309.43 tonnes at 2.76% Cg classified as Inferred Mineral Resources.

These mineral resources contain all the known lump veins grading between 80.20% and 98.60% Cg over thicknesses ranging from few centimetres to 0.72 m. Their length ranges from few metres to a maximum of 75 m. A total of 13,000 tonnes of Carbon Graphite is contained within the mineralized envelope.

The author considers that the Malsiripura Graphite Project is a reasonable prospect for an eventual economic extraction. The zone is heavily transposed but there is a good continuity even at high cut-off grade.
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 26: RECOMMENDATIONS

26.1 Exploration Program

Based on results obtained during the 2015 drilling program and the present technical study, C.D.G.C. recommends a follow-up drill program using NQ calibre drilling (triple tubing) to test for along strike and down dip extension to a depth of 200 m of the known mineralized zones.

At this stage, it is very important to survey meticulously all the old set-ups and have some surveyed bench marks established around the main mineral zones for a better control of the coordinates and elevations in the future.

It is also recommended to dig several trenches across the recently discovered mineralized zones situated. This will economically valorize the known resources and will permit to extract several little bulk samples.

The total cost for the 2015 drilling program was approximately US$ 200.22 per metre (including drilling, assaying, geology and management costs). Considering an average price increase of 10 percent for the drilling contract and the assays, the total cost for the 2018 recommended drilling and exploration program is estimated to US$ 600,000.00.

26.2 Estimated Budget

Phase I

Surveying the old excavations. Establishing three permanent bench marks: US$ 25 000.00
Drilling Program for a total length of 2 500.00 m @ US$ 220/ m, all included: US$ 550 000.00

Total Phase I

US$ 575 000.00

Phase II

Trenching ground EM anomalies and mineralized zones US$ 26 000.00
Bulk sampling and Assaying: US$ 10 000.00
Metallurgical Testing US$ 59 000.00
Technical Report: US$ 30 000.00

Total Phase II

US$ 125 000.00

GRAND TOTAL

US$ 600 000.00
THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

Item 27: REFERENCES


Bora Bora Resources Ltd.: March 2016, Quaterly Report, April 26, 2016.


Bora Bora Resources Ltd.: High grade graphite results received from Kingfisher and exploration update, September 7, 2015.

Bora Bora Resources Ltd.: Kingfisher continues to deliver Exploration update, May 14, 2015.

Bora Bora Resources Ltd.: More graphite veins discovered at Kingfisher Exploration update; Aprol 20, 2015.

Bora Bora Resources Ltd.: Multiple graphite veins discovered at Kingfisher Project; March 12, 2015.

Bora Bora Resources Ltd.: Commencement of drilling at Matale/Kurunegal Graphite Project; January 29, 2015

Bora Bora Resources Ltd.: Bora Bora Resources discovers significant new VYEM anomaly at Matale/Kurunegal Graphite Project, July 17, 2014.

Bora Bora Resources Ltd.: Significant VTEM anomaly discovered over Kahatagaha Graphite mine which extends onto Bora Bora Resources Matale Graphite Project Exploration Licences, March 6, 2014.


Bora Bora Resources Ltd.: Due Diligence completed and sale agreement signed for high grade graphite acquisition, January 8, 2013.

Bora Bora Resources Ltd.: 90% or greater TGC graphite Project acquisition & above market placement completed; November 28, 2012.


Ceylon Graphite Corp.: Ceylon Graphite signs agreement to acquire local graphite company; Press release dated September 27, 2017;

Item 27: REFERENCES (cont.)


GSMB Technical Services (Pvt) Ltd.: An exploration proposal for mining of all minerals within the selected 32 Grid Units around Omaragolla-Maduragoda areas in Kurunegala District with special emphasis on Graphite; Prepared for Plumbago Lanka (Pvt), Ltd., February 2013.


Kehelpanala, K.V. W.: Shear Zone controlled charnockitization, retrogression and metasomatism of high-grade rocks; Godwana Research 2; 573-577; 1999.

THE MALSIRIPURA (M1) GRAPHITE PROJECT, SRI LANKA

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Palandagama, K.: Ore Resources estimation for graphite deposit at JADS Mine-Panliyadda; May 2018.

Plumbago Lanka Pvt Ltd.: Report for the MOI, Matale graphite project; November 2016;


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APPENDIX 1
AZIMUTH 330°
LOOKING NE

CEYLON GRAPHITE CORP.

Section C

Scale: 1:1000