

25<sup>th</sup> June 2014

**MRL Corporation Limited**

ACN 007 870 760  
ABN 50 007 870 760

**Registered Office**

Suite 3  
9 Hampden Road  
Nedlands WA 6009  
Tel +61 1300 660 448  
Fax +61 1300 855 044

**Directors**

**Peter Reilly**  
**Craig McGuckin**  
**Denis Geldard**  
**Peter Hepburn-Brown**  
**Peter Youd**

**Company Secretary**

Peter Youd

Email: [info@mrltd.com.au](mailto:info@mrltd.com.au)

Website: [www.mrltd.com.au](http://www.mrltd.com.au)

**ASX Symbol**

MRFL, MRFO, MRFOA

## MRL CONFIRMS HIGH-GRADE GRAPHITE VEINS

MRL Corporation Ltd ("MRL" or "the Company") is pleased to provide an update on the first drill hole of its maiden drilling program within EL228, Sri Lanka.

Diamond core drilling activities commenced on Wednesday 11th June at the DH1 position of the Bopitiya / Pandeniya priority location.

Drill hole DH1 has intersected one outstanding high grade graphite vein and a second sub-parallel graphite vein. All drill core runs are being orientated during drilling operations.

Intersection 1: 91.62m to 92.32m comprises downhole graphite vein intercept of 0.69m, with a true thickness ~0.25 to 0.3m.

Intersection 2: 97.0m to 97.9m comprises downhole graphite vein intercept of 0.90m, although coring appears to follow the vein contact, skimming the margin of a sub-vertical graphite vein. This vein is orientated roughly sub-parallel to the first intercept. True width is unable to be determined.

This is an exceptional result for the first hole of the Company's maiden drilling campaign and validates the Company's exploration approach.



*Graphite Vein from 91.62m to 92.32m depth in Diamond Drillhole DH1 (true width 0.25-0.30m)*



*Graphite Vein from 97.0m to 97.9m depth in Diamond Drillhole DH1 (true width unknown)*

Following the completion of the DH1 drillhole, structural information gained from the drill core will be evaluated to determine the next drill location and orientation, to better intersect the graphite vein(s).

Following detailed geological logging, all drill core with graphite intercepts will be split using a diamond core saw and half core samples then selected and prepared for submission to NAGROM laboratory in Kelmscott, Western Australia, for analysis.

Training of geology crews in the use of downhole survey and orientation equipment is complete and DH1 will be surveyed in coming days prior to commencing drilling at DH4. Select drillholes will be cased with PVC casing to maintain access to the drillholes for potential downhole geophysics surveys.

Further results will be released as each drill hole is completed.

Managing Director, Mr Craig McGuckin said;

*"The outstanding high-grade graphite intersections encountered in our first exploration hole is a validation of the Company's methodical exploration approach. The Directors of MRL are excited by this initial result and anticipate further positive results as the drilling programme continues.*

*It is a credit to the staff of MRL in Sri Lanka who are working extremely hard to achieve these results."*



#### **About Sri Lankan Lump/Vein Graphite**

***Sri Lanka is famed for being the only producer of crystalline vein graphite (lump or Ceylon graphite), the highest quality of naturally occurring material in the world. The quality of vein graphite produced in the country has a purity level in excess of 90% C (Carbon as Graphite) Which means little upgrading and processing is required to make high quality saleable product.***

***Reference: Industrial Minerals Natural Graphite Report 2012***

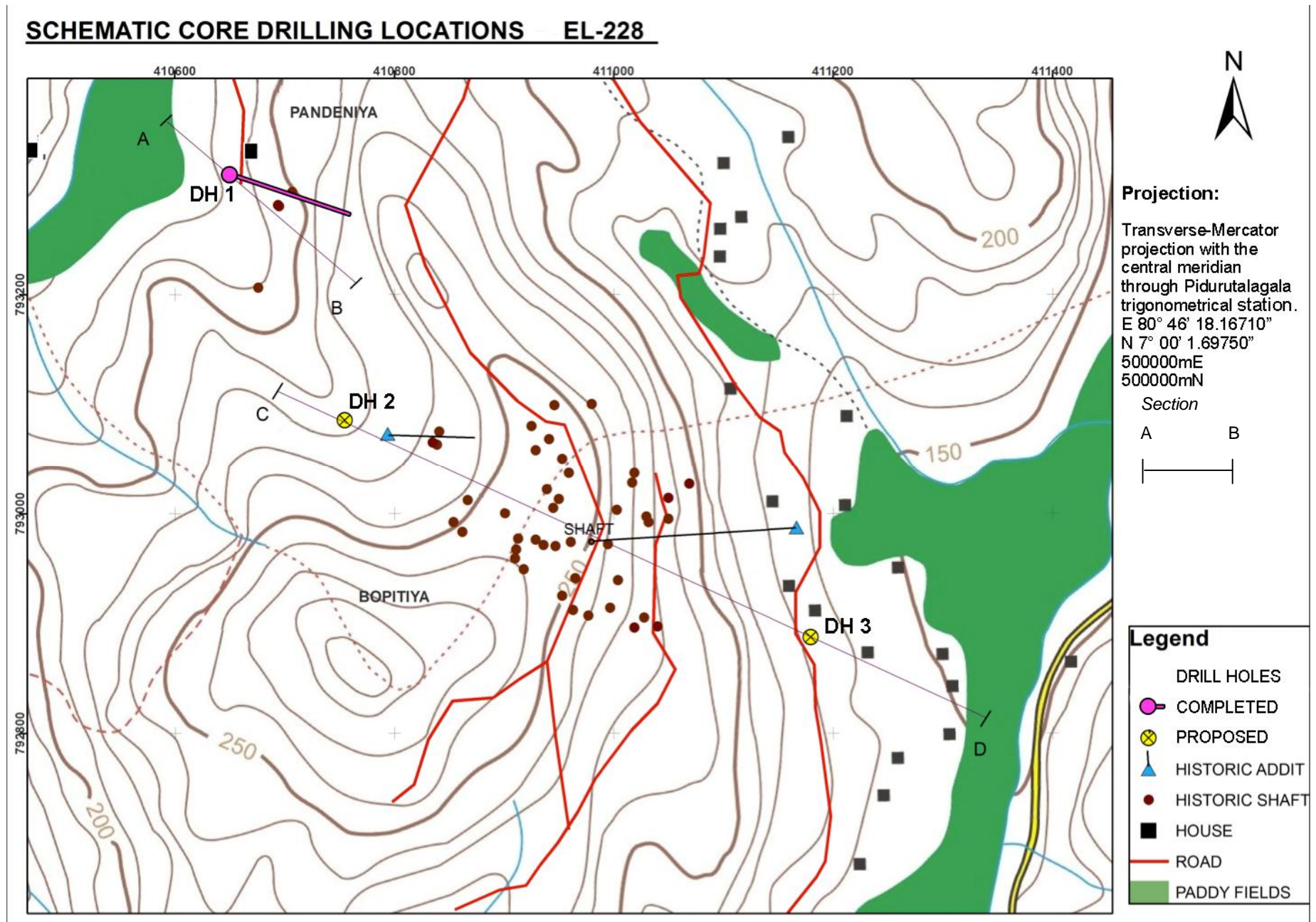
#### **For further information:**

**Craig McGuckin  
Managing Director  
MRL Corporation Ltd**

**Peter Youd  
Executive Director  
MRL Corporation Ltd**

**[www.mrltd.com.au](http://www.mrltd.com.au)**

Figure 1



### SCHEMATIC CORE DRILLING LOCATIONS EL-228

#### SECTION A-B & C-D

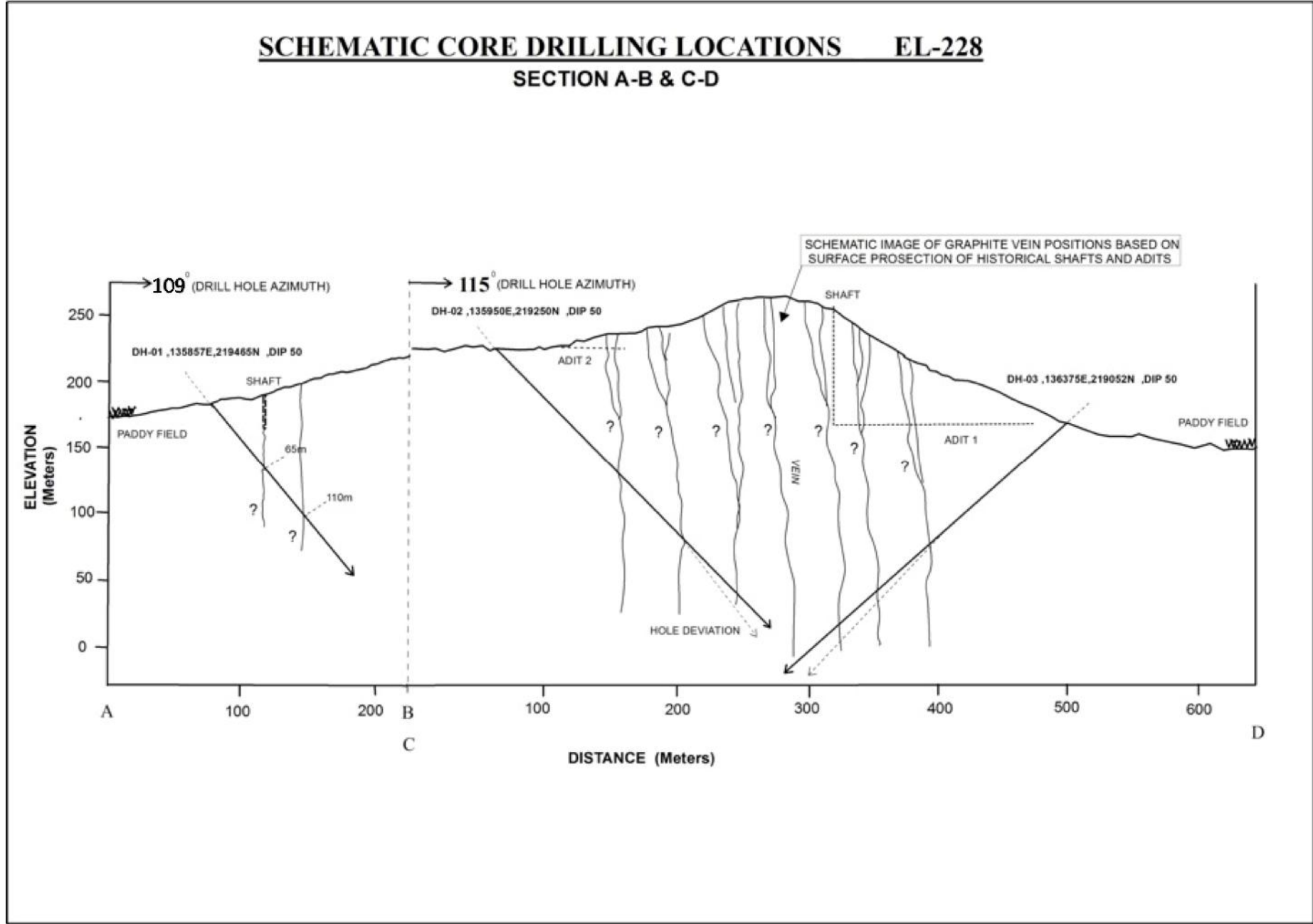
The diagram illustrates the schematic core drilling locations for Section A-B & C-D. The vertical axis represents ELEVATION (Meters) from 0 to 250, and the horizontal axis represents DISTANCE (Meters) from 0 to 600+.

**Section A-B:**

- Drill Hole DH-01, 135857E, 219465N, DIP 50, located at distance 0, with a drill hole azimuth of 109°.
- Drill Hole DH-02, 135950E, 219250N, DIP 50, located at distance 100, with a drill hole azimuth of 115°.
- Drill Hole DH-03, 136375E, 219052N, DIP 50, located at distance 500, with a drill hole azimuth of 115°.
- ADIT 1 and ADIT 2 are indicated.
- SHAFT locations are marked.
- PADDY FIELD is shown at the base of the hill.
- HOLE DEVIATION is indicated.
- SCHEMATIC IMAGE OF GRAPHITE VEIN POSITIONS BASED ON SURFACE PROJECTION OF HISTORICAL SHAFTS AND ADITS.

**Section C-D:**

- Drill Hole DH-02, 135950E, 219250N, DIP 50, located at distance 100, with a drill hole azimuth of 115°.
- Drill Hole DH-03, 136375E, 219052N, DIP 50, located at distance 500, with a drill hole azimuth of 115°.
- ADIT 1 and ADIT 2 are indicated.
- SHAFT locations are marked.
- PADDY FIELD is shown at the base of the hill.
- HOLE DEVIATION is indicated.
- SCHEMATIC IMAGE OF GRAPHITE VEIN POSITIONS BASED ON SURFACE PROJECTION OF HISTORICAL SHAFTS AND ADITS.



Information in this report relating to Exploration Results is based on information compiled by Mr Denis Geldard, MAusIMM working in consultation with consulting Geologist Mr Gary Powell, MAusIMM and MRL's Senior Sri Lankan Geologist who has 35 years of vein graphite experience in Sri Lanka. Their experience is relevant to the type of deposit under consideration. Mr Geldard is signing as competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Geldard consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

**JORC TABLE 1 Report for EL228 Warakapola Pandeniya location**  
**Section 1 Sampling Techniques and Data**

Criteria	Explanation
Sampling techniques	<ul style="list-style-type: none"> <li>Diamond core is collected and stored in core trays of 5m per tray. Vein graphite is readily identified visually (black in colour) and intersections recorded accordingly. Intersections will then be cut using a small hand held diamond saw under the supervision of MRL's Senior Sri Lankan Geologist and prepared for transport to Nagrom (Australia) for analysis.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>DH1 drill hole was drilled using NQ Double Tube (NQ2) due to lack of available NQ Triple Tube (NQTT) Diamond Drilling equipment in Sri Lanka at the start of the drilling campaign. It is anticipated future drilling will be undertaken utilising NQ Triple Tube (NQTT) drilling, once it becomes available</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Diamond core recovery is recorded between core runs and recorded by the geological crew in the Core Logging Record. The unconsolidated surface material will be drilled using rotary wash method until competent material is intersected</li> <li>Core recovery is very good, better than 95%, however NQ Triple Tube diamond drilling core method will be employed as soon as possible to provide the best sample collection data.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>All holes are logged on site by MRL geological personnel under the supervision of MRL's Senior Sri Lankan Geologist, using MRL's Core Logging Procedure Manual.</li> <li>Logging will record geological and geotechnical observations, and is undertaken on a continual basis throughout the entire drill hole.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>Half-core intersections of Vein Graphite will be submitted for analysis to Nagrom laboratories in Perth Western Australia. The remaining half-core is stored in the core boxes.</li> <li>DH1 samples are NQ2, and future core samples will be NQTT.</li> <li>Sample size is considered appropriate for the type of vein mineralisation experienced in Sri Lanka.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>All Vein Graphite core intersections will be analysed by Nagrom the Mineral Processors in Perth Western Australia. Nagrom will follow industry practice QA/QC procedures to ensure high quality sample assurance.</li> <li>Certified Sample Standards will be inserted routinely into sample analysis.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>All diamond core will be logged and photographed by MRL geologists under the supervision of MRL's Senior Sri Lankan Geologist. Independent consulting geologist Mr Gary Powell visited the MRL Pandeniya / Bopitiya site during June.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>All drill locations have been positioned using hand-held Garmin GPS systems. MRL is completing a full topographical survey of the Pandeniya – Bopitiya area of approximately 65 Ha. The survey is being completed by a licensed Sri Lankan surveyor and once completed all drill collars will be geo-referenced to the Sri Lankan Transverse Mercator Projection.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Drill holes have been located (Figures 1 and 2) in a position to intersect the expected vein mineralisation (based on historical shafts / adits and geophysical information) at the optimal angle for evaluation, whilst minimising land disturbance.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Diamond Core Drill holes are designed to intersect potential graphite vein mineralisation perpendicular to strike, wherever possible, whilst taking into account expected deviation in dip and azimuth.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>Core Samples are collected and stored in core trays under the supervision of MRL geological crews and then transported at the end of each day, and secured in a locked container at the MRL site facility for further detailed logging. Security is managed by MRL's Senior Sri Lankan Geologist and the MRL country General Manager.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>A review was undertaken by Mr Gary Powell of all procedures, including retrieving of core samples from the core tube, through to logging and storage of core samples, during a recent visit to Sri Lanka during drilling activities.</li> </ul>



## Section 2 Reporting of Exploration Results

Criteria	Explanation																																				
Mineral tenement and land tenure status	<p>The Warakapola / Bopitiya / Pandeniya project exploration license areas EL228 are 100% owned by MRL Graphite (Pvt) Ltd. The exploration Licenses when granted have a two year term which can be renewed prior to the 2 year anniversary.</p> <table><tr><th>License No.</th><th>MRL Interest</th><th>Status</th><th>General Location</th></tr><tr><td>EL/225</td><td>100%</td><td>Granted</td><td>Central</td></tr><tr><td>EL/226</td><td>100%</td><td>Granted</td><td>Central</td></tr><tr><td>EL/227</td><td>100%</td><td>Granted</td><td>South Central</td></tr><tr><td>EL/228</td><td>100%</td><td>Granted</td><td>Central</td></tr><tr><td>EL/231</td><td>100%</td><td>Granted</td><td>South West</td></tr><tr><td>EL/243</td><td>100%</td><td>Granted</td><td>Central</td></tr><tr><td>EL/244</td><td>100%</td><td>Granted</td><td>South West</td></tr><tr><td>EL/262</td><td>100%</td><td>Granted</td><td>Central</td></tr></table> <ul style="list-style-type: none"><li>MRL Corporation Ltd has informed Mr Powell all granted licenses are in good standing and comply with the reporting requirements of the exploration licence.</li></ul>	License No.	MRL Interest	Status	General Location	EL/225	100%	Granted	Central	EL/226	100%	Granted	Central	EL/227	100%	Granted	South Central	EL/228	100%	Granted	Central	EL/231	100%	Granted	South West	EL/243	100%	Granted	Central	EL/244	100%	Granted	South West	EL/262	100%	Granted	Central
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Exploration done by other parties	<ul style="list-style-type: none"><li>Initial Exploration and Review of the Warakapola / Bopitiya / Pandeniya project was carried out by Geological Survey and Mines Bureau (GSMB) Technical Services (Pvt) Ltd with reports provided to MRL. MRL has established a regional office in the EL228 area to support the company geologists and underground exploration crews.</li><li>Historical mining has taken place with several shafts and adits evident.</li></ul>																																				
Geology	<ul style="list-style-type: none"><li>Warakapola / Bopitiya / Pandeniya</li><li>Geologically, the area covered by the selected grid units belong to the Wannu Complex of Sri Lanka. The Wannu Complex is mainly characterised by thick sequences of orthogneisses, comprising amphibolite, migmatitic, granitic and granodioritic gneisses. These rocks represent a series of antiformal and synformal structures. A characteristic feature of the exploration area is the alignment of identified abandoned graphite mines / pits within a NNW-SSE trending corridor, (GSMB 2013)</li></ul>																																				
Drill hole Information	<p>Planned Diamond Core Drill Holes</p> <table><tr><th>Drill Hole</th><th>Easting</th><th>Northing</th><th>Dip / Azimuth</th><th>Hole Depth</th><th>Comments</th></tr><tr><td>DH1</td><td>135,857</td><td>219,465</td><td>55 ° / 109°</td><td>125m</td><td>Completed</td></tr><tr><td>DH2</td><td>135,950</td><td>219,250</td><td>50 ° / 110°</td><td>300 - 325m</td><td>Planned</td></tr><tr><td>DH3</td><td>136,375</td><td>219,052</td><td>50 ° / 295°</td><td>300 - 325m</td><td>Planned</td></tr></table> <ul style="list-style-type: none"><li>All Diamond Core Drill holes are planned to be accurately surveyed for dip and azimuth using a GlobalTech Pathfinder multi-shot, electronic, down hole survey tool.</li><li>A GlobalTech core orientation tool is being used to orientate the core during the drilling.</li></ul>	Drill Hole	Easting	Northing	Dip / Azimuth	Hole Depth	Comments	DH1	135,857	219,465	55 ° / 109°	125m	Completed	DH2	135,950	219,250	50 ° / 110°	300 - 325m	Planned	DH3	136,375	219,052	50 ° / 295°	300 - 325m	Planned												
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Data aggregation methods	<ul style="list-style-type: none"><li>Intersections of diamond core containing vein graphite will be visually selected for analytical testing with accurate lengths recorded to ensure 100% of mineralisation is analysed and reported.</li></ul>																																				
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"><li>Planned Drill hole orientation is based on observations from historical shafts / adits and geophysics, and planned to intersect any vein graphite mineralisation as close to perpendicular as practical.</li></ul>																																				
Diagrams	Refer Figure 1 for location plan for Schematic of Core Drilling Locations.																																				
Balanced reporting	<ul style="list-style-type: none"><li>MRL Corporation Ltd will endeavour to produce balanced reports accurately detailing the results from any exploration activities.</li></ul>																																				
Other substantive exploration data	<ul style="list-style-type: none"><li>No other substantive exploration data is available at this time.</li></ul>																																				
Further work	<ul style="list-style-type: none"><li>MRL Corporation Ltd intends to complete further site investigations on its other licenses. Following the completion of this drilling program MRL will evaluate the results and plan the next phase of exploration for the Pandeniya / Bopitiya exploration location.</li></ul>																																				