MRL Corporation Ltd

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ASX Symbol
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Construction of MRL's first Sri Lankan graphite project almost complete.

Project will make MRL one of the highest-grade graphite producers in the world by early 2016.

Key Points

- MRL enters final construction phase at first Sri Lankan graphite project with headframe now being built.
- First production of high-grade vein graphite set for early 2016.
- The grade of MRL's vein graphite is three to four times higher than typical flake and jumbo flake graphite, minimising both capital and operating costs.
- Full Industrial Mining Licence expected shortly for second vein graphite project; production there also set for early 2016.
- MRL aims to produce 5,000tpa of vein graphite from 20 mines in Sri Lanka within two-and-a-half years.
- Vein graphite currently sells for US$1,750/t.
- Each mine has a capital cost of ~A$200,000.
- MRL graphite suitable for making premium-priced graphene.
- MRL will be one of very few ASX-listed graphite producers.

MRL Corporation (ASX: MRF) is pleased to advise it has entered the final phase of preparations for the start of high-grade graphite production at its Aluketiya project in Sri Lanka, with the civil works being commenced ready for the installation of headframes.

This ensures MRL is on track to become one of the highest-grade graphite producers in the world from early next calendar year.

MRL's vein graphite boasts spectacular grades of up to 93 per cent total graphitic carbon. This means the waste-to-ore ratio is low and the mined

product requires very little processing. These factors reduce both capital and operating costs.

Graphite of this grade and quality currently sells for around US$1,750 (A$2,400) a tonne.

The grade of the MRL vein graphite is three to four times greater than that contained in typical flake and jumbo flake graphite projects around the world, highlighting the immense commercial potential of MRL's graphite.

MRL's graphite has also been found to be highly suitable for producing premium-priced graphene. Tests conducted by the University of Adelaide found the quality of the prepared graphene from MRL's graphite was outstanding and comparable with the quality of graphene prepared by synthetic routes.

They showed that MRL's graphite has very high crystalline carbon content not observed in any other previously tested graphite materials.

A separate round of tests conducted by the University of Adelaide found that the graphene yield percentage from the exfoliated portion of the graphite was more than 90 per cent.

As MRL makes the final preparations for the start of production at Aluketiya, it is also awaiting final environmental approval for its second project, Pandeniya.

This will pave the way for the issue of a full Industrial Mining Licence, with Pandeniya scheduled for first production early in 2016.

Aluketiya and Pandeniya are both typical Sri Lankan graphite projects which will be mined using shafts and airleg miners.

MRL aims to establish up to 20 such mines producing a total of 5,000 tonnes a year of high-grade graphite over the next two and half years.

MRL Managing Director Craig McGuckin said the Company would be producing some of the highest-grade graphite in the world by early next year.

"Half of the graphite mined in the world has a grade of less than 6 per cent," Mr McGuckin said. "Our graphite grades are more than 90 per cent.

"We will be mining graphite from less than 100m below the surface, using low-cost airleg mining methods to selectively mine the best grades.

"Each shaft costs about $200,000 to rehabilitate and bring back into production and there is virtually no above-ground processing cost.

"We are confident that this strategy will see MRL become one of the highest-grade graphite producers in the world by early 2016.

"We will also have a strong growth profile, with about 20 mines earmarked for production over the next two years or so."

About MRL Corporation Ltd (ASX: MRF)

MRL is aiming to develop an underground mining operation to extract high-grade, crystalline vein graphite, which is unique to Sri Lanka. The Company holds exclusive rights to exploration licenses covering approximately 6,300 hectares in area, with historical workings located within nearly all license grids.

About Graphene

Graphene, the well-publicised and now famous two-dimensional carbon allotrope, is as versatile a material as any discovered on Earth. Its amazing properties as the lightest and strongest material, compared with its ability to conduct heat and electricity better than anything else, mean it can be integrated into a huge number of applications. Initially this will mean graphene is used to help improve the performance and efficiency of current materials and substances, but in the future it will also be developed in conjunction with other two-dimensional (2D) crystals to create some even more amazing compounds to suit an even wider range of applications.

One area of research which is being very highly studied is energy storage. Currently, scientists are working on enhancing the capabilities of lithium ion batteries (by incorporating graphene as an anode) to offer much higher storage capacities with much better longevity and charge rate. Also, graphene is being studied and developed to be used in the manufacture of supercapacitors which are able to be charged very quickly, yet also be able to store a large amount of electricity.

Nature of vein graphite

Sri Lankan graphite deposition model is best described from the 'bottom up': tension fractures formed in the metamorphic sediments, caused by the folding of the sediments, creating 'conduits' for the hydrothermal deposition of high quality vein graphite. Historically, mining of these veins has found the veins generally increase in thickness and grade quality with increasing depth. Graphite veins generally dip steeply at –70° to near vertical, enabling 'narrow vein' extraction mining techniques similar to those used on narrow vein, high-grade gold deposits. The method commonly used is an overhead retreat stoping technique where the high-grade vein graphite is mined and hauled to surface without contamination. The graphite selvages, in contact with the surrounding waste, is hauled to surface and stockpiled for upgrading. The balance of the waste is used to fill the floor of the stope.

Due to the nature of the vein graphite, it is anticipated vein widths of ~25cm, using narrow vein mining techniques can be economically extracted from underground operations.

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