

GRAPHITE FOCUSSED COMPANY

May 2014

Competent Persons Statements

The information reported above relating to Exploration and Metallurgical results were prepared and disclosed in company announcements on the following dates :

- ASX Announcement 21/05/2014 – Drilling Contract Signed.
- ASX Announcement 23/05/2014 – Preliminary Graphite Test work.

The information provided in this presentation has not materially changed.

Information in this report relating to geotechnical surveys has been compiled by Mr Denis Geldard, MAusIMM in consultation with Mr Bill Robinson Senior Geophysicist. Mr Robinson has sufficient experience and expertise relevant to this type of test work and qualifies as a competent person in the field of Geophysics. Mr Geldard consents to the inclusion in the report of the matters based on the information reported in the form and context in which it appears.

DIRECTORS & MANAGEMENT

Peter Reilly - Non-Executive Chairman

- Former Managing Director of AUSDOC Group Limited
- 35 years' commercial experience, holds a Bachelor of Business (Accounting)
- Member of the Institute of Chartered Accountants and the Institute of Company Directors

Craig McGuckin - Managing Director

- Qualified mining professional with in excess of 30 years experience in the mining, drilling and petroleum industries
- Held senior positions in private and publicly listed companies
- Founding director of Rheochem Plc

Denis Geldard - Non-Executive Director

- 40 years of technical and operational experience in exploration and project development in Australia and internationally
- Mining graduate from the Kalgoorlie School of Mines in Western Australia
- Director in a number of Australian listed mining and exploration companies

Peter Hepburn-Brown - Non-Executive Director

- 30 years of experience as a mining engineer in both open pit and underground mining
- Extensive background in narrow vein mining
- Managing Director of Medusa Mining Ltd

Peter Youd – CFO & Company Secretary

- Chartered Accountant and has extensive experience within the resources, oil and gas services, and mining
- For over 35 years has held senior management positions and directorships for publicly listed and private companies in Australia and overseas
- Bachelor of Business from the W.A Institute of Technology (now Curtin University).

Capital Structure (ASX : MRF)

Shares on Issue	149,191,163
Share Price (23/05/2014)	5.6c
Market Capitalisation	\$8.3 m
Restricted Stock	34,094,190 (22.9%)
Total Share Holders	1,205

Top Shareholders

Top 20	40.5%
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What is Graphite?

- Graphite & diamonds are the only two naturally formed polymers of Carbon.
- From its longstanding and unassuming place as the “lead” in pencils; recent discoveries, consumer demands and market readiness have this simple elemental form of Carbon now poised to revolutionise the way we live.
- The U.S.A., which is a 100% importer of graphite, has joined China and the European Union in classifying graphite as a critical strategic material.
- Graphite demands are increasing as valuable and broad applications are being researched and developed daily, ranging from consumer electronics, green energy, medical, mining and even military applications.
- Graphite is the key material for ultra lightweight carbon fibre reinforced plastics (CFRPs). Long employed in aerospace and Formula One racing, it is becoming increasingly important in the quest for lighter-weight materials to reduce fuel consumption and lower CO2 emissions in everyday vehicles.

Types of Graphite

Vein

- Vein graphite is the rarest, most valuable, and highest quality form of natural graphite.
- The grade of vein graphite is typically above 90% Cg, with a purity of 95-99% carbon without refining.
- Vein graphite has higher thermal and electrical conductivity, and it also has the highest degree of cohesive integrity of all natural graphite.
- Vein graphite is easy to mould and can be formed into solid shapes without the aid of a binding addition, which leads to considerable cost savings over lower grade feedstock. Products include microcrystalline, large flake / needle.

Flake

- Flake graphite is of higher quality than amorphous graphite.
- The grade of flake graphite ranges from 10-12% Cg, and the purity varies from 85-95% carbon after refining.
- The primary use of flake graphite includes brake linings, batteries and fuel cells.
- Flake graphite can be sold for four times the price of amorphous graphite.

Amorphous

- Amorphous graphite is the most abundant form, but occurs at the lowest in grades.
- The grade of amorphous graphite ranges from 10-40% in Cg (graphite content), and the purity varies between 70-85% carbon after refining.
- Amorphous is used for lower value graphite products, such as pencils, brake pads, and rubber additives, and is the lowest priced graphite.

Graphite Applications

Graphite is a low density allotrope of the element carbon. This naturally occurring element is soft to touch, has a melting point of 3,600°C and is black in colour. In its innate form it is used as a dry lubricant. The electric conductivity of graphite makes it a popular choice for electrodes.

Natural graphite comes in several forms: amorphous, flake and lump or vein graphite. Vein graphite is the purest and most expensive form of natural graphite.

Sri Lanka is the only country producing vein graphite.

Uses of Graphite include:

- Steelmaking / Refractories
- Graphite in Lithium Ion Batteries & Fuel Cells
- Brake Linings
- Lubricants
- Pebble Bed Nuclear Reactors (PBNR)
- Pencils



MRL– Sri Lanka Graphite

- Sri Lanka is the only region in the world which produces commercial quantities of vein graphite with a carbon content greater than 90% TGC (Carbon as Graphite).
- MRL holds 6,300 ha of Exploration Licenses in Sri Lanka and has applied for further exploration areas surrounding granted licenses. In excess of 200 historical adits and shafts are located on granted licenses.
- The large quantity of remnant graphite dumps indicate MRL's licences produced a reasonably large volume of vein graphite from numerous artisanal pits during the 1890's to 1950's.
- Artisanal miners had limited ventilation and dewatering capabilities, therefore historical workings are relatively shallow.
- No systematic modern exploration for vein graphite has been undertaken on MRL licences.
- Graphite vein mineralisation is expected to remain open below the surface of historical shafts.
- Exploration & development is expected to be low cost as is opex and capex.

MRL - Project Locations



Historical Adit

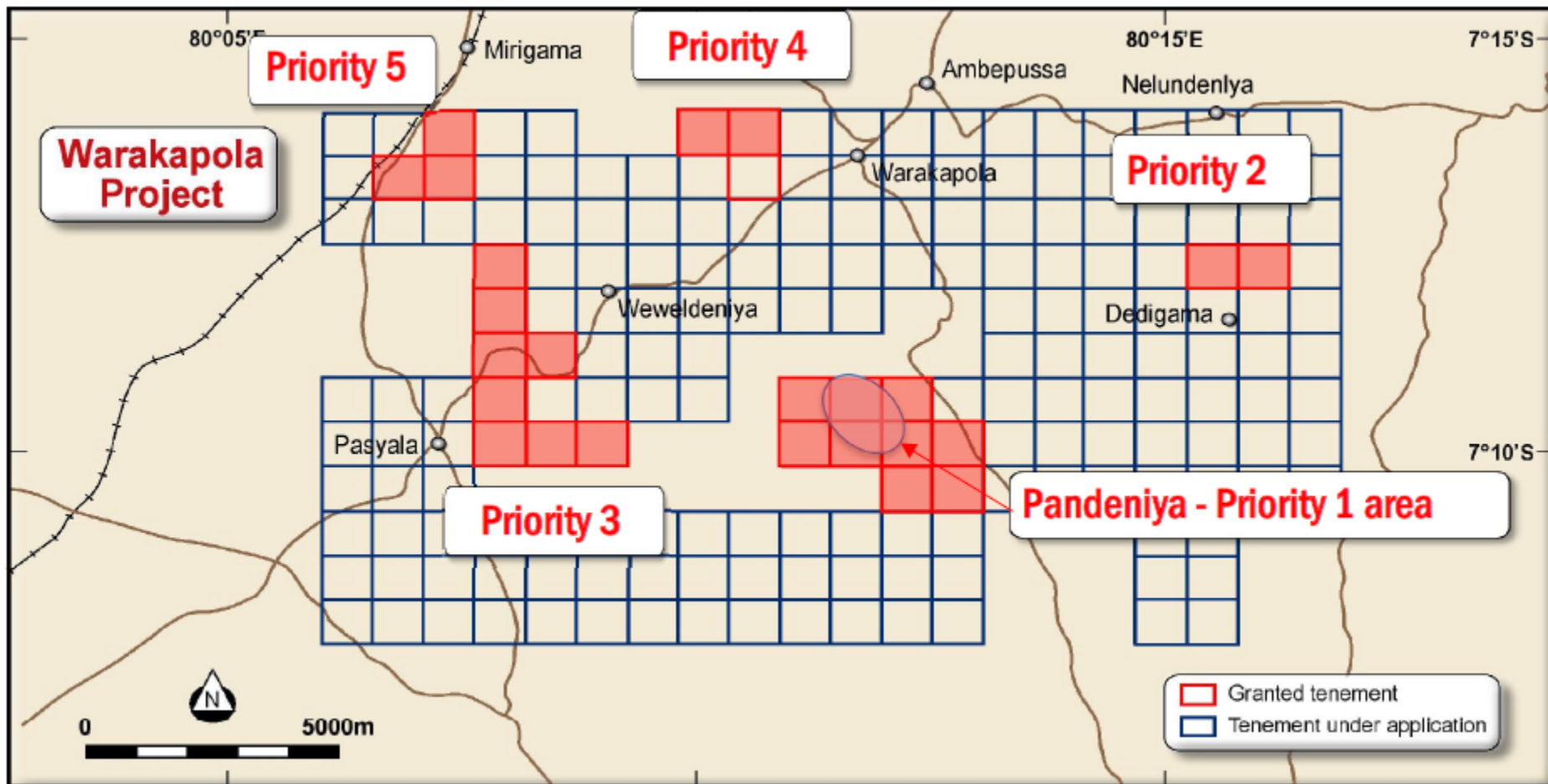


Historical Shaft



Remnant Graphite Stockpile

Warakopola Project Area



Priority Exploration Location

Pandeniya & Bopitiya Priority 1 Exploration Area



Pandeniya / Bopitiya - Priority 1 Exploration Area

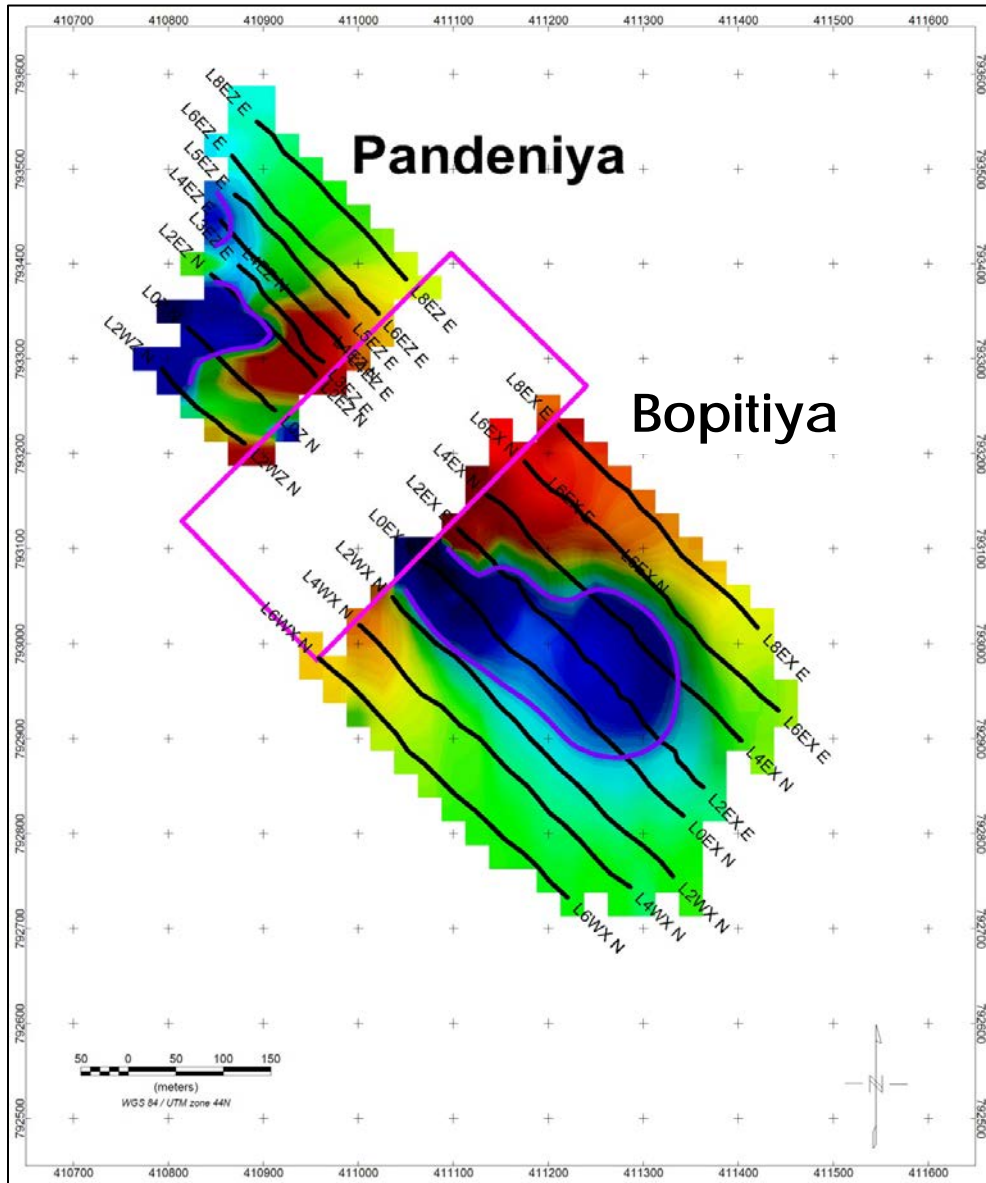


- Initial adit underground safety training completed.
- Work ongoing to make safe at priority 1 adit, ventilation / electrical / land access complete.
- Work underway on Pandeniya Priority 1 shaft.

Warakopola Geological Progress



- Geophysical Min – Max and TEM survey over Priority 1 area completed and being processed.
- Drilling Contract signed with initial drill hole locations confirmed, drill rig expected to mobilise on the 29th May to site.
- BM8 Geophysical tool purchased to assist in mapping near surface graphite.
- Geological mapping ongoing over all licensed areas.



Fixed Loop Ground EM

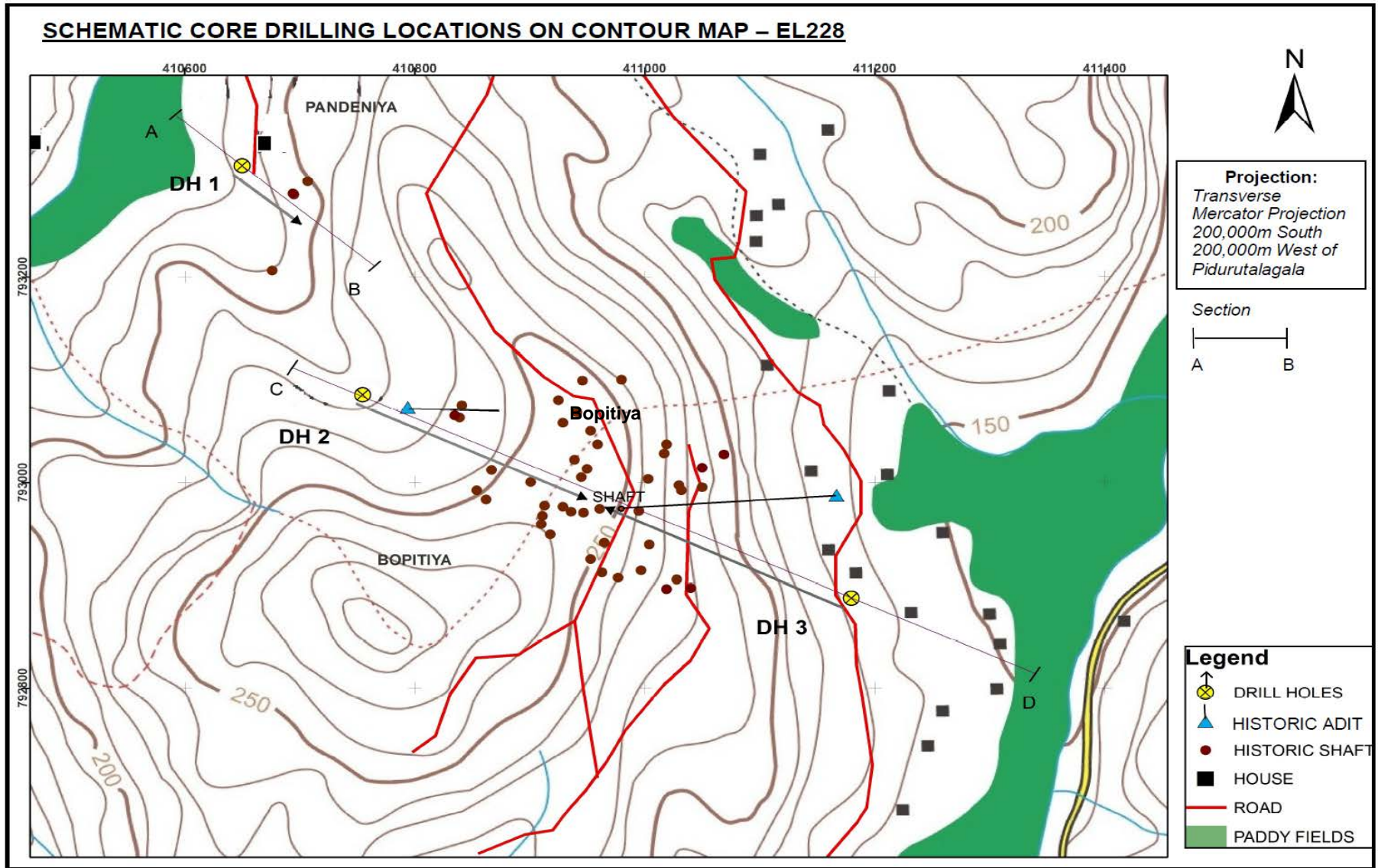
Channel 12
Z component

Zero contour maps edge

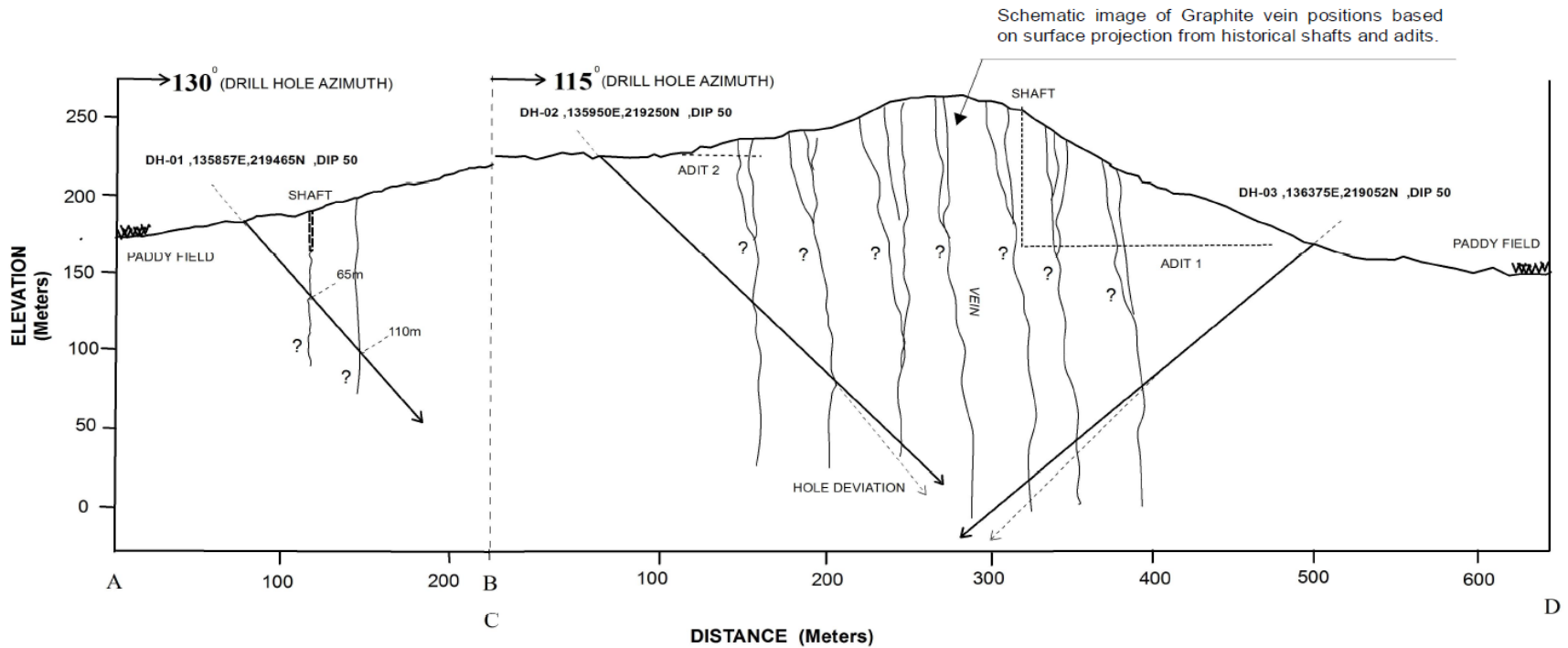


TEM transmitter location fixed loop 1

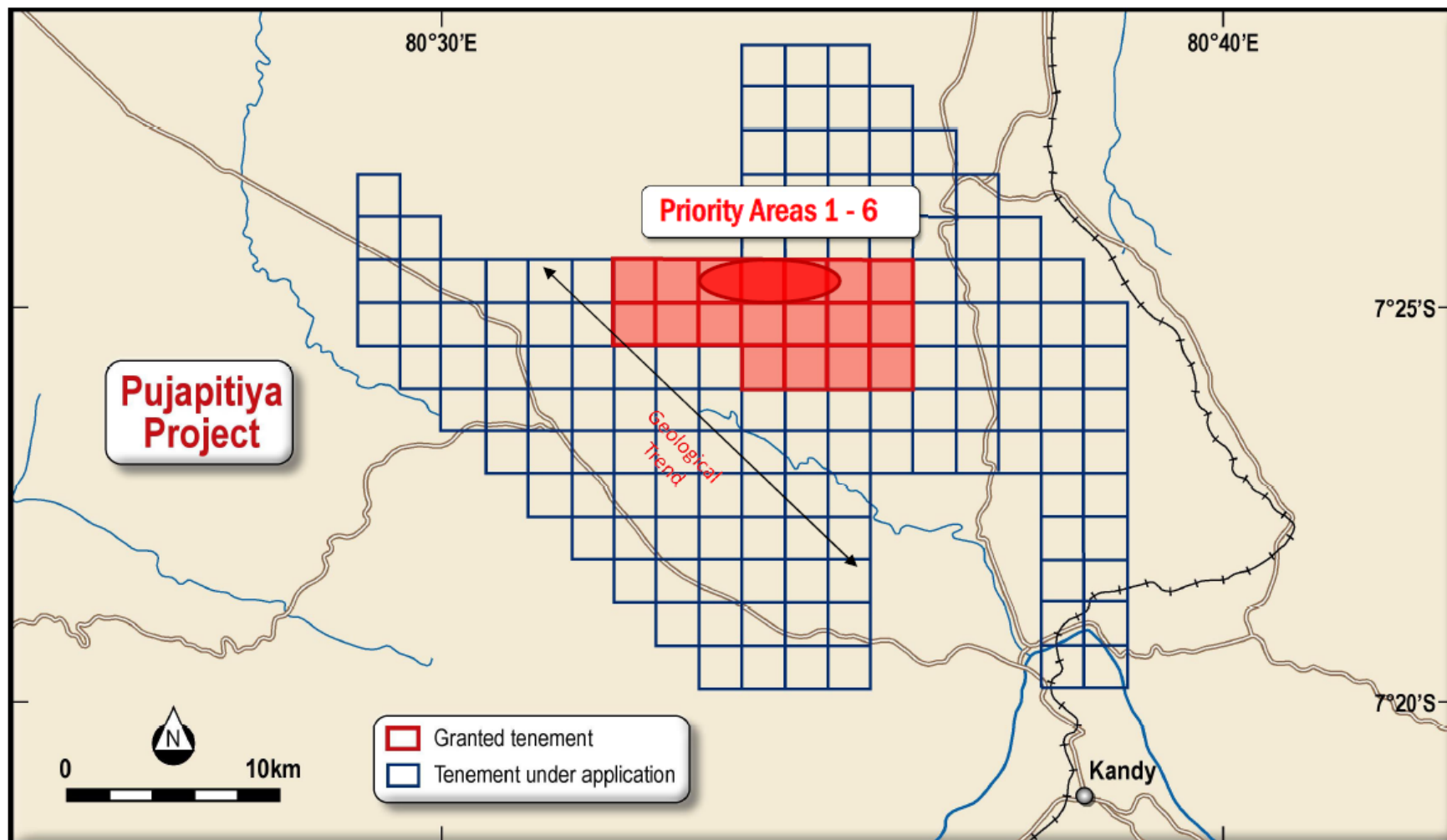
SCHMATIC CORE DRILLING LOCATIONS ON CONTOUR MAP – EL228



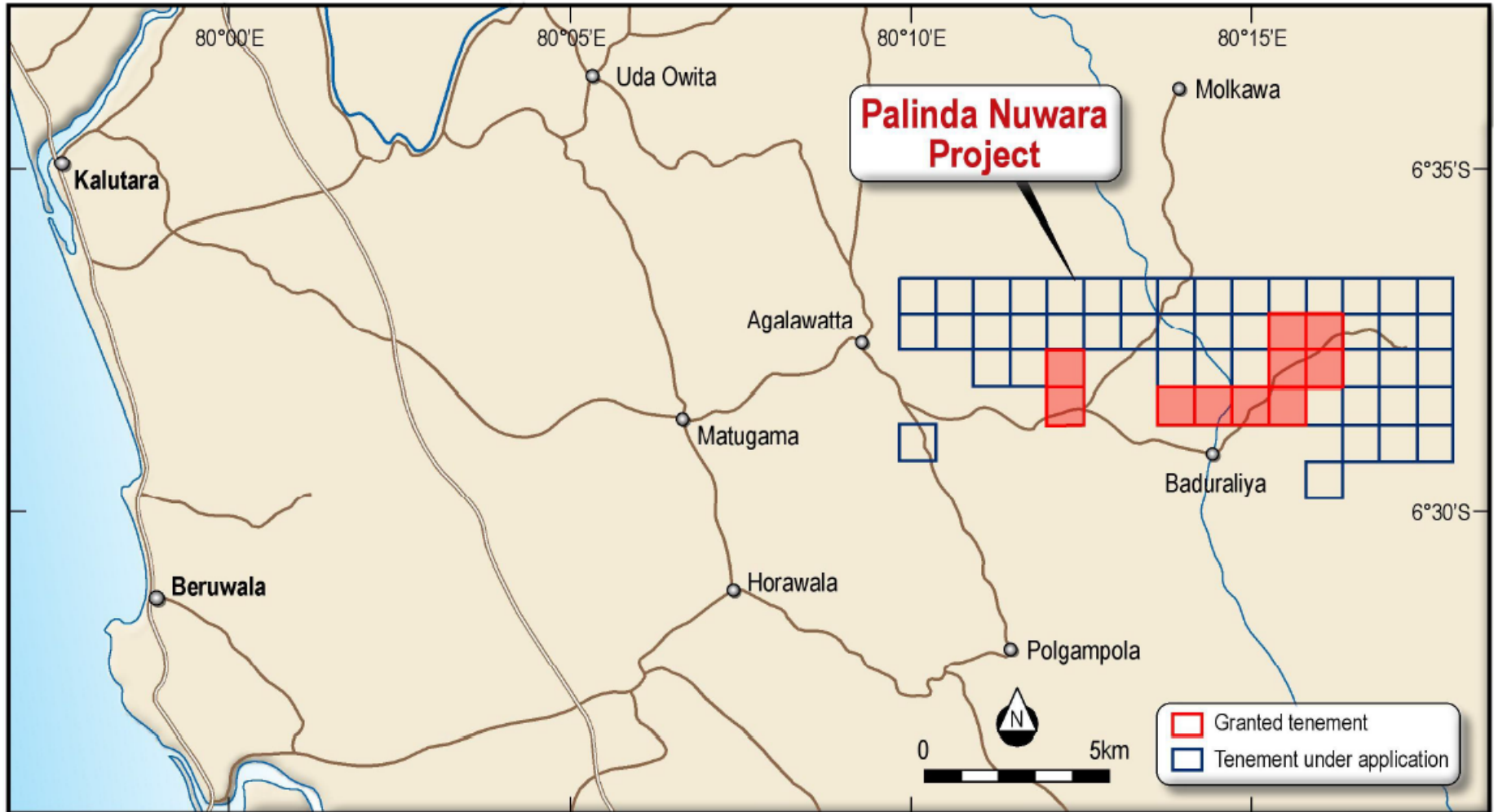
SCHEMATIC CORE DRILLING LOCATIONS OF EL-228 SECTION A-B & C-D



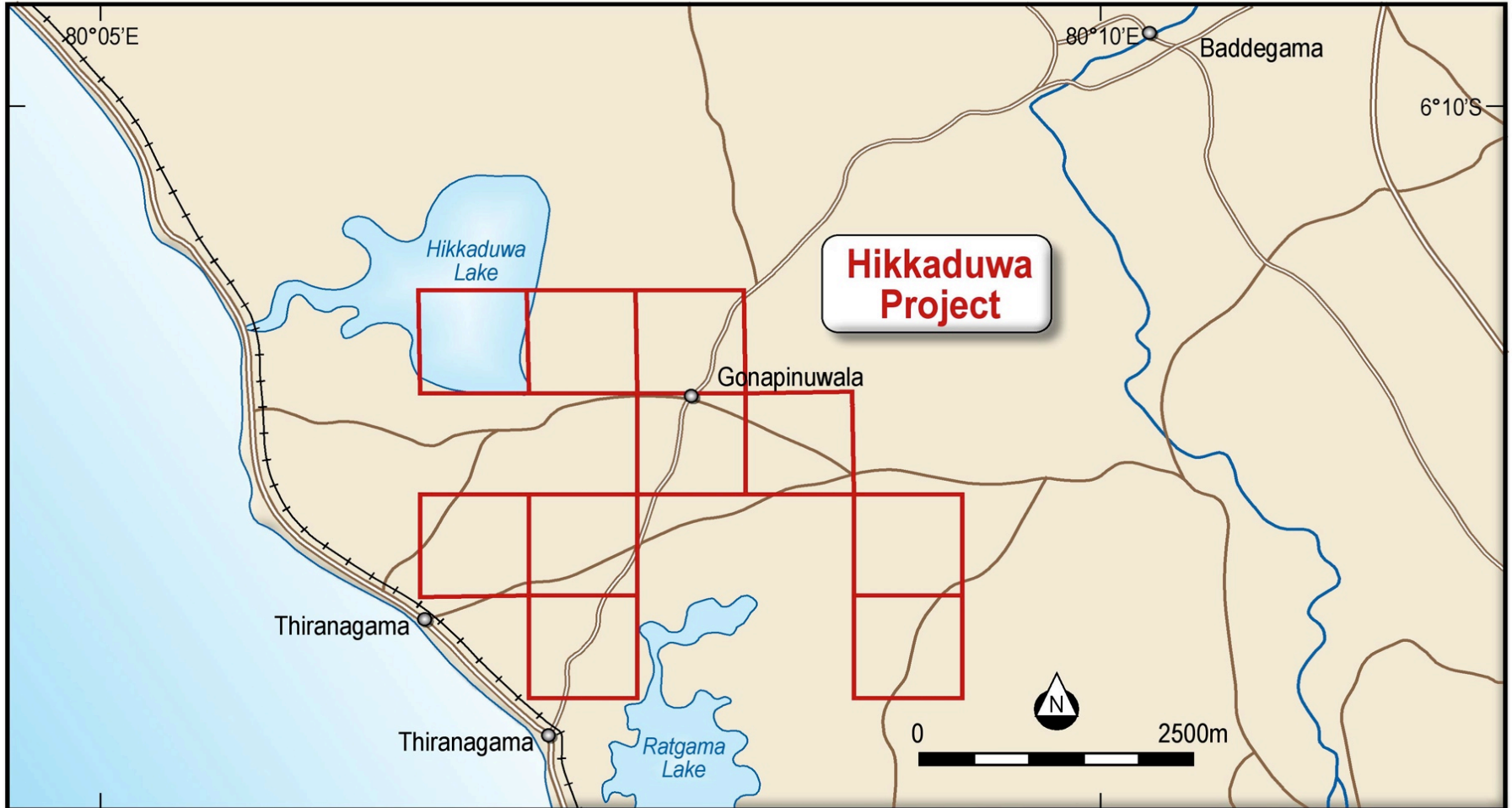
Pujapitiya Project Area



Palinda Project Area



Hikkaduwa Project Area



Why Sri Lanka?

- Fast growing economy – GDP growth: 6.3% (2013).
- The Sri Lankan government is keen to promote foreign private sector investment.
- The Geological Survey & Mines Bureau provides excellent support services for exploration activities. MRL supplements this support with international expertise not available in Sri Lanka, as required.
- Excellent infrastructure and an experienced vein graphite labour market support the Company's intention of medium term production potential.
- Population – 21,866,445 (2014 est.) – provides ready workforce.
- Stable Democracy and Member of the Commonwealth.

Increasing Graphite Demands from Growing Market

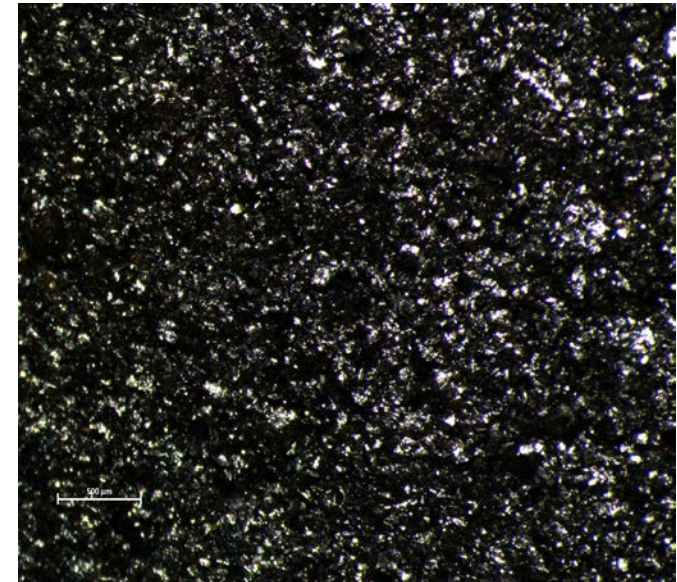
- Graphite in Lithium Ion Batteries
 - Lithium (Li) ion batteries are smaller, lighter and more powerful than traditional batteries. In fact, there is more than 10 - 20 times more graphite than lithium, in a lithium ion battery.
- Graphite in Fuel Cells
 - Batteries store electrical energy for subsequent use, fuel cells also generate electricity through chemical reactions and therefore need to be periodically “refuelled”. Bi-polar plates, which are a major component of fuel cells, are made from medium to coarse, high purity flake graphite.
- Graphite in Pebble Bed Nuclear Reactors.
 - A Pebble Bed Nuclear Reactor (“PBNR”) is a small, modular nuclear reactor. The fuel is uranium imbedded in graphite balls the size of tennis balls. It is estimated that every 1,000 MW of PBMR capacity requires 3,000 tonnes of graphite at start up and 600-1,000 tonnes per year to operate.

Upgrading & Graphene

- Through a purification process vein graphite could be upgraded to have a quality of ~99.9% Cg.
- Only natural graphite can be rounded and purified economically to produce spherical graphite, the feedstock for lithium ion battery electrodes.
- Prices for uncoated spherical graphite are currently in the US\$3,500-4,000/T range against current flake concentrate prices only, averaging US\$1,800/T.
- Graphene is fundamentally one single atom layer of graphite; a layer of bonded carbon atoms arranged in a honeycomb (hexagonal) lattice. Graphene is the strongest material ever recorded, more than three hundred times stronger than A36 structural steel, at 130 gigapascals, and more than forty times stronger than diamond.

Upgrading MRL Remnant Graphite

- The results achieved are very promising given this is the first round of testing and is without any process optimisation.
- With a single stage flotation and without any regrind a combined concentrate grade of ~95.4% TGC (96.2% TC) was recorded, as reported on the 23 May 2014.
- A Head Analysis grade of 85.6% (TGC) was achieved which is consistent with the results reported on the 26th March 2014.



MRL - Ro Float Concentrate

MRL Corp Sample 1 Rougher Flotation Test 1									
PRODUCT Flotation	Yield %	TGC		S		Fe		SiO ₂	
		%	dist.	%	dist.	%	dist.	%	dist.
Ro Con 1	22.10%	95.2	24.99%	<0.001	0.00%	0.29	9.97%	1.60	3.24%
Ro Con 2	14.81%	94.9	16.69%	<0.001	0.00%	0.37	8.54%	2.73	3.70%
Ro Con 3	49.14%	95.7	55.83%	<0.001	0.00%	0.38	29.28%	2.75	12.36%
Ro Con 4	1.50%	95.7	1.71%	<0.001	0.00%	0.38	0.90%	2.75	0.38%
Ro Con 5	0.21%	5.4	0.01%	0.062	1.72%	2.62	0.88%	70.61	1.38%
Ro Tail	12.23%	5.4	0.78%	0.062	98.28%	2.62	50.42%	70.61	78.94%
Calc. Head	100.00%	84.2	100.00%	0.008	100.00%	0.64	100.00%	10.94	100.00%

Why Invest in MRL?

- MRL projects are likely to have low opex, capex and discovery cost.
- Near term production potential from historical workings.
- High grade vein graphite potential.
- Demand for high grade graphite is firm, with the potential to increase following developments in re-chargable technologies.
- Large unexplored regional potential, providing potential to grow footprint.
- High volume news flow will include:
 - Diamond drilling results from Pandeniya / Bopitiya.
 - Refurbishment of existing artisanal workings for exploration.
 - Detailed mapping of graphite vein structure & geophysical results.
 - Potential for additional licences.
 - Excellent in country infrastructure with expected low operating costs .

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