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1 November 2016

ASX Announcement September 2016 Quarterly Activities Report

Lanka Graphite Limited (ASX: LGR, "Lanka", "the Company") is pleased to report on activities on its Sri Lankan graphite exploration projects for the period to 30 September 2016.

Highlights

- **Raised \$1.42 Million via Convertible Note offer**
 - Subject to shareholder approval, notes convertible at \$0.125 per share, representing a premium of 56% to closing price on Friday 30 September.
 - Notes have a term of 1 year and will accrue interest of 10% per annum until conversion or redemption.
 - Funds raised to be directed to progress of the MOU with Sri Lanka government and further exploration of graphite targets in Sri Lanka.

Operations on Exploration Licences EL236 and EL237

Subsequent to the end of the quarter Lanka Graphite announced the results from an ongoing VLF geophysical survey and geological mapping exercise being undertaken over its Exploration Licences in southwestern Sri Lanka. Geological mapping has identified multiple historic pits, shafts, adits and workings on Exploration Licences (EL) EL236 and EL237. Mapping also highlighted structural and lithological trends that may be related to vein graphite mineralization.

Convertible Note Issue

Further to the end of the quarter, Lanka Graphite announced on 3 October that it has secured funding of \$1.42 Million via issue of Convertible Notes to new and existing shareholders. The notes will accrue interest at the rate of 10% per annum until conversion to shares at \$0.125 per share or redemption. Funds from the issue will be utilised for working capital to continue to progress both the MOU with Sri Lankan government and also for further exploration of the Company's graphite tenements.

Corporate

- \$1.42 Million raised via Convertible Note issue for working capital.
- Cash at hand of \$126K at 30 September 2016.

About Lanka Graphite

Lanka Graphite Limited (ASX:LGR) is an ASX listed graphite exploration company that is focused on exploration of a number of historic and new mining tenements in Central and South Western Sri Lanka. Historic mining at a number of the granted tenements produced very high grade 'lump' or vein style graphite with grades >95%C. High purity vein graphite was historically produced from Lanka's tenements at a grade that is also well suited to graphene derivation. Lanka Graphite will commence exploration of its granted tenements with the intention to develop high grade graphite production that can supply nearby Asian end user companies particularly focused on new technology graphene applications.

Justyn Stedwell
Company Secretary

For further information regarding this release or other company enquiries, please contact:

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