23rd May 2019

Dear Shareholder

Margosa Graphite Limited (Margosa or the Company) is very pleased to announce its maiden JORC 2012 Mineral Resource Estimate (MRE) at the Pathakada Graphite Project in south western Sri Lanka. This JORC 2012 MRE was calculated by the Measured Group, an independent geological and mining consultancy based in Brisbane.

Following internal review of the results (received from Measured Group in March 2019) the Margosa board has resolved to make the findings available to its shareholders. Please refer to the attached for further details. Margosa confirms that since March 2019, it has not received any new information or data that would affect the MRE.

Over the next few months, Margosa plans to carry out further infill and extension drilling at the Pathakada Project with the aim of upgrading and further increasing this MRE significantly.

Margosa also advises that its advanced exploration shaft works are on track for approval in the coming months; and its application process for an “A” Class Industrial Mining Licence is also well advanced.

Metallurgical characterisation works continue, and we are expecting to announce results very shortly.

Other Pre-Feasibility studies have commenced, and we will advise the shareholders of results as they become available.

The Board of Directors of Margosa are extremely pleased with the publication of this maiden JORC Resource. We would like to acknowledge the ongoing commitment and good work being carried out by the Margosa team, and we are looking forward to delivering further positive results to its shareholders in the near term.

Yours sincerely

John Shackleton
On behalf of the Board of Directors

28th March 2019

Maiden JORC Resource Estimate at Pathakada Graphite Project

Highlights

- **A Maiden Mineral Resource has been defined at the Pathakada Graphite Project in Sri Lanka.**
- **The Indicated Mineral Resource is reported as 138,030 tonnes at 80.21% TGC for contained graphite of 110,710 tonnes**
- **Inferred Mineral Resource of 262,310 tonnes at 78.55% TGC for contained graphite of 206,040 tonnes.**
- **Significant exploration potential still exists along strike and at depth**

Emerging Sri Lankan graphite producer, **Margosa Graphite Ltd ("Margosa" or the "Company")** is pleased to release a maiden Mineral Resource Estimate for the Company's Pathakada graphite deposit project in Southwest Sri Lanka. A global JORC resource totalling **400,340 tonnes, at 79.12% TGC for contained graphite of 316,750 tonnes** was calculated by independent mining consultants at Measured Group in Brisbane, Australia.

The Mineral Resource estimate completed on 28 March 2019 is in accordance with JORC (2012), and utilised data from 6,539m of diamond drilling from 39 holes.

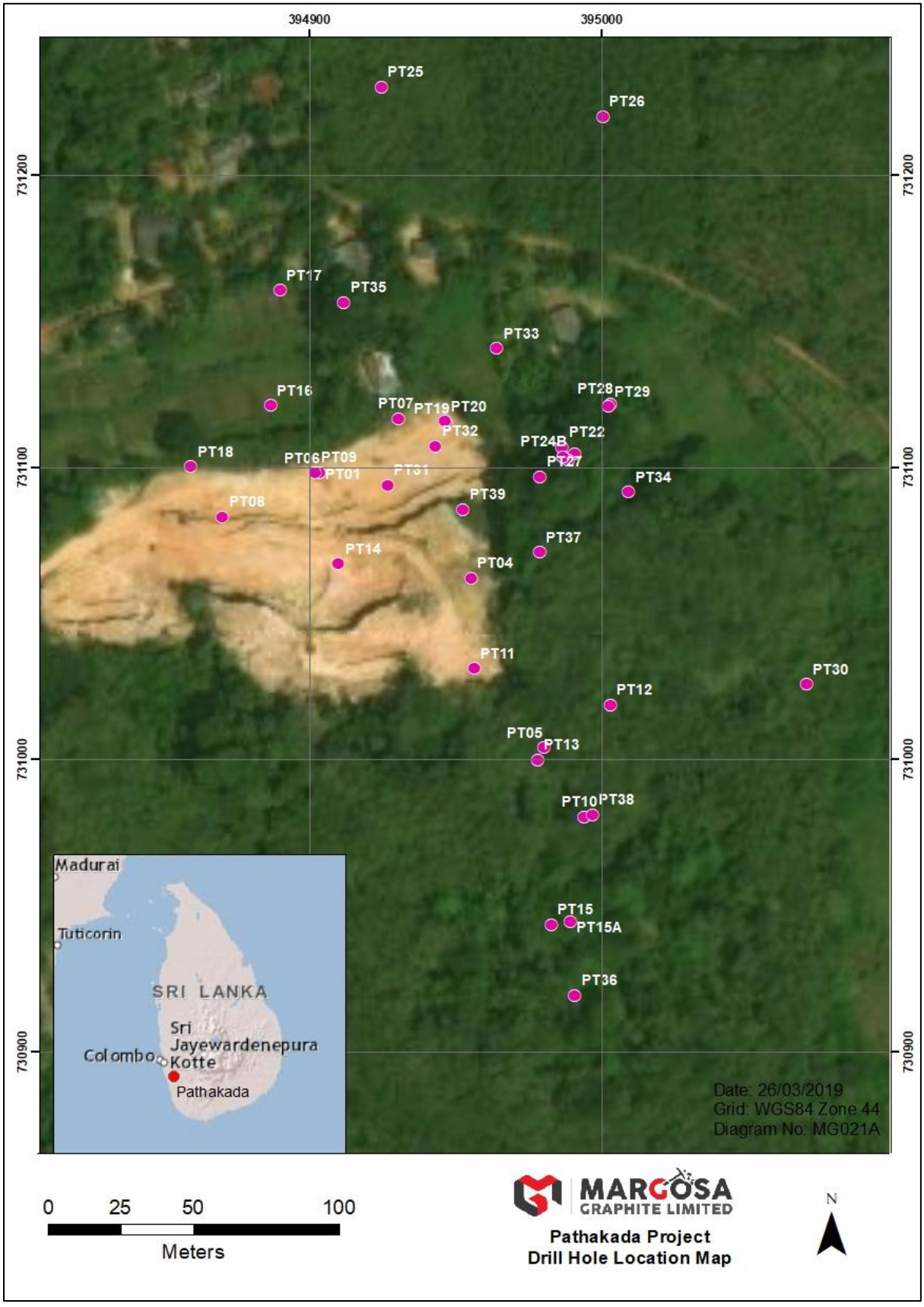
Pathakada Project (Southwest Sri Lanka)

The Pathakada Project is located in Southwestern Sri Lanka, approximately 40km southeast of Colombo. Margosa has the exploration licence EL/219 covering 7km^2. Pathakada has historical underground workings that appear to have only targeted graphite in the saprolitic clay layer above the fresh rock. There is also past evidence of mine infrastructure and waste dumps.

Margosa has previously completed three electromagnetic surveys at Pathakada; a Fixed Loop Electromagnetic Survey in 2012, Aerial Electromagnetic Survey in 2017 and Downhole Electromagnetic Survey in 2017. Margosa completed a 21-diamond drill hole program in January 2019 following on from earlier drilling between 2013 and 2017, where 18 holes had been drilled. (see Figure 1).

The objective of these studies was to test the graphite mineralisation at Pathakada and to define a JORC compliant Mineral Resource as part of a Pre-Feasibility Study to be completed in 2019.

Figure 1 – Pathakada Drill Hole Location



Pathakada Mineral Resource Estimate

Margosa contracted independent mining consultants Measured Group to deliver a JORC Resource Estimate for the Pathakada Graphite Project, utilising the geological observations and geochemical analysis data from the 39 diamond drill holes completed at the project.

On 28 March 2019, Measured Group reported a Total Mineral Resource of **400,340 tonnes, containing 79.12% TGC; consisting of an Indicated Mineral Resource of 138,030 tonnes at 80.21% TGC and an Inferred Mineral Resource of 262,310 tonnes, containing 78.55% TGC** compiled in accordance with JORC (2012).

Details regarding the estimation of the Mineral Resource for the Pathakada Project are given in the attached JORC Table One in Appendix 1.

The breakdown of the Mineral Resource is detailed in Table 1

Table 1– Mineral Resource Pathakada Project

Pathakada Graphite Mineral Resources March 2019		
Total Mineral Resources		
	Tonnes	**TGC (%)**
Indicated	**138,030**	**80.21**
Inferred	**262,310**	**78.55**
TOTAL	**400,340**	**79.12**

Margosa has commenced a Pre-Feasibility Study (PFS) of the Pathakada Graphite Project and the Maiden Mineral Resource for Pathakada is a key input for this Study. It is anticipated that the PFS will be completed in 2019. The outcome of the PFS will determine if a definitive Feasibility Study is warranted.

Pathakada Mineral Resource Interpretation and Calculation

Geology and Geological Interpretation

Pathakada lies on the western limb of a smaller scale synform with a NW-SE oriented axial trace. Lithologies recorded within the region are high grade, granulite facies metamorphic rocks. Rock types vary from Charnockitic gneiss to garnet-sillimanite-biotite ± graphite ± cordierite gneisses. Graphite veins encountered in the drilling ranged from narrow veinlets and graphite coated partings on joints of only a few mm width, to crystalline veins up to 1.5m wide, to graphite/wall-rock breccia 4.5m wide (downhole width).

Lithological, structural and assay data from 39 diamond drill holes spaced between 10 and 35m apart, were used to build graphite mineralisation wireframes.

In areas where the mineralisation bodies are structurally complex (folded and boudinaged) the drill hole spacing was relatively tight (10 – 20m). The drill hole spacing increased in areas where the geological continuity of mineralisation in terms of strike direction, thickness and TGC grade was well developed. In some areas, the margins of the mineralisation wireframes were extrapolated past the last drill hole but only where geological continuity could be interpreted through the presence of a electromagnetic anomaly.

The largest extrapolation was 20m to the southeast and 15m to the northwest, which was supported by the continuation of the electromagnetic anomaly. Overall the extrapolated areas are less than 5% of the overall JORC Mineral Resource estimate.

Geological interpretation of the graphite mineralised domains is based on electromagnetic anomalies and drilling information variably spaced throughout the deposit.

The interpretation was completed on cross-sections and were based on:

- Lithological and Structural logging of vein graphite and brecciated graphite.
- Total Graphitic Carbon content (TGC) content based on selected sampled intervals.

Sampling and Analysis

Selective sampling of drill core was completed where graphite intercepts of greater than 10cm were geologically logged in the core. The intervals of graphite selected for sampling were photographed, cut into quarter (along the axis of the core) and sampled, ensuring all orientation marks are retained. This methodology of sampling drill core is industry standard and deemed appropriate. The same side of the core was sampled for each length to ensure consistency.

PT01 – PT03 Drill hole cores were sent to ANZAPLAN in Germany and have not been used in this study, as no representative sample was remaining for intersection validation.

PT05 -PT06 were sent to ALS in Newcastle and ALS Brisbane for analysis

PT07 – PT39 were sent to Nagrom Perth, for TGC and LOI analysis

Estimation Methodology

Grade estimates for TGC were made by ordinary kriging.

TGC grade interpolations were made using geostatistical domains which were allocated based on: the number of composited TGC samples in each lens; the mean TGC grade of composited samples in each lens; the variance of TGC grades of composited samples in each lens; the proximity of lenses; and the general strike and dip of each lens.

For grade interpolations, the search method used was ellipsoidal with a major search axis length of 85m and the semi-major and minor search axes proportioned using the ranges of the relevant variograms.

Mineralisation was modelled as three-dimensional blocks of parent size 10m X 10m X 10m with sub-celling allowed to 0.1m X 0.1m X 0.1m. Computer assisted estimations were made using Vulcan 3D software.

Mining Factors

The resource estimate has been completed with the assumption that it will be mined using open cut and underground mining methods. No other detailed assumptions have been made to date. However, Margosa will be completing a PFS on this resource estimate model and when completed more detailed assumptions will be able to be applied.

Classification of Mineral Resource confidence

The Pathakada mineral resources are classified by the competent person's as 'Indicated' and 'Inferred' based on the current understanding of geological and grade continuity. The classification reflects the competent person's confidence in the location, quantity, grade, geological characteristics and continuity of the Mineral Resources. The Mineral Resource has been classified as Indicated and Inferred based on the following relevant factors: drill hole density, style of mineralisation and geological continuity, data quality and associated QA/QC and grade continuity, the extents of the electromagnetic anomalies that are the result of the graphite mineralisation and the consistency of the thickness and grade results from drill holes targeting the electromagnetic anomalies. The resource classification accounts for all relevant factors. Two methods were used to determine the optimal drill spacing for Resource classification at Pathakada:

a) Variogram method which analyses proportions of the Sill,

b) an estimation variance method.

The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for Mineral Resource estimation and classification and the results appropriately reflect the Competent Person's view of the deposit.

About Margosa Graphite

Margosa Graphite is an unlisted public Company based in Perth, Australia that is focused on becoming the world's leading producer of high-grade crystalline vein graphite through exploration and development through its 100% owned licences in Sri Lanka. Margosa has built a strong board and management team with a wealth of knowledge and history of converting projects from green fields to production. Margosa pegged its first graphite licences in 2012. Though it wholly owned Sri Lankan subsidiaries, the company currently holds 10 granted exploration licences plus 4 applications to explore 283km^2 of land containing historical graphite mines, and which is considered prospective geologically. Over its six years in Sri Lanka, Margosa has built strong government and local community relationships, and its close ties to Sri Lankan industry will provide the company with competitive and operational opportunities now and into the future.

For more information about Margosa Graphite and its projects, visit:

www.margosagraphite.com

Competent Person's Statement

Statements contained in this announcement relating to exploration results are based on, and fairly represents, information and supporting documentation prepared by Mr. Hamish Fraser, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 304984. Mr Fraser is a full-time employee of the Company and has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Fraser consents to the use of this information in this announcement in the form and context in which it appears.

Statements contained in this announcement relating to the Pathakada Project Mineral Resource Estimation, are based on, and fairly represents, information and supporting documentation prepared by Mr. Chris Grove, who is a member of the Australian Institute of Mining & Metallurgy (AusIMM), Member No 310106. Mr Grove is a full-time employee of the mineral resource consulting company "Measured Group", who were contracted by Margosa Graphite Limited to prepare an estimate of the Mineral Resource at Pathakada. Mr Grove has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (JORC) Code 2012. Mr Grove consents to the use of this information in this announcement in the form and context in which it appears.

Forward Looking Statements

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

JORC TABLE ONE

JORC 2012 TABLE 1

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	**Drilling** 6 NQ2 sized diamond core holes were drilled in 2013 at Pathakada, by McCallum Group Limited. 12 NQ3 sized diamond core holes were drilled in 2017and early 2018 at Pathakada, by Margosa Graphite Limited 21 HQ triple tube sized diamond core holes were drilled in 2018 – 2019 at Pathakada, by Margosa Graphite Limited. A total of 6538.89m has been drilled. **Sampling** Selective sampling of drill core was completed where graphite intercepts of greater than 10cm were geologically logged in the core. The intervals of graphite selected for sampling were photographed, cut into quarter (along the axis of the core) and sampled, ensuring all orientation marks are retained. This methodology of sampling drill core is industry standard and deemed appropriate. The same side of the core was sampled for each length to ensure consistency. **Analysis** PT01 – PT03 Drill Hole cores were sent to ANZAPLAN in Germany and have not been used in this study, as no representative sample was remaining for intersection validation. PT05 - PT06 were sent to ALS in Newcastle and ALS Brisbane for analysis PT07 – PT39 were sent to Nagrom Perth, for TGC and LOI analysis
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or*	PT01 – PT06 were drilled NQ2 sized, diamond core and were not orientated PT07 – PT18 NQ3 sized diamond core holes were drilled and orientated with an orientation spear with a chinograph pencil attached.

Criteria	JORC Code explanation	Commentary
	standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	PT19 – PT39 HQ triple tube sized diamond core holes were drilled and were orientated with an orientation spear with a chinograph pencil attached.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Core recovery is recorded by the geologist in discussion with the driller, recovery of core at the Pathakada project has been greater than 95%.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	Quantitative geological and geotechnical information was recorded by Margosa Graphite staff during the logging of the drill core. The geological and geotechnical information was recorded to a sufficient level of detail to support Mineral Resource estimation, mining studies and metallurgical studies. The core was also photographed. The entirety of each drill hole was logged.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled*	Graphite samples are selected when they were greater than or equal to 10cm in length. The core is quarter cut preserving any orientation lines that may be recorded on the sample. The sample size is appropriate for the grain size.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Standards were inserted randomly with the samples. Nagrom inserted their own standards to ensure accuracy and carried out duplicates. 5% of pulps were sent to ALS in Brisbane for external laboratory checks. Drill core samples were sent to Nargom, Perth, Australia where they were: - Log 01: received, sorted, log and batch samples - Dry01: Dry samples at 105°C - CRU01: Fine crushing to a nominal topsize of 6.3mm - SPL01: Riffle split all samples and retain coarse reserve - Pul01: Pulverise to 80% passing 75µm Total Combustion Analysis: HCl dissolution followed by heating at 375°C, Graphite Analysis by Total Combustion Loss on Ignition Prepared sample is heated to 105°C to remove moisture, then ignited at a specific temperature. LOI is calculated once constant mass is reached. LOI is the percentage mass change due to igniting the dry sample.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant intersections have been verified by independent contractors and alterative company personnel.
	The use of twinned holes.	Margosa Graphite has not twinned any of the historical or recent drill holes.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All drill logs, geotechnical data and sampling lists were captured in Microsoft Excel, then transferred into the AZEVA Database and validated, which is appropriate for this stage of exploration/mineral resource definition. Data is then stored in AZEVA database which has multiple backup procedures in place.
	Discuss any adjustment to assay data.	The assay data has not been adjusted
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	The drill holes were positioned, and their coordinates verified post-drilling using a RTK-GPS (Real-time kinematic). RTK-GPS uses measurements of the phase of the signal's carrier wave in addition to the information content of the signal and relies on a single reference station or interpolated virtual station to provide real-time corrections, providing up to centimetre-level accuracy. The accuracy and quality of this survey is deemed to be sufficient for the purposes of Mineral Resource estimation.

Criteria	JORC Code explanation	Commentary
	Specification of the grid system used.	Datum: WGS84 UTM zone 44N
	Quality and adequacy of topographic control.	The topographical survey was carried out by SURVEY ENGINEERING CO. (PVT) LTD #15/5 Kuda Edanda Road, Wattala, 11300 Sri Lanka. A Control Transverse Survey covering the property was carried out in WGS84. A 0.5m contour plan was calculated from a 5 x 5m grid. The accuracy and quality of this survey is deemed to be sufficient for the purposes of Mineral Resource estimation.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The drill hole spacing between 10-35m apart.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing is interpreted to be sufficient to allow for Mineral Resource estimation.
	Whether sample compositing has been applied.	The samples were not composited.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The drill core samples were always taken from the opposite site to the orientation mark if the sample was orientated.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	The graphite veins intercepted were normally, perpendicular to the drill hole. No holes were drilled down dip and no sampling bias has been introduced.

Criteria	JORC Code explanation	Commentary
Sample security	*The measures taken to ensure sample security.*	The drill core was stored at a secure location with 24-hour security. When samples were taken the samples were transported to the head office in Colombo, prior to DHL transporting directly to the laboratory and securely stored and sampled at the laboratory by very experienced laboratory staff.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All drill hole results were collated and stored within AZEVA database; all samples were validated against the laboratory certificates. 5% of pulps were sent to the ALS for interlab validation.

Section 2: Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Lankan Resource & Mining (Pvt) Ltd (LRM) a 100% owned subsidiary of Margosa Graphite Pvt Ltd and has the exploration licence EL219 granted by the Geological Survey and Mines Bureau of Sri Lanka in August 2017, the exploration licence is valid until August 2019.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The exploration licence covering the Pathakada Project is valid until 22/8/2019. The licence will be reapplied for another 2 years. There should be no issues with getting the licence reissued.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Historical mining was undertaken at prior to 1945. No modern exploration was undertaken until 2012

Criteria	JORC Code explanation	Commentary
Geology	*Deposit type, geological setting and style of mineralisation.*	Pathakada lies on the western limb of a smaller scale synform with a NW-SE oriented axial trace. Lithologies recorded within the region are high grade, granulite facies metamorphic rocks. Rock types vary from Charnockitic gneiss to garnet-sillimanite-biotite ± graphite ± cordierite gneisses. Graphite veins encountered in the drilling ranged from narrow veinlets and graphite coated partings on joints of only a few mm width to crystalline veins up to 1.5m wide to a graphite/wall-rock breccia 4.5m wide (downhole width).
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.*	All significant mineralised intersections used to calculate the Pathakada Prospect mineral resources are in the report Drill hole collars were surveyed using DGPS Dip and Azimuth were sighted by the geologist and the driller, down hole surveys were completed with a Reflex Ezi single shot camera Hole length and intercepts were recorded by the driller and rig geologist with a run sheet, recording length of run, core recovery, rods attached
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	Mineralised intercepts have not been included as they are deemed to be commercially sensitive at the current time.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No weight averaging of exploration results has occurred.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	No downhole aggregation has occurred.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are reported.
Relationship between mineralisation widths and intercept lengths	*If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*	The geometry of the main graphite veins are generally perpendicular to the orientation of the core angle.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	The geometry of the main graphite veins are generally perpendicular to the orientation of the core angle.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	All relevant diagrams are reported in the body of the report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to*	All known exploration results have been reported to the knowledge of the Competent Person completing this JORC Table 1.

Criteria	JORC Code explanation	Commentary
	avoid misleading reporting of Exploration Results.	
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported) including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No other meaningful exploration data exists to the knowledge of the Competent Person completing this JORC Table 1.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Exploration plans to advance this project are currently being finalised. The focus of follow up work will be to determine the full extent of the known high-grade mineralisation. If results are sufficiently encouraging, further drilling to infill any Mineral Resources that have been estimated will be completed during mid to late 2019 and early 2020.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	This information is currently not available as drilling programs have not yet been defined. However, Electromagnetic intensity maps in the body of the report clearly shows the areas where the Electromagnetic anomalies extend away from the current drilling. These areas will be the focus of further exploration for possible extensions.

Section 3 - Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	Margosa maintains a database (AZEVA) that contains all drill hole survey, drilling details, lithological data and assay results. Where possible, all original geological logs, hole collar survey files, digital laboratory data and reports and other similar source data are maintained by Margosa. The AZEVA database is the primary source for all such information and was used by the Competent Person to estimate resources. The Competent Person undertook consistency checks between the database and original data sources as well as routine internal checks of database validity including spot checks and the use of validation tools in Maptek's Vulcan V9 modelling software. No material inconsistencies were identified.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	The Competent Persons have been to site and validated procedures. The Pathakada Project was managed by one Competent Person and visited in March 2019 by the other Competent Person.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	Geological and assay data from 39 diamond drill holes spaced between 10 and 35m, were used to build graphite mineralisation wireframes. In areas where the mineralisation bodies are structurally complex (folded and boudinaged) the drill hole spacing was relatively tight (10 – 20m), (e.g. the area in the mid to far north-western region). The drill hole spacing increases in areas where the geological continuity of mineralisation in terms of strike direction, thickness and TGC grade was well developed, (e.g. the south-eastern region). In some areas, the margins of the mineralisation wireframes were extrapolated past the last drill hole but only where geological continuity could be interpreted through the presence of a electromagnetic anomaly. The largest extrapolation was 20m to the southeast and 15m to the northwest which was supported by the continuation of the electromagnetic anomaly. Overall the extrapolated areas are less than 5% of the overall Mineral resource estimate.

Criteria	JORC Code explanation	Commentary
		Geological interpretation of the graphite mineralised domains is based on electromagnetic anomalies and drilling information variably spaced throughout the deposit. The interpretation was completed on cross-sections and were based on: ○ Lithological logging of vein graphite and brecciated graphite. ○ Total Graphitic Carbon content (TGC) content based on sampled intervals.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	21 separate geological zones were identified within the area, with separate wireframes created based on the geological interpretation. Electromagnetic results and drilling results indicate that the lenses extended NW-SE along strike for over 300m and continues over 200 m down dip/plunge, and possibly further according to Electromagnetic anomalies. The limits of mineralisation have not been completely defined and are open at depth and along strike. No Mineral Estimation has occurred in the weathered rock profile
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Most assays were taken over lengths of between 0.1m and 0.7m with the mode occurring at 0.14m. A composting length of 0.1m was used for this resource estimate. Grade estimates for TGC were made by ordinary kriging. TGC grade interpolations were made using geostatistical domains which were allocated based on: the number of composited TGC samples in each lens; the mean TGC grade of composited samples in each lens; the variance of TGC grades of composited

Criteria	JORC Code explanation	Commentary
	• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	samples in each lens; the proximity of lenses; and the general strike and dip of each lens. For grade interpolations, the search method used was ellipsoidal with a major search axis length of 85m and the semi-major and minor search axes proportioned using the ranges of the relevant variograms. Mineralisation was modelled as three-dimensional blocks of parent size 10m X 10m X 10m with sub-celling allowed to 0.1m X 0.1m X 0.1m. Computer assisted estimations were made using Vulcan 3D software. No assumptions were made regarding the modelling of selective mining units. No assumptions were made about the correlation between variables. Wireframes of the geological interpretations of the lenses were used to assign lens codes to blocks in the block model. Grades were interpolated into each lens using only composited samples from within the lens. Statistical analyses of the TGC showed that there were no rogue outliers, that is, low- or high-grade assays that did not fit the distributions and which consequently indicated the need for cutting of grades. Validation of the block model was made by: ○ checking that drill holes used for the estimation plotted in expected positions; ○ checking that flagged lens intersections lay within, and corresponded with, lens wireframes;

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		○ ensuring whether statistical analyses indicated that grade cutting was required; ○ checking that the volumes of the wireframes of lenses matched the volumes of blocks of lenses in the block model; ○ comparing the mean of composited sample grades within a lens with the mean grades of the lens in the block model; ○ checking plots of the grades in the block model against plots of diamond drill holes;
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages were estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	No cut-off grades were applied to the Pathakada Resource Estimate.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	The resource estimate has been completed with the assumption that it will be mined using open cut and underground mining methods. No other detailed assumptions have been made to date. However, Margosa will be completing a Scoping Study on this resource estimate model and when completed more detailed assumptions will be able to be applied.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and*	Preliminary Metallurgical test work has indicated that the graphite responds very positively to flotation. The metallurgical test work is still in progress, but there is no evidence that the metallurgy of the samples will affect the economics of the project.

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	parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a Greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	Margosa have commissioned an environmental study that is currently in progress to identify any potential environmental impacts, such as possible waste and process residue disposal options. Margosa is currently undergoing its first metallurgical test work program on the Pathakada Prospect mineralisation. When the metallurgical test work results are received, initial studies into potential environmental impacts will be completed.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (i.e. vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Density measurements were performed on 246 routine drill core samples (mineralisation – Vein Graphite - 136; Breccia – 7; and host rock – 103) from representative drill holes throughout the project and the average of the results was calculated to be 2.07 g/cm3 for the Vein Graphite ore zones. As the mineralised rock type does not change along strike with the lenses this density assumption is interpreted to be representative of the ore zones modelled. Density measurements were completed on site by the site geologists using the Archimedes method and was supervised by one of the Competent Persons authoring this report and sited by the other Competent Person. This method is interpreted to be a fair estimate of the bulk density of the mineralised material as it does not contain any significant void spaces. A density of 2.07 g/cm^3 has been used for resource estimation.

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Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The Pathakada mineral resources are classified by the competent person's as 'Indicated' and 'Inferred' based on the current understanding of geological and grade continuity. The classification reflects the competent person's confidence in the location, quantity, grade, geological characteristics and continuity of the Mineral Resources. The Mineral Resource has been classified as Indicated and Inferred based on the following relevant factors: drill hole density, style of mineralisation and geological continuity, data quality and associated QA/QC and grade continuity, the extents of the electromagnetic anomalies that are the result of the graphite mineralisation and the consistency of the thickness and grade results from drill holes targeting the electromagnetic anomalies. The resource classification accounts for all relevant factors. Two methods were used to determine the optimal drill spacing for Resource classification at Pathakada: a) Variogram method which analyses proportions of the sill, b) an estimation variance method. The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for Mineral Resource estimation and classification and the results appropriately reflect the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	No external audits or reviews have been undertaken.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The estimates made in this report are global estimates. Local block model estimates, or grade control estimates, whose block grades are to be relied upon for selection of ore from waste at the time of mining will require additional drilling and sampling of blast holes. Confidence in the relative accuracy of the estimates is reflected in the classification of estimates as Indicated and Inferred.

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	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Variography was completed for TGC. The variogram models were interpreted as being isotropic in the plane with shorter ranges perpendicular to the plane of maximum continuity. Validation checks have been completed on raw data, composited data, model data and Resource estimates. The model is checked to ensure it honours the validated data and no obvious anomalies exist which are not geologically sound. The mineralised zones are based on actual intersections. These intersections are checked against the drill hole data. Field geologist picks, and the competent person has independently checked laboratory sample data. The picks are sound and suitable to be used in the modelling and estimation process. Where the drill hole data showed that no Graphite existed, the mineralised zone was not created in these areas. Further drilling needs be completed to improve Resource classification of the Inferred Resource.