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Sri Lanka's graphite rebuild

The Sri Lankan Government will team with ASX-listed Lanka Graphite Ltd to rebuild the country's graphite sector.

A feasibility study on graphite and graphene industry development will be undertaken by Lanka Graphite under terms of a MoU signed in late 2015.

A graphite industry development committee comprised of government and Lanka Graphite representatives will serve to reinvigorate one of the country's oldest industries.

Graphite mining in Sri Lanka dates back to the 1840s, with Lanka Graphite keen to exploit the historic and new mine potential in the country's centre and south-west.

While there has been a ground swell of graphite activity in other parts of the world, particularly East Africa, few companies have ventured into Sri Lanka thus far.

But, with conflict subsiding after almost 30 years of war between the Government and the Liberation Tigers of Tamil Eelam (LTTE), Lanka Graphite executive chairman Jitto Arulampalam told **Paydirt** there was a new wave of interest in Sri Lankan graphite.

"The war only finished five years ago and there has hardly been any activity in graphite. We are now seeing investment dollars flowing in with some of the larger plays coming in and looking for supply of vein graphite. Sri Lanka is the only place where vein graphite is available and we are seeing Canadian players as well as Chinese and Koreans coming in," Arulampalam said.

While rivals may just be starting to scratch the surface, Lanka Graphite's ducks are lining up already.

The MoU with the Government – formed to evaluate project potential and investment required to make Sri Lanka the vein graphite and graphene hub of the world – is validation of Lanka Graphite's work over the past few years.

Lanka Graphite was born following the merger of Viculus Ltd and Euro Petroleum Ltd, via an off-market takeover, with the company starting trade on the ASX in August 2015.

However, its entry onto the bourse wasn't an initiation to the graphite game as Arulampalam had assembled a team to stake out vein graphite opportunities in Sri Lanka three years prior.



Assays from powder samples and rock graphite have returned over 99% total carbon purity from Lanka Graphite's tenements in Sri Lanka's south west

"Our exercise was to go in for a land grab and pick the best we could at that point in time and given my Sri Lankan heritage we had a very good team. We went about looking at the previous graphite mining historical records. Everyone associates Sri Lanka with tea without realising graphite is the oldest industry in Sri Lanka. We have been able to pick some of the large areas where some of the larger mines were operating about 100 years ago," he said.

Arulampalam has not been disappointed with the suite of exploration licences acquired in Sri Lanka's south-west, with assays from vein graphite rock and powder samples returning over 99% total carbon purity.

"We knew the grades were fairly high but we weren't actually sure of the specific numbers. We engaged ALS soon after we listed and what has come back

is really exciting. Our processing costs locally are very low and we had done some numbers which showed the capex is hardly anything. Once the reserves are proven up, given it is nuclear grade, it could be sold for anything between \$5,000-20,000/t which is quite an attractive proposition," Arulampalam said.

Encouraged by the initial assays, Lanka Graphite was working on completing a geophysics programme it started late last year, with a view to start drilling in Q1.

"We have identified the exact spots where we want to start [drilling] at four or five tenements," Arulampalam said.

Drilling is on the horizon for Lanka Graphite which has a few more boxes to tick before contemplating production plans.

"We are engaging with the end-user market and trying to build some strategic partnerships, so by the time we get to production we have the support of some serious players in the game," Arulampalam said.

"We have a view of not necessarily just selling our graphite but to form partnerships that gives us a stake in the value-added process by way of joint ventures."

The National Taiwan University of Science and Technology is one partner that will take Lanka Graphite's material for research purposes, while a commercialisation agreement with a Taiwan-based hi-tech company for the future rights to the IP from the university's research has also been signed.

– Mark Andrews



Sri Lanka hosts much sought after nuclear grade vein graphite