

CEYLON GRAPHITE SIGNS AGREEMENT TO ACQUIRE LOCAL GRAPHITE COMPANY

September XX, 2017 – Ceylon Graphite Corp. (“Ceylon”) (TSX-V: CYL) (OTC: CYLYF) (FSE: CCY) announces it has signed an agreement to acquire all of the issued and outstanding shares of JADS Enterprises (Private) Ltd., a local Sri Lankan mining company that has five graphite exploration Grid units (“GRIDs”) and an exploration license in the Malsiripura/Kurunegela region in central Sri Lanka. The acquisition of JADS will take the total number of GRIDs under Ceylon’s umbrella in Sri Lanka from 116 to 121.

Historical drilling records, from over 30 exploration holes at the Panliyadda sites, suggests the potential for high quality vein/lump graphite in these 5 GRIDs. The chart below outlines these results:

Panliyadda Core Sample Summary

Hole ID	Y	X	Z	Azimuth	Angle	Hole depth	Depth from	Depth to	Description
PLB0001	850340	448516		345	-66	150.1			
PLB0002	850356	44497		330	-66	193.5			
PLB0003	850369	448459		326	-66	75.2	65	65.05	Graphite Fracture
							72	72.05	Graphite Fracture
PLB0004	850373	448459		328	-66	200	41	41.05	Graphite Fracture
							63.7	66	Graphite bearing zone
							67.5	67.8	30cm Graphite vein
							78	78.05	Graphite Fracture
							88.2	88.25	Graphite Fracture
							90.57	91.07	50cm Graphite Vein
							102	102.4	40cm Graphite Vein
							117	117.05	Graphite Fracture
PLB0005	850354	448501		358	-77	195.3			
PLB0006	850369	448425		327	-50	250			
PLB0007	850372	448454		336	-50	159	65	65.05	Graphite Fracture
							117.5	117.55	Graphite Fracture
							120	140	Graphite bearing zone
PLB0008	850373	448459		327	-75	171.1	36	36.05	Graphite Fracture
							38	38.4	40cm Graphite Vein
PLB0009	850206	448396		292	-50	147	78	78.05	Graphite Fracture

Hole ID	Y	X	Z	Azimuth	Angle	Hole depth	Depth from	Depth to	Description
PLB0010	850206	448396		292	-70	151.1			
PLB0011	850172	448357		285	-70	86.8			
PLB0012	850171	448358		285	-50	67.7	53.7	53.75	Graphite Fracture
PLB0013	850115	448442		280	-50	172.45			
PLB0014	850115	448442		280	-70	183.6			
PLB0015	850203	448476		311	-80	74.85			
PLB0016	850378	448429		320	-50	103.85	68.9	68.95	Graphite Fracture
							74.15	74.2	Graphite Fracture
PLB0017	850172	448335		266	-70	27.2			
PLB0018	850378	448429		320	-80	156.8	83.5	83.55	Graphite Fracture
PLB0019	850172	448335		275	-50	108.75			
PLB0020	850418	448462		330	-50	174.8	76.6	76.65	Graphite Fracture
PLB0021	850419	448463		330	-80	88.5			
							68	68.05	Graphite Fracture
							83.8	83.85	Graphite Fracture
PLB0022	850138	448375		274	-60	199.82			
PLB0023	850207	448412		290	-60	171.45			
PLB0024	850207	448434		290	-85	253.4			
PLB0025	850220	448360		265	-70	292.8			
PLB0026	850138	448406		265	-60	328.4	28	31.7	Graphite bearing zone
PLB0027	850129	448356		265	-60	167.54			
PLB0028	850206	448396		290	-60	186.65			
PLB0029	850129	448356		265	-60	83.54			
PLB0030	850206	44396		290	-70	376.7	99	99.05	Graphite Fracture

Upon completion of the acquisition, Ceylon in tends to conduct a limited drilling program on the Panliyadda site of the Malsiripura property to confirm the quality and quantity of the graphite mineralization, and develop a mine plan. Upon completion of the drilling program, and provided the results of that program are favourable, Ceylon intends to apply for a Class B Mining License, with the ultimate goal of establishing mining operations.

Appointment of new General Manager

Ceylon is also pleased to announce that it has appointed Mr. Janaka Ratnayake to position of General Manager of Operations for Ceylon Graphite in Sri Lanka. He will be responsible for all of the Company's exploration and mining related business in Sri Lanka.

Mr. Ratnayake is a highly experienced mining engineer and mine manager, and considered to be an expert on graphite mining. He started his career in 1996 at AMG's GraphitKropfmühl GmbH working as an engineer in its Bogala Graphite Mine. Mr. Ratnayake spent over 10 years with GSMB (Geological Survey and Mines Bureau in the position of Mining Engineer and Chief Mining Engineer). He has worked in Australia in senior mining positions and was, until recently, the Mines Manager at Kahatagaha Graphite Lanka Limited, the largest graphite mine in Sri Lanka.

Bharat Parashar, Ceylon Graphite's Chief Executive Officer, said: "We welcome Janaka to the Ceylon team, his experience and leadership will greatly strengthen our operational capabilities. We are progressing as per plan albeit a little slower than anticipated due to heavier than expected monsoons. Despite this delay, we expect to enter a production phase by the end of the calendar year. We anticipate that the acquisition of JADS will provide Ceylon with a more substantial resource base and positively impact both the quantum of graphite we will bring to the market and our production time lines."

"The graphite market continues to grow at a very attractive rate. Allied Market Research, recently reported that the global graphite market was valued at \$13,004 million in 2015, and is expected to reach \$18,769 million by 2022, at a compounded annual growth rate of approximately 5.4%. The electric vehicle market and the renewable energy industry continue to be the main drivers behind this anticipated growth. As these industries grow we anticipate the value of high quality graphite, the likes of which is available primarily in Sri Lanka, will increase."

Qualified Person

Robert Marvin, P. Geo (ONT) is a Qualified Person under National Instrument 43-101, and has reviewed and approved the geological information provided in this news release. Mr. Marvin is a Director of Ceylon.

About Ceylon Graphite Corp.

Ceylon Graphite Corp. is a public company listed on the TSX Venture Exchange that is in the business of exploring for and development of graphite in Sri Lanka. The Government of Sri Lanka has granted the company exploration rights in a land package of over 100km². These exploration GRIDs (each a square kilometre in area) cover areas of historic graphite production from the early twentieth century, and represent a majority of the known graphite occurrences in Sri Lanka. Sri Lankan graphite is known to be some of the purest in the world, and currently accounts for less than 1% of the world graphite production.

Further information regarding Ceylon is available at www.ceylongraphite.com

Bharat Parashar, Chairman and & Chief Executive Officer

info@ceylongraphite.com

Corporate Communications

(604) 559-8051

“Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.”

FORWARD LOOKING STATEMENTS: *This news release contains forward-looking information as such term is defined in applicable securities laws, which relate to future events or future performance and reflect management's current expectations and assumptions. The forward-looking information includes statements about Ceylon's total number of grids, Ceylon's plans to undertake additional drilling and to develop a mine plan, Ceylon's intention to apply for a Class B Mining License and to commence establishing mining operations, Ceylon's expected timing to enter a production phase, Ceylon's anticipated quantum of graphite that will be initially brought to market and the expected growth of the global graphite industry, and in particular, the growth in the value of high quality graphite. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to Ceylon including the assumption that, the drilling exercises will confirm the presence of high quality graphite, sufficient financial resources will be available, the records from the drilling exercises prove to be accurate, there will be no unanticipated delays or costs materially affecting Ceylon's exploration, development and production, there will be no material adverse change in metal prices, all necessary consents, licenses, permits and approvals will be obtained, including a Class B Mining License and Class A Mining License and the market generally, and in particular the electric vehicle and renewable energy industries, will continue to rely on high quality graphite. Investors are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected. Risk factors that could cause actual results to differ materially from the results expressed or implied by the forward-looking information include, among other things, an inability to reach a final acquisition agreement, inaccurate results from the drilling exercises, a failure to obtain or delays in obtaining the required regulatory licenses, permits, approvals and consents, an inability to access financing as needed, a general economic downturn, a volatile stock price, labour strikes, political unrest, changes in the mining regulatory regime governing Ceylon, a failure to comply with environmental regulations and a weakening of market and industry reliance on high quality graphite. Ceylon cautions the reader that the above list of risk factors is not exhaustive.*

These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, Ceylon Graphite does not assume any obligation to update or revise them to reflect new events or circumstances. All of the forward-looking statements made in this press release are qualified by these cautionary statements and by those made in our filings with SEDAR in Canada (available at www.sedar.com).