

CEYLON GRAPHITE'S NEW RESOURCE ESTIMATE AT THE MALSIPURA PROJECT SHOWS SIGNIFICANT ECONOMIC VALUE

October 2nd , 2018 - Vancouver, BC - Ceylon Graphite Corp. (“Ceylon Graphite” or the “Company”) (TSX-V: CYL) (OTC: CYLYF) (FSE: CCY) is pleased to announce it has filed a technical report (the “**Technical Report**”) for the Malsipura Graphite Project (“**Malsipura Project**”). The Technical Report is available on SEDAR (www.sedar.com) and will be posted on the Company website shortly. The Technical Report was prepared in accordance with the requirements of National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”).

Dr Christian Derosier, author of the Technical Report states “The mineral resource in terms of tonnage is roughly similar to the tonnage presently existing in the Bogala and Kahatagaha mines. This is vein graphite with high carbon content and we know that the high initial carbon content of Malsipura Project’s vein graphite ore will present an advantage over conventional flake graphite ore as the beneficiation effort required to achieve a high grade concentrate is reduced. The Malsipura Project site is a good prospect for economic extraction”

Bharat Parashar, Chief Executive Officer of Ceylon Graphite states: “We commissioned Dr Derosier to conduct the NI 43-101 compliant study at our Malsipura Project to confirm that all our assessments of the quantum of resource available were realistic and this has been proven to be the case. If just one of our sites has tonnage similar to the Kahatagaha and Bogala mines, considering we have over 100 other Grids, the possibilities for Ceylon Graphite are mind boggling. Moving ahead at full speed to develop this site is a very compelling story”.

Dr. Christian Derosier M.Sc., D.Sc., P.Geo of Christian Derosier Geologue-Conseil Inc. (“**C.D.G.C**”) prepared the Technical Report. Dr. Derosier has over 50 years of experience in the Mining and Geology fields and is a member of Order of Geologists of Quebec, Canadian Institute of Mining and Metallurgy, Prospectors and Developers of Canada and Quebec Prospectors Association. He has worked extensively all around the world.

The Malsipura Project is housed under JADS Enterprises (Private) Limited (“**JADS**”), a wholly owned subsidiary of Ceylon Graphite. JADS has five graphite exploration Grid units covering an area of 500 hectares in the Malsiripura region.

Highlights of the Technical Report

Historical Work

In January 2015, a total of 30 core holes were bored for a total length of 5000 m. A total of 265 core samples have been assayed by ALS Minerals, a certified laboratory, in Australia.

Numerous narrow veins and some meter- scale massive graphite veins were intersected. Several holes missed their target. During the field visit, it was observed that several holes bored towards south were following the topographic slope when their dip was -50° to -60°. Those holes drilled

down dip through the weathered zone cannot be relied upon due to a high potential of deformation of graphite vein by weathering.

The mineralized zones encountered during the drilling program have returned several high-grade intersections of crystalline graphite. The digitalization of the drill results with the assays shows the presence of several mineralized zones comprising high-grade veinlets and veins (80.0 to 98.6% Cg) and disseminated to semi-massive graphite mineralization (5% to 50% Cg).

All the assays giving more than 1% Cg have been grouped in mineralized zones (or envelopes). The true width and the average grade of those envelopes have been calculated and reported on plans and sections. Those mineralized zones have been interpreted according to the geology and structures, and linked together when it was possible. This work permitted to delineate a 200 m long NNE-SSW trending mineralized zone with several high-grade graphite values. This mineralized zone corresponds to the long conductive anomaly detected by a N-S flight line, runs more or less parallel to the stratigraphy and the anticlinal axis. Some E-W oriented massive graphite veins seem to branch from that principal zone.

In May 2018, JADS commissioned a senior consulting geologist to prepare a mineral estimation based on the 2015 bore hole data. The consulting geologist interpreted the presence of four E-W oriented veins (Kahatagaha vein-type) which gave a mineral resource of 76,574 tonnes with no specified Cg grade. Sinking of a shaft on the south vein and the boring of a NNE oriented adit were recommended.

All the data has been reviewed and verified. It is the C.D.G.C.'s opinion that the 2015 work was done in compliance with NI 43-101 and the best practices of the industry. A QCQA program was in place and applied. C.D.G.C. has been able to verify the hole locations and some core boxes.

Resource Estimate

C.D.G.C. prepared a mineral resource estimate. Modeling of the mineralization has been done in 3D. Several zones of graphite mineralization have been intersected by the drill holes. However, a Main Zone appears to have some extensions laterally (200 m) and at depth. The orientation of the graphite bearing system (“**Main Zone**”) is interpreted to have a principal trend of 022°/85°W and secondary orientations (branches) at 094°E and 075° E. The Main Zone appears to present a “Z” type crenulation folding indicating a possible anticlinal isoclinal fold nose plunging to the NE. This is confirmed by the regional geological map. This Zone is located within a felsic gneissic unit of possible metasedimentary origin bordered to the east and west by quartzite layers. There is no evidence that the Zone is related to a fault structure.

The modeling of the mineralization has been made in 3D and new cross-sections have been determined. It is understood that the main graphite bearing system is oriented at 022° with a dip of -85°W.

After several methodology tests, it has been determined that the Inverse Distance Weighting (IDW) interpolation is the most adequate method to evaluate the resources.

Several low cut-off grades were determined for the block model. With a prioritization of the grade and considering the optimization of the continuity of the mineralized zone, the low cut-off grade of 2% Cg was retained. This permits to calculate a mineral resource of 159,544.05 tonnes averaging 8.15% Cg. This scenario is also identified as the base case for an Indicated Mineral Resource of 37,234.62 tonnes at 9.79% Cg and 122,309.43 tonnes at 2.76% Cg classified as Inferred Mineral Resources. These mineral resources contain all the known lump veins grading between 80.20% and 98.60% Cg over thicknesses ranging from few centimetres to 0.72 m. Their length ranges from few metres to a maximum of 75 m. A total of 13,000 tonnes of Carbon Graphite is contained within the mineralized envelope.

Proposed Work Plan

The author of the Technical Report considers that the Malsipura Project is a good prospect for economic extraction.

C.D.G.C. recommends a follow-up drill program using NQ core drills to test for along strike and down dip extension to a depth of 200 m.

At this stage, it is very important to meticulously survey all the old workings and have some surveyed bench marks established around the main mineral zones for a better control of the coordinates and elevations. It is also recommended to dig several trenches across the recently discovered mineralized zones situated west of the main zone and to check the best conductive anomalies located in the eastern part of the property. This will economically valorize the known resource and will permit to extract several little bulk samples.

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.

About Ceylon Graphite Corp.

Ceylon Graphite Corp. is a public company listed on the TSX Venture Exchange (CYL:TSX-V), that is in the business of exploring for and development of graphite mines in Sri Lanka. The Government of Sri Lanka has granted the company exploration rights in a land package of over 120km². These exploration grids (each one square kilometer 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. Graphite mined in Sri Lanka is known to be some of the purest in the world, and currently accounts for less than 1% of the world graphite production.

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 Graphite's grids, Ceylon Graphite's plans to undertake additional drilling and to develop a mine plan, Ceylon Graphite's a Mining License application*

and to commence establishing mining operations. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to Ceylon Graphite, 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 Graphite'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 various Local Government Licenses and the market. 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 Graphite, a failure to comply with environmental regulations and a weakening of market and industry reliance on high quality graphite. Ceylon Graphite 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)

Further information regarding the Company is available at www.ceylongraphite.com

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