

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1: Name and Address of Reporting Issuer**

Ceylon Graphite Corp. (the “Company”)  
1100 – 1111 Melville Street  
Vancouver, British Columbia  
V6E 3V6

**Item 2: Date of Material Change**

May 13, 2022

**Item 3: News Release**

The news release announcing the material change was released on May 13, 2022 through GlobeNewswire and subsequently filed on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). A copy of the press release is attached hereto.

**Item 4: Summary of Material Change**

On May 13, 2022, the Company closed the previously announced brokered private placement financing (the “Financing”) raising gross proceeds of \$3,500,000. An aggregate of 21,875,000 units of the Company (each a “Unit”) were issued at an issue price of \$0.16 per Unit with each Unit consisting of one common share in the capital of the Company (a “Common Share”) and one common share purchase warrant (each a “Warrant”), with each Warrant entitling the holder thereof to acquire, on payment of \$0.25 to the Company, one common share of the Company until May 10, 2025.

**Item 5: Full Description of Material Change**

On May 13, 2022, the Company closed the Financing raising gross proceeds of \$3,500,000. An aggregate of 21,875,000 Units were issued at an issue price of \$0.16 per Unit with each Unit consisting of one Common Share and one Warrant, with each Warrant entitling the holder thereof to acquire, on payment of \$0.25 to the Company, one common share of the Company until May 10, 2025.

In connection with the Financing, a 7.5% cash finder’s fee was paid together with the issuance of finder warrants equal to 7.5% of the total number of Units placed, each exercisable for one Unit at a price of \$0.16 at any time until May 10, 2025. PowerOne Capital Markets Limited and Primary Capital Inc. acted as finders in connection with the Financing.

All securities issued pursuant to the Financing are subject to a statutory hold period of four months and one day.

Please see the attached press release for more information.

**Item 6: Reliance of subsection 7.1(2) of NI 51-102**

Not applicable.

**Item 7: Omitted Information**

No significant facts otherwise required to be disclosed in this report have been omitted.

**Item 8: Executive Officer**

For further information please contact Donald Baxter, Chief Executive Officer

**Item 9: Date of Report**

May 17, 2022

*“Donald Baxter”*

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Donald Baxter  
Chief Executive Officer

**FOR IMMEDIATE RELEASE****Ceylon Graphite Closes Upsized \$3,500,000 Private Placement  
and Extension of Debentures**

**VANCOUVER, May 13, 2022** – Ceylon Graphite Corp. (“Ceylon” or the “Company”) (TSXV: CYL) (OTCQB: CYLYF) (FSE: CCY) is pleased to announce that further to its press releases of April 6 and 7, 2022, it has closed a private placement of 21,875,000 units (“Units”) at a price of \$0.16 per Unit for gross proceeds of \$3,500,000 (the “Offering”). Each Unit consists of one common share in the capital of the Company (“Share”) and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder thereof to acquire one common share of the Company (each a “Warrant Share”) at a price of \$0.25 per Warrant Share at any time until May 10, 2025.

Ceylon intends to use the net proceeds of the Offering to advance the Company’s K1 and M1 mines to commercial production. The Company anticipates achieving this milestone within one year of the closing of the Offering. Ceylon currently has ten low-CAPEX mining projects at the development stage, allowing for scalable production. The high-grade nature of the graphite vein mineralization is expected to generate high margins at the current unprocessed graphite price. Ceylon’s underground vein graphite, in Sri Lanka, is high grade (+90% Cg), which can directly be shipped for processing into higher value-add material without the need for a mill or a tailings dam. The combination of underground mining and direct shipping graphite allows Ceylon to operate with Zero-Carbon Footprint to be able to maintain a leading ESG profile, which is has become a necessary characteristic to buyers of battery-quality graphite (Original Equipment Manufacturers (OEMs)).

Ceylon CEO, Don Baxter stated “I am extremely grateful for the support our strategic shareholders. I am looking forward to getting two mines producing graphite in the very near term. In the meantime, we continue our conversations with OEMs regarding their battery graphite supply requirements. We are witnessing a sea of change in attitudes from OEMs as they realize need for the supply of critical input materials to feed the battery factories they are announcing.”

In connection with the Offering, a 7.5% cash finder’s fee was paid together with the issuance of finder warrants equal to 7.5% of the total number of Units placed, each exercisable for one Unit at a price of \$0.16 at any time until May 10, 2025. All securities issued pursuant to the Offering are subject to a statutory hold period of four months and one day. PowerOne Capital Markets Limited and Primary Capital Inc. acted as finders in connection with the Offering.

This press release shall not constitute an offer for the sale of securities, nor a solicitation for offers to buy securities in any jurisdiction. The securities referred to in this press release have not been, nor will they be, registered under the *United States Securities Act of 1933*, as amended, or state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. federal and state registration or an applicable exemption from the U.S. registration requirements. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the company and management, as well as financial statements.

**Approval to Amend Debentures and Warrants**

The Company also announces that further to its press release of April 6, 2022, it has received TSX Venture approval to amend (the “Amendment”) certain terms of the convertible debenture that were issued by the Company on May 23, 2018 (the “Convertible Debentures”) and the common share purchase warrants (the “Warrants”) issued on May 23, 2018, in connection with the Convertible Debentures. Pursuant to the terms of the Amendment, the maturity date of the Convertible Debentures have been extended by one (1) year from November 23, 2022, to November 23, 2023, and the expiry date of the Warrants have been amended such the

Warrants will expire May 23, 2023.

All other terms and conditions of the Convertible Debentures and Warrants will remain unchanged.

### **About Ceylon Graphite Corp.**

Ceylon Graphite is a public company listed on the TSX Venture Exchange, which is in the business of mining for graphite and developing and commercializing innovative graphene and graphite applications and products. Graphite mined in Sri Lanka is known to be some of the highest grade in the world and has been confirmed to be suitable to be easily upgradable for a range of applications including the high-growth electric vehicle and battery storage markets as well as construction, healthcare and paints and coatings sectors. The Government of Sri Lanka has granted the Company's wholly owned subsidiary Sarcon Development (Pvt) Ltd. an IML Category A license for its K1 mine and exploration rights in a land package of over 120km<sup>2</sup>. This licence is currently being renewed. 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.

Further information regarding the Company is available at [www.ceylongraphite.com](http://www.ceylongraphite.com)

Don Baxter, Chief Executive Officer

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Corporate Communications

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*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in 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 plans to commence mining operations. 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, 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, 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.*