

Ceylon Graphite Announces Closing of \$365,000 Convertible Debenture Financing and Extension of Convertible Debentures

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VANCOUVER, British Columbia - October 27, 2023 - Ceylon Graphite Corp. (“Ceylon” or the “Company”) (TSX-V: CYL) (OTC: CYLYF) (FSE: CCY) is pleased to announce it has closed a non-brokered private placement of C\$365,000 (the “**Financing**”) of 9% senior secured convertible debenture units of the Company (the “**Debenture Units**”). The net proceeds from the Financing shall be used for operating expenses for the Company’s mining projects and deposits for the renewal of mining licenses in Sri Lanka, and for working capital and general corporate purposes.

Each Debenture Unit consists of: (i) C\$1,000 principal amount of 9% senior secured convertible debenture of the Company (each, a “**Debenture**”); and (ii) 20,000 common share purchase warrants of the Company (each, a “**Warrant**”), with each Warrant exercisable for one common share of the Company (a “**Warrant Share**”) at an exercise price of C\$0.06 per Warrant Share for a period of one year from the date of issuance. A total of 7,300,000 Warrants were issued and are exercisable for 7,300,000 Warrant Shares. An aggregate of C\$365,000 principal amount of Debentures was subscribed for and are convertible for up to 7,300,000 common shares of the Company (each, a “**Debenture Share**”) at the option of the holder thereof at any time prior to the date that is one year from the date of issuance at a conversion price of C\$0.05 per Debenture Share.

The Debentures shall bear interest at an annual rate of 9%, payable in cash semi-annually in arrears. Interest on the Debentures may alternatively be paid in common shares of the Company (the “**Common Shares**”) at the Company’s option, subject to the approval of the TSXV. An entity controlled by the Company’s CEO has pledged publicly traded shares of a third party to secure the Company’s obligations under the Debentures. In addition, the Debentures are secured against all of the present and after acquired personal property of the Company.

In connection with the Financing, the Company has issued to eligible finders an aggregate of: (i) 455,000 finders warrants (the “**Finder’s Warrants**”) entitling the holder to acquire one unit of the Corporation (a “**Finder Unit**”) at an exercise price of \$0.05 at any time up to one year from the date of issuance, with each Finder Unit comprised of one Common Share and one Warrant, with each such Warrant exercisable for one Warrant Share at a price of \$0.06 per Warrant Share for a period of one year from the date of issuance of the Finder Unit, and (ii) 455,000 Finder Units.

The Company also announces that it expects to amend the terms of certain convertible debentures (the “**2018 Convertible Debentures**”) that were issued by the Company on May 23, 2018. The 2018 Convertible Debentures currently entitle the holders thereof to convert an aggregate principal balance of \$1,850,000 into common shares (“**2018 Debenture Shares**”) of the Company at a price of \$0.25 per 2018 Convertible Debenture Share at any time prior to November 23, 2023. The Company intends to amend the conversion price of the 2018 Convertible Debentures to \$0.15 per 2018 Debenture Share and amend the maturity date of the 2018 Convertible Debentures to November 23, 2024 (the “**Amendments**”). In addition, the

Company expects to issue up to 6,166,666 warrants of the Company (the “**Replacement Warrants**”) to the holders of 2018 Convertible Debentures to replace the warrants originally issued together with the 2018 Convertible Debentures and which are set to expire on November 23, 2023. Each Replacement Warrant is exercisable for one Common Share (a “**Replacement Warrant Share**”) at a price of \$0.15 per Replacement Warrant Share at any time for until November 23, 2024. The Company is not receiving any additional funds in connection with the Amendments or issuance of the Replacement Warrants.

The Financing, Amendments and issuance of the Replacement Warrants are subject to the final approval of the TSX Venture Exchange. All securities issued and issuable in connection with the Financing and the Replacement Warrants are subject to a four month and one day hold period from the dated of issuance in accordance with Canadian securities laws.

In connection with the above transactions a company controlled by Sasha Jacob, CEO of the Company, and holder of a principal amount of \$1,000,000 of the 2018 Debentures, is anticipated to receive 3,333,332 Replacement Warrants, and Mr. Jacob has subscribed for 40 Debenture Units (the “**Insider Participation**”). The Insider Participation constitutes a “related party transaction” as such term is defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company is relying on an exemption from the formal valuation and minority shareholder approval requirements provided under MI 61-101 pursuant to section 5.5(a) and section 5.7(1)(a) of MI 61-101, on the basis that the Insider Participation does not exceed 25% of the fair market value of the Company’s market capitalization.

The securities offered pursuant to the Offering have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any U.S. state security laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with requirements of an applicable exemption therefrom. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About Ceylon Graphite Corp.

Ceylon is a public company listed on the TSX Venture Exchange, that 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.

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

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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

Cautionary Statement Regarding Forward-Looking Information:

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 the closing of the Financing, use of proceeds from the Financing, amendments to the 2018 Convertible Debentures, the secured obligations of the Company, regulatory approvals, potential value of products produced with Ceylon graphite, the quality of graphite mined by Ceylon, applications for future graphite applications, Ceylon's role as a potential market leader and expectations related to development of Ceylon's properties and Ceylon's 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 are no material adverse changes effecting development and production at the M1 mine or on other properties, testing related to the performance of Ceylon's vein graphite material are accurate, there will be no material adverse change in graphite and metal prices, there will be continued demand for graphite powered batteries, all necessary consents, licenses, permits and approvals will be obtained, including various Local Government Licenses. 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, the results of Ceylon's graphite testing being inaccurate or incomplete, the market for graphite related technologies not developing as expected, failure to obtain or maintain patents and proprietary technology, loss or failure to acquire available high quality graphite, any failures to obtain or delays in obtaining 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.