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CEYLON GRAPHITE ANNOUNCES PROPOSED AMENDMENT OF CONVERTIBLE DEBENTURES

Vancouver, British Columbia – January 4th, 2021, Ceylon Graphite Corp. ("Ceylon Graphite" or the "Company") (TSX-V: CYL) (OTC: CYLYF) (FSE: CCY) would like to announce that further to a previous release the Company intends to amend certain terms of the convertible debenture that were issued by the Company on May 23, 2018 (the "Convertible Debentures"). Ceylon Graphite proposes to amend the Convertible Debentures as follows:

(i) extending the maturity date of the Convertible Debentures by six (6) months from May 23, 2021 to November 23, 2021.

(ii) adding a provision whereby the Company will have the option to redeem the Convertible Debentures at any time, on ten (10) days' notice, without penalty; and

(iii) increasing the interest rate from 6% to 8%.

In consideration for the holders of the Convertible Debentures agreeing to the proposed amendments, the Company is proposing to:

(a) convert all of the accrued and future interest into common shares in the Capital of the Company at a price of $0.165 per shares (the "Debt Shares"); and

(b) extend the Warrants issued on May 23, 2018 by six (6) months from May 23, 2021 to November 23, 2021.

(c) issue an aggregate of one million (1,000,000) warrants (the "Compensation Warrants") to the debenture holders. Each Compensation Warrant will entitle the holder thereof to acquire one (1) common share in the capital of the Company at an exercise price of $0.22 per share for a period of one (1) year from date of issuance.

The proposed amendments are subject to the approval of the holders of the Convertible Debentures as well as the TSX Venture Exchange. The issuance of the Debt Shares and Compensation Warrants are subject to the approval of the TSX Venture Exchange. All securities issued pursuant to the proposed amendments to the Convertible Debentures are subject to a statutory four (4) month hold period.

About Ceylon Graphite Corp.

Ceylon Graphite is a public company listed on the TSX Venture Exchange, that is in the business of mining for graphite, plus the exploration for and development of graphite mines in Sri Lanka. Graphite mined in Sri Lanka is known to be some of the purest 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. The Government of Sri Lanka has granted the Company’s wholly own subsidiary Sarcon Development (Pvt) Ltd. an IML Category A license for its K1 site and 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.

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

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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, 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, 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)