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For immediate release

3 February 2017



Haydale Graphene Industries plc

(‘Haydale’ or the ‘Group’)

Trading update

Notice of results

Haydale (AIM:HAYD), the global nanomaterials group, announces the following update on trading for the six months ended 31 December 2016 as well as the prospects of the Group. The Board also announces the anticipated date of announcement of the Company’s results for the 6 months ending 31 December 2016.

Trading update

As previously announced in the AGM Statement issued on 15 December 2016, the customer sampling process with Huntsman Corporation (“Huntsman”) for graphene infused Araldite® epoxy resin has taken longer than the Group originally anticipated and, as a result of this, commercial revenues from this agreement are now expected to commence in the first half of the next financial year. In addition, Haydale made a strategic decision to focus on sourcing and securing key collaboration partners at the expense of short term revenue from the sale of reactors to third parties, leading the Board to believe that Group revenue for the current financial year will be below market expectations.

Since the beginning of the current financial year, the Group has secured contracts to develop a number of next generation commercial products worth in excess of £0.6 million over the next 12-18 months. These include: hydrogen storage vessels for Arcola Energy, a leading UK fuel cell system integrator; a novel water filter for the nuclear industry with Sellafield Limited as the commercial partner; a research and development agreement with the Malaysian Government developing a series of enhanced natural rubber products into graphene composite, which are aimed at next stage industrial products; an initial

contract secured by Haydale Composite Solutions to design, manufacture and test certain pipes for a leading composite pipes manufacturer (utilising Haydale's unique pipe testing facilities recently commissioned in Loughborough). The work is the first phase of a significant development contract to certify composite pipes for the oil and gas industry; the UK Space Agency has contracted Haydale to develop advanced composite gas propellant storage tanks for spacecraft and satellites: and Wave Energy Scotland has contracted Haydale to develop a new rotational moulding, graphene enhanced thermoplastic material to be used in renewable wave energy devices.

In addition, the Group has appointed a sales manager to market and sell Haydale's graphene enhanced 3D PLA filament, which was launched in Q4 2016. Repeat orders, albeit at a relatively small amount at this early stage, have been received from international distributors and the Group is in the process of agreeing multiple distribution agreements. The feedback from distributors and end users has been encouraging with reference to enhancements in flow speed and post production processing. Other 3D printing developments are under evaluation for future product launches.

As previously announced, the Group's ongoing project with Flowtite on developing a graphene enhanced glass fibre reinforced pipe ("GRP") remains on track with the first production trials set for Q1 2017. A period of testing and certification of up to twelve months will then follow the production trials such that, if successful, Flowtite expects to launch their new graphene enhanced GRP in the second half of the next financial year.

The Group has now commissioned the two plasma reactors sold to Graphit Kropfmühl GmbH, as part of its strategic collaboration and industrial scale-up plans to accommodate masterbatch products required initially for Huntsman and Flowtite. The Group remains on course to install an HT60 plasma reactor into the Thailand Science Park and expects this unit to be fully operational by the end of March 2017. Once operational, it will service Thai customers and projects plus other Far East countries such as Korea and Taiwan.

Haydale's USA operation has integrated well into the Group and its trading is in line with management's expectations. It has commenced researching the market ahead of establishing a graphene capability at its South Carolina facility. Early indications are that the addition of graphene to Silicon Carbide whiskers and fibres as a hybrid material offers improvements in structural properties and thermal conductivity. As mentioned above, the Group plans to target new applications in the automotive industry.

Ray Gibbs, CEO of Haydale, said: *“Whilst the slower than originally anticipated development towards commercial sales affects our short-term revenues, continued development of the next generation commercial products provides us with significant confidence for the longer-term success of the Group. Haydale is working with some leading businesses around the world, and we are setting the foundations in place for the Group to realise its potential as a global commercial entity.*

We have learnt much from the collaboration with Huntsman, including novel unique dispersion know how that can be used in many other applications. What has become clear is that Huntsman have a desire to make sure that a product launch, especially of one of their major brands is done right first time. The positivity flowing from the technical evaluations, exhaustive testing and compliance rigour will stand us in great stead when dealing with other world class organisations. The markets that Haydale’s next generation enhanced products are aimed at are significant, world-wide markets and therefore a degree of patience needs to be taken to ensure consistency of supply of the highest quality in meeting customer expectations.”

Notice of results

The Group will announce its interim results for the six months ended 31 December 2016 on Wednesday, 22 March 2017. An analyst briefing will be held at 09:30 a.m. at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

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Notes to Editors

Haydale has developed a patented scalable plasma process to functionalise graphene and other nanomaterials. This enabling technology can provide Haydale with a rapid and highly cost-efficient method of supplying tailored solutions to enhance applications for both raw material suppliers and product manufacturers.

Crucially, the Haydale plasma process does not damage the material being processed. Instead it will clean up any impurities inherent in the raw material. The technology is a low energy user and is therefore environmentally friendly. The Haydale process is a patented enabling technology, allowing the Group to work with a raw material producer who seeks to add value to the base product and tailor the outputs to best service the target applications of the end user.

Haydale has moved from being a R&D focused business towards becoming a commercial entity and having made some transformational acquisitions and partnerships in 2016, the Company has a robust supply chain, with geographic presence not only in European but in Asian and American markets.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking

statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.