

7 December 2016

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ASX Symbol

FGR, FGROA, FGROB

Long Term Commitment on Vein Graphite Supplies

Feedstock to de-risk graphene growth strategy

First Graphite (ASX:FGR) is pleased to announce a long-term supply agreement with a third party for high-grade Sri Lankan vein graphite.

Highlights

- Security of supply enhances the ability of the Company to ramp-up production of graphene in line with expanding market demand
- A second shipment, of 40 tonnes, represents part of long-term supply arrangements. This second shipment is in Colombo port and ready for shipment.
- Vein graphite supply sourced at a discount to market prices.
- Third party feedstock will augment what is to be produced by FGR's own shafts

Graphite Feedstock for Graphene Production

FGR is pleased to announce it has entered into a commitment under which it has a guarantee of vein graphite for a two-year period, for up to 1,000 tpa. This feedstock will augment the supplies that will come from FGR's own mining operations.

Having established an ability to produce high quality graphene at low cost, in bulk volumes, the Company is conscious of the need to improve the certainty of vein graphite to be used as feedstock.

A number of potential customers are currently being supplied with graphene samples for testing in their manufacturing processes for graphene enhanced products. The Company needs to ensure that it can meet any orders that may come from this test work. Hence, the importance of the supply off-take agreement.

Increasing Importance of Technologies to FGR

As industry is becoming more aware of First Graphite's unique position in the ability to supply high quality graphene at competitive prices, we are being approached by an increasing number of parties that are seeking reliable supplies of graphene to advance applications. Some of these parties have rights to technological advancements and intellectual property that they are prepared to offer First Graphite, to partner them in their commercialisation. Directors expect that opportunities in this area will become increasingly important to the future development of the Company, offering growth potential well in excess of what could be achieved as a supplier of vein graphite alone. It is important that the Company positions itself as more than just a raw material supplier. First Graphite will make announcements on progress on this business development front when agreements are finalised.

Managing Director, Mr Craig McGuckin said " *We are pleased to be able to have secured this commitment to our supply chain. Together with our own feedstock which will come from our own Pandeniya and Aluketiya projects we are ensuring we have a secure supply chain for the growing interest in our graphene production strategy.*"

About First Graphite Ltd (ASX: FGR)

First Graphite is aiming to develop an underground mining operation to extract high-grade, crystalline vein graphite, which is unique to Sri Lanka. The Company holds exclusive rights to exploration licenses covering approximately 39,500 hectares in area, with historical workings located within nearly all license grids.

About Graphene

Graphene, the well-publicised and now famous two-dimensional carbon allotrope, is as versatile a material as any discovered on Earth. Its amazing properties as the lightest and strongest material, compared with its ability to conduct heat and electricity better than anything else, mean it can be integrated into a huge number of applications. Initially this will mean graphene is used to help improve the performance and efficiency of current materials and substances, but in the future it will also be developed in conjunction with other two-dimensional (2D) crystals to create some even more amazing compounds to suit an even wider range of applications.

One area of research which is being very highly studied is energy storage. Currently, scientists are working on enhancing the capabilities of lithium ion batteries (by incorporating graphene as an anode) to offer much higher storage capacities with much better longevity and charge rate. Also, graphene is being studied and developed to be used in the manufacture of supercapacitors which are able to be charged very quickly, yet also be able to store a large amount of electricity.

Nature of vein graphite

Sri Lankan graphite deposition model is best described from the 'bottom up': tension fractures formed in the metamorphic sediments, caused by the folding of the sediments, creating 'conduits' for the hydrothermal deposition of high quality vein graphite. Historically, mining of these veins has found the veins generally increase in thickness and grade quality with increasing depth. Graphite veins generally dip steeply at -70° to near vertical, enabling 'narrow vein' extraction mining techniques similar to those used on narrow vein, high grade gold deposits. The method commonly used is an overhead retreat stoping technique where the high grade vein graphite is mined and hauled to surface without contamination. The graphite selvages, in contact with the surrounding waste, is hauled to surface and stockpiled for upgrading. The balance of the waste is used to fill the floor of the stope.

Due to the nature of the vein graphite, it is anticipated vein widths of $\sim 25\text{cm}$, using narrow vein mining techniques can be economically extracted from underground operations.

For further information:

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