First Graphite Ltd

3 December 2015

First Graphite Limited
ACN 007 870 760
ABN 50 007 870 760

Registered Office
Suite 3
9 Hampden Road
Nedlands WA 6009
Tel +61 1300 660 448
Fax +61 1300 855 044

Directors
Craig McGuckin
Peter R. Youd
Denis Geldard
Chris Banasik

Company Secretary
Peter R. Youd

Email:
info@firstgraphite.com.au

Website:
www.firstgraphite.com.au

ASX Symbol
MRF, MRFOA

First Graphite completes construction of pad for headframes ahead of mine development start-up in early 2016

First Graphite (ASX: MRF) is pleased to advise it is firmly on track to start high-grade graphite mine development at its Aluketiya project in Sri Lanka in the March quarter of next year, with the cement pad for the shaft headframe now completed.

First Graphite will now proceed immediately with construction of the headframe as part of its strategy to become one of the highest-grade graphite producers in the world from early next calendar year.

To help ensure this strategy is executed, First Graphite has appointed highly experienced resources executive and mining engineer Phil Welten as country manager in Sri Lanka.

Mr Welten has held numerous senior operational positions both in Australia and overseas with companies including Western Mining Corporation, Lihir, Kalgoorlie Consolidated Gold Mines and Robe River Iron Associates.

Mr Welten has over 36 years' experience if the resource industry and has operated in several overseas posts. He holds a Bachelor of Applied Science – Mining Engineering from the Western Australian School Of Mines as well as a First Class Mine Manager's Certificate of Competency. He is a Member of The Australian Institute of Mining and Metallurgy.

His appointment comes as First Graphite continues to grow its holding of high-grade graphite acreage, securing a further 127sqkm of exploration tenements close to its existing projects.

First Graphite Managing Director Craig McGuckin said the final pieces of the Company's mine development strategy were being put in place.

"We are on the cusp of becoming one of the highest grade graphite producers in the world, with strong cash flow and immense growth potential based on the extensive acreage we have assembled in Sri Lanka," Mr McGuckin said.

"Our vein graphite has spectacular grades of up to 93 per cent total graphitic carbon, providing us with a negligible waste-to-ore ratio and a product which requires little processing.

"This will enable us to minimise both capital and operating costs and maximise cash flow."

First Graphite aims to establish up to 20 such shafts producing high-grade graphite over the next two years.

About First Graphite Ltd (ASX: MRF)

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 6,300 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 ~25cm, using narrow vein mining techniques can be economically extracted from underground operations.

For further information:

Craig McGuckin

Managing Director

First Graphite Ltd

Peter R. Youd

Executive Director

First Graphite Ltd

www.firstgraphite.com.au