

9 June 2016

Sebastian Bednarczyk
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park,
152-158 St Georges Terrace
Perth WA 6000

Dear Sebastian

I refer to your letter of 9 June 2016 and respond as follows (using you numbering).

1. First Graphite Limited ("FGR" or "the Company") is not aware of any information concerning it which has not been announced to the market.
2. Not applicable
3. As announced by the Company on 14 April it was able to confirm sound progress in the optimisation of a unique graphene production process being undertaken at The University of Adelaide, to establish a scalable process for the recovery of graphene from vein-style graphite deposits.

The original research and development program contemplated increasing the production cell incrementally to 10 litres however the researchers and FGR were sufficiently encouraged to progress directly to the 50 litre production cell with designs for the full scale 250 litre cells containing proportionately large quantities of lump graphite completed.

Conversion to graphene occurs at a rapid rate with approximately 50% recovery being achieved within four hours. Extension of the time frame to 20-24 hours increases the recovery to 75-80%, but with exfoliation occurring at a slower rate. Further work is underway to maximise total recovery by optimising recovery conditions and logistics for graphite loading. Unconverted graphite can be subsequently recycled and reprocessed to maximise total recovery, if this is deemed the most economic outcome.

Furthermore graphite demand is increasing as valuable and broad applications are being researched and developed daily from consumer electronics, green energy, medical, mining and even military applications. The U.S.A, who is a 100% importer of graphite, has joined China and the European Union in classifying Graphite as a critical strategic material.

Business & Corporate Office

First Graphite Limited

ABN: 50 007 870 760
ACN: 007 870 760
Suite 3
9 Hampden Road
Nedlands WA 6009

T +61 1300 660 448
F +61 1300 855 044

E info@firstgraphite.com.au
W www.firstgraphite.com.au

Subsidiaries:

Sri Lanka

MRL Investments (Pvt) Ltd
PV 92247
3rd Floor
460 – 3/1 Galle Road
Colombo – 03
Sri Lanka

T: +94 11 432 4064

Sri Lanka

MRL Graphite (Pvt) Ltd
PV92009
3rd Floor
460 – 3/1 Galle Road
Colombo – 03
Sri Lanka

T: +94 11 432 4064
E: info@mrltd.com.lk

The Company is moving closer to production of this valuable commodity in Sri Lanka. Sri Lankan Lump/Vein Graphite is considered to be one of the rarest, most commercially valuable, and highest quality types of natural graphite. It occurs in veins along intrusive contacts in solid lumps and is currently only actively mined in Sri Lanka. Sri Lanka is the only country which produces commercial quantities of high grade vein graphite with carbon content greater than 90%Cgr (Carbon as graphite). As a result of the carbon content typically found within lump/vein graphite, production costs are normally lower than flake or amorphous graphite recovery.

4. The Company continues to be in compliance with the Listing Rules and, in particular, Listing Rule 3.1.



Peter R. Youd
Executive Director
Chief Financial Officer & Company Secretary



9 June 2016

Peter Youd
Company Secretary
First Graphite Limited
9 Hampden Road
NEDLANDS WA 6009

By email: peter.youd@westnet.com.au

Dear Mr Youd

First Graphite Limited (the “Entity”): ASX Price and Volume Query

We have noted a change in the price of the Company’s securities from a closing price of \$0.094 on Wednesday, 8 June 2016, to an intraday high of \$0.11 at the time of writing today, Thursday 9 June 2016. We have also noted an increase in the volume of trading in Company’s securities over this period.

In light of the price and volume increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.



When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 pm (WST) today, Thursday 9 June 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent by email at allexchperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Sebastian Bednarczyk
Senior Adviser, ASX Listings Compliance