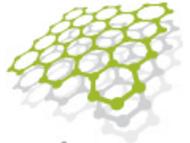


ASX Announcement

26 April 2017

Strategic Marketing Agreement



first graphite

A high-quality graphene producer

Strategic Marketing Alliance with Traxys

- Appointment of leading global commodity merchant as exclusive marketing agent for vein graphite and graphene products
- Offers accelerated global exposure to existing graphite consumers and the development of the fast growing graphene market
- Equity-based performance remuneration aligns all stakeholders
- Includes opportunities for trade finance for expansion of operations

First Graphite Limited (ASX:FGR) is pleased to announce it has entered into a strategic marketing and offtake agreement with Traxys for the sale of its high grade vein graphite and graphene products. Whilst the vein graphite product has been available to the market for more than 100 years, its unique characteristics and scarcity have not been adequately reflected in the marketing and pricing in recent years. The very large discrepancy between ruling market prices and downstream value-added products suggest there is room for improved returns for vein graphite producers. The escalating number of applications for graphene is a case in point.

The current graphene market is embryonic, having been constrained by shortages of supply of quality material. However, with the proven technology used by FGR's Graphene Cell, industry will now have access to high quality bulk graphene supplies for the first time.

FGR is pleased it will be working closely with Traxys, one of the world's largest specialist commodity and material trading organisations in the development of the graphene market, from its inception. The strategic agreement with Traxys is expected to significantly accelerate FGR's market penetration and exposure whilst allowing FGR management to concentrate on the production of materials for sale.

Though the terms of the agreement with Traxys are subject to standard confidentiality clauses, the Company can disclose Traxys will be taking a substantial element of its remuneration in shares and options in FGR, based on a range of performance-based sales criteria. Thus, the future of the parties will be closely aligned with the best interests of FGR stakeholders.

FGR's Managing Director Craig McGuckin said

"This strategic marketing alliance with Traxys is affirmation of FGR's business plan and the Company's unique position in the early stage but exciting graphene industry. It shows acknowledgement of FGR's management capability and its strategy of positioning itself as the lowest cost bulk graphene producer, ideally placed to benefit from the expanding market".

"This alliance with Traxys is a critical step for the market penetration of graphene by FGR. The Company is very pleased to be working with an organisation with Traxys's size and reputation."

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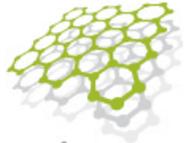
ASX Symbol

FGR, FGROA, FGROB

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About Traxys

Traxys, headquartered in Luxembourg, is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 300 employees, in over 20 offices worldwide, and its annual turnover is in excess of \$6 billion. Traxys' focus is primarily on the marketing and sourcing of base metals and concentrates, minor and alloying metals, industrial minerals and chemicals, and materials for steel mills and foundries, and the management of all parts of the supply chain, from producer to consumer, worldwide.

Traxys is a privately held company. Its principal shareholders are global alternative asset manager The Carlyle Group (NASDAQ: CG), affiliates of Louis M. Bacon, the founder, Chairman, Chief Executive Officer and principal investment manager of Moore Capital Management, LP, and Traxys Management.

About First Graphite Ltd (ASX: FGR)

First Graphite produces high quality graphene from high grade Sri Lankan vein graphite.

First Graphite seeks to develop graphene production methods and acquire graphene related intellectual property which can provide further revenue related opportunities.

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.

For further information, please contact

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