

ASX Announcement

17 May 2017

Direct Shipping Ore Delivered to Surface Development Progressing



first graphite
A high-quality graphene producer

Highlights

- Veins of graphite have been intersected in the drive and graphite is being hoisted to the surface
- The direct shipping graphite ore (DSO) is being transferred to the Warakapola warehouse for sorting.
- Shaft H drive has advanced 9m toward a drill target at 14m.
- Shaft J has commenced its drive toward a drill target that is 22m from the shaft.
- Following its rebuild the Company's drill rig has recommenced working at Aluketiya.

First Graphite (ASX: FGR) is pleased to advise the successful delivery of the first vein graphite product to the surface from the mines being developed in Sri Lanka. This is a significant milestone coming after almost 12 months of shaft development work on three shafts. Achieving the status of a graphite producer, as distinct from a developer, is also a significant event in the context of the ASX-listed graphite companies as it is the first company in this sector to achieve this status from a granted mining production licence.

FGR has had to overcome a number of obstacles along the path to achieving this status. As is usual, with the development of new underground mines, there is always a learning curve to be experienced with respect to ground conditions. This requires a degree of flexibility and sometimes innovation before the mining methods, techniques and equipment utilised are optimised. In addition, it has taken time to select and train the local workforce to meet the standards of productivity and safety which are required to achieve the high standards set by the Company. Directors are aware this has taken longer than intended, so it thanks the shareholders for their understanding and patience.

The Company is continuing with the advancement of the drives towards additional ore positions and the opening up of a number of production stopes which will be necessary for the scheduling of continuous production. Shareholders should expect mine production will increase over an extended period as the ramp-up phase gathers momentum.

Mine production is being transported to warehouse facilities for sorting prior to selling to the market or conversion to graphene, depending upon where the best sale opportunities and prices can be achieved.

Aluketiya – Shaft H

Over the last four weeks the Company has made consistent progress in its first level drive from Shaft H. The initial target for the drive was toward a previously identified drill target at 14m. While progressing the drive there have been previously unrecorded veinlets encountered and these have been mined.

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ASX Symbol

FGR, FGROB

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Shaft H vein graphite ore being extracted

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Graphite vein in Shaft H level drive being mined

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Miners with bagged graphite brought to surface from Shaft H

The drive continues to progress toward the target intersected in ALK 7 which contains a 30cm (downhole) intersection of graphite.

Aluketiya – Shaft J

Shaft J has reached its initial production drive depth and has commenced driving. The drive is targeting a 26cm (downhole) drill intercept in ALK 13. This intercept is approximately 25 metres from the shaft.

Drilling

Following completion of a re-power and rebuild the Company's drill rig has been returned to Aluketiya. It is commencing to drill a series of holes to provide direction for a drive toward the intersection of 1.72m of high grade vein graphite over 2.81m at drill hole AK18.

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Core from Aluketiya ALK18



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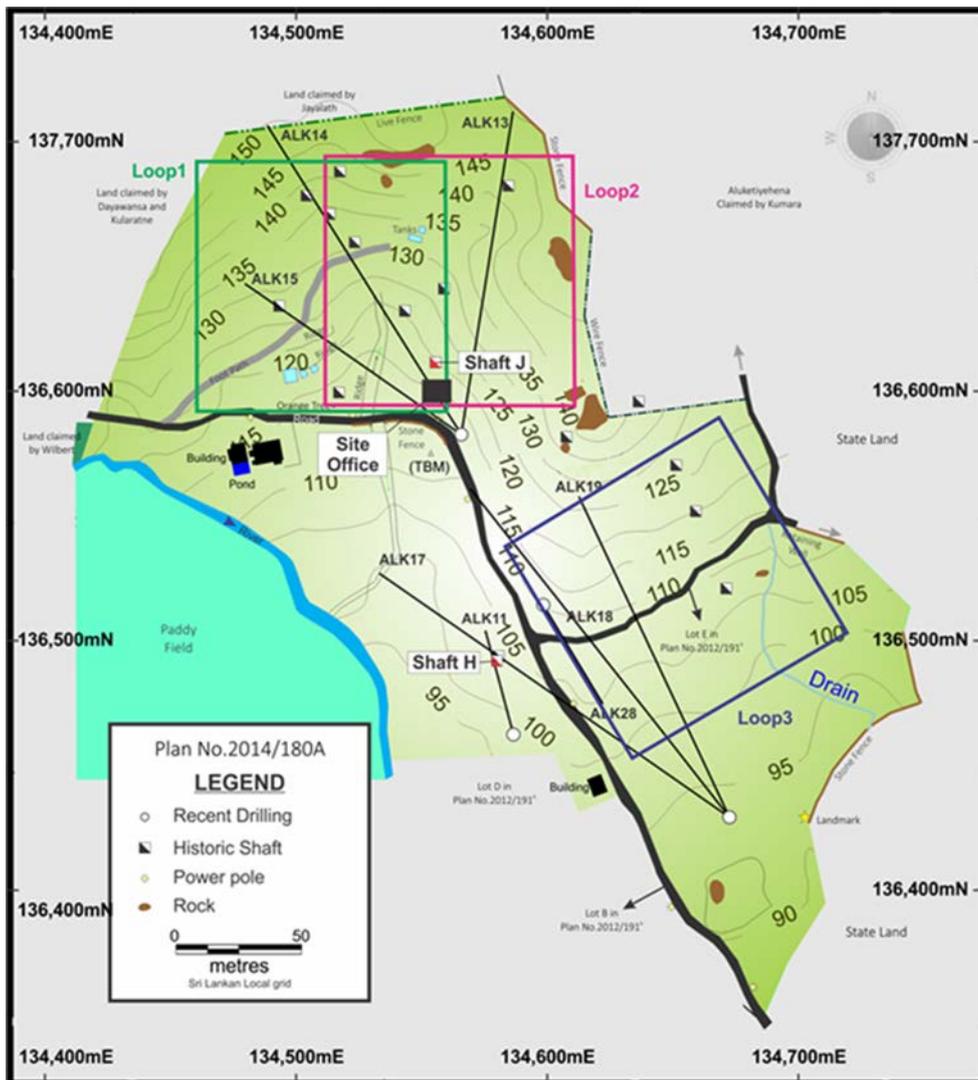
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Aluketiya project site plan with Shafts H and J and exploration drill hole traces and transmitter loop locations

Commenting on this update, FGR's Managing Director Craig McGuckin said

"We are pleased at the progress our young mining group in Sri Lanka has been able to achieve. It is a credit to their perseverance when faced with difficult ground conditions that they have been able to make this a success."

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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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