

7 April 2016

Mining Licence Granted for Pandeniya.

Highlights

- Industrial Mining Licence granted for Pandeniya project.
- The first new underground graphite mining licence granted in 25 years.
- Aluketiya development continues on pace.

First Graphite Limited (ASX: FGR) is pleased to advise that further to its announcement of 4 March 2016 it has now received the Industrial Mining Licence for Pandeniya from the Geological Survey and Mines Bureau (GSMB).

Mr McGuckin, Managing Director, said First Graphite was very pleased with the issue of the mining licence, saying, *"It is our understanding this will be the first new underground "A" class Industrial Mining Licence issued for 25 years and the first to include a full environmental review. To have achieved this is a credit to the quality of the work conducted by our group and the dedication of our Sri Lankan staff."*

Pandeniya Work Program

The Company can now get on with the business of mining, having previously been restricted to preparatory work, prior to the granting of the Licence. The Company will complete the installation of the shaft liner boxes at Pandeniya. With the liner boxes in place the Company will be able to commence underground mining operations in the month of April. The first phase of the mining operation will concentrate on the development of drives with mining and hoisting of high grade graphite.

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ASX Symbol

FGR, FGROA, FGROB



Figure 1: Pandeniya headframe and shaft box liners



Figure 2: Box liners being prepared for lowering from hoist at Pandeniya

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Aluketiya Work Program

The headframe at Aluketiya Shaft H was completed and the sinking of the shaft liners continues.



Figure 3: Shaft H Completed headframe

At the same time the pad and retaining walls for Shaft J have also been completed.



Figure 4: Shaft J Pad walls and pad site completed

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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.

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