

first graphite

Suite 3  
9 Hampden Road  
Nedlands WA 6009

T: +61 1300 660 448 (Australia)  
F: +61 1300 855 044 (Australia)  
E: info@firstgraphite.com.au

ABN: 50 007 870 760  
ACN: 007 870 760

[firstgraphite.com.au](http://firstgraphite.com.au)

18 April 2017

Dear Option Holder

**EXPIRY OF LISTED OPTIONS (ASX CODE: FGROB)**

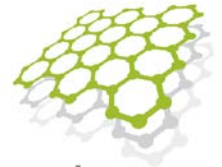
This letter is to notify you of the impending expiry of your FGROB Options in First Graphite Limited (**FGR**) at 5:00pm AEST on Sunday 21 May 2017 (**Expiry Date**).

**The number of Options you hold is included in the enclosed option exercise notification.**

In accordance with ASX Listing Rules, FGR provides you with the following information:

- (a) each Option entitles you to apply for one fully paid ordinary share in the capital of FGR;
- (b) the exercise price payable to exercise your Options by the Expiry Date is \$0.10 per Option;
- (c) if you fail to exercise your Options prior to the Expiry Date, those Options will lapse and you shall have no further right or entitlement to those Options;
- (d) quotation of the Options on the Australian Securities Exchange (**ASX**) will end at close of trading on Tuesday, 16 May 2017;
- (e) the last available closing price of the listed shares in FGR prior to the date of this letter was \$0.093;
- (f) the last available closing price of the Options prior to the date of this letter was \$0.006;
- (g) the highest and lowest market sale price of FGR shares on ASX during the 3 months immediately preceding the date of this letter and the respective dates of those sales were:
  - Highest: \$0.14 on 27 January 2017;
  - Lowest: \$0.09 on 4 April 2017;
- (h) the highest and lowest market sale price of Options on ASX during the 3 months immediately preceding the date of this letter and the respective dates of those sales were:





first graphite

Highest: \$0.045 on 23 January 2017;

Lowest: \$0.003 on 12 April 2017;

- (i) you can exercise all or part of your Options prior to the Expiry Date by providing to the Company your completed written exercise notice specifying the number of Options being exercised (**Exercise Notice**) (as attached to this letter) and a payment of funds for the total exercise price for the number of Options being exercised. The Exercise Notice will only be effective when the Company has received the full amount of the exercise price.

**Instructions regarding the methods of payment are included in the enclosed option exercise notification.**

If you have any questions in relation to any of the above, please contact Peter Youd on +61 1300 660 448.

Regards

**Peter R. Youd**  
**Executive Director, Chief Financial Officer**  
**& Company Secretary**  
**FIRST GRAPHITE LIMITED**

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

SRN/HIN: <SRN/HIN>

ASX Code: FGROB

Number of Options held: <Number>

Option Expiry Date: 21 May 2017

Exercise Price: \$0.10

## NOTICE OF EXERCISE OF OPTIONS EXPIRES AT 5.00PM (AEST) 21 MAY 2017

**Please complete below**

I/we hereby exercise the following number of options and make payment in Australian currency for the amount payable. Please allot me/us Ordinary Shares calculated on the basis of one Ordinary Share for every one Option which I/we exercise.

I/We agree to accept such Shares subject to the Constitution of First Graphite Limited.

**1 Number of Options Exercised**  
(Enter all or part of FGROB Options)

--	--	--	--

**2 Total Payment Required**  
Payment Amount (A\$0.10 per FGROB Options exercised)

--	--	--	--	--	--	--	--

**3 Payment Option 1 – payment by BPAY**

Contact your participating institution and make the payment via BPAY. You should also check the processing cut off time for BPAY transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.



**Bill Code: 879478**  
**Ref: <BPAYCRN>**

**Telephone & Internet Banking – BPAY®**  
Contact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction account. More info: [www.bpay.com.au](http://www.bpay.com.au)

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.

**4 Payment Option 2 – payment by Cheque**

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **First Graphite Limited** crossed "Not Negotiable" and forwarded to Automic to arrive no later than the Closing Date.

<i>Cheque Number</i>	<i>BSB</i>	-	<i>Account Number</i>

**5 Contact Details**

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

<b>Contact Name</b>	<b>Email Address*</b>	<b>Telephone Number</b>
---------------------	-----------------------	-------------------------

*\*By providing your email address, you elect to receive all communications dispatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.*

## SCHEDULE 1 – TERMS AND CONDITIONS OF NEW OPTIONS AND DIRECTOR OPTIONS

The New Options will be granted on the terms set out below:

(a) Each Option entitles the holder to subscribe for one Share in the Company at an exercise price of 10 cents (Exercise Price).

(b) The Options will expire at 5:00 pm (AEST) on 21 May 2017 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The Company will apply for quotation of Options on ASX within 7 days after the date of the prospectus. If ASX does not grant official quotation of the Shares and Options within 3 months after the date of the Prospectus, the Company will not issue any Options.

(d) There is no obligation to exercise the Options.

(e) The Options may be exercised in whole or in part, and if exercised in part, multiples of 500 Options must be exercised on each occasion. Where less than 500 Options are held, all Options must be exercised together.

(f) A holder of Options may exercise its Options by lodging with the Company Secretary at the Company's registered office, before the Expiry Date:

(i) A written notice of exercise of Options specifying the number of Options being exercised (Exercise Notice); and

(ii) A cheque or electronic funds transfer for the total Exercise Price for the number of Options being exercised.

(g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the appropriate Exercise Price, the Company will allot the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.

(i) The Options are freely transferable.

(j) All Shares issued upon the exercise of Options will be fully paid and will rank *pari passu* in all respects with other issued Shares. The rights and liabilities attaching to the Shares issued upon exercise of the Options are set out above.

(k) The Company will apply for Official Quotation by ASX of the Shares issued upon exercise of Options within 10 Business Days of issue of the Shares.

(l) If the Company offers Shares by way of a pro rata issue (except a bonus issue) to the holders of Shares (whether renounceable or non-renounceable), the exercise price of a Options may be reduced in accordance with the formula set out in Listing Rule 6.22.2.

(m) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the holder would have received under the bonus issue if the Option had been exercised before the record date for the bonus issue.

(n) In the event of any reorganisation (including a consolidation, sub-division, reduction, cancellation or return) of the issued capital of the Company, the rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(o) Options do not entitle the holder to:

(i) participate in a new issue of Shares or other Securities;

(ii) receive dividends; or

(iii) attend, or vote at, meetings of the Company, without first exercising the Option.

(p) Other than as set out above, an Option does not confer the right to a change in the Exercise Price or a change in the number of underlying Securities over which the Option can be exercised.