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23 May 2017

Ms Dawn James
Adviser, Listing Compliance
Australian Securities Exchange
20 Bridge Street

Sydney NSW 2000

Email: dawn.james@asx.com.au

Dear Ms James

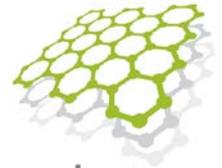
Thank you for your letter of 19 May 2017, the contents of which are noted.

May I first state the experienced board of First Graphite Limited ("FGR") are aware of all the Listing Rule requirements, particularly LR 3.1, and the obligations they impose.

1. Once the Information was verified, as set out in Item 4 below, Yes.
2. N/A
3. Monday 15 May 2017. Please refer to Item 4 for the full chronology of events.
4. As you have stated the date stamp on two of the photographs included in the release shows they were taken on Friday, 12 May 2017. This photograph was taken underground at Shaft H on the Friday afternoon. This photograph was not available to the management or board of FGR until Monday 15 May 2017.

As you have stated the photographs showed "graphite ore being extracted". In the Company's March quarterly release on 30 April 2017 the Company had disclosed "Small quantities of the vein have been extracted and stored on surface." However, the nature of the veins in Sri Lanka is that they will boudinage. Accordingly, to ensure the materiality of the Information, it was prudent for the board to verify that the photographs were not of a vein which pinched out and did not continue. The necessary verification activities were undertaken and the board was sufficiently satisfied as to the nature of the vein by Wednesday 17 May 2017, being the date the announcement was made.





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5. FGR is in compliance with all Listing Rules, and in particular LR 31.

6. This response has been authorised and approved by the Company's board of directors.

Regards

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



19 May 2017

Mr Peter Youd
Company Secretary
First Graphite Limited
Suite 3, 9 Hampden Road
NEDLANDS WA 6009

By email:

Dear Mr Youd

First Graphite Limited (“<FGR”): aware query

ASX Limited (“ASX”) refers to the following.

- A. FGR’s announcement entitled “Operations Update” lodged on the ASX Market Announcements Platform and released at 10:12 am AEST on 17 May 2017 (the “Announcement”), disclosing the delivery of the first vein graphite product to the surface from the mines being developed in Sri Lanka.
- B. The photographs in page 2 and page 3 of the Announcement labelled “Shaft H vein graphite ore being extracted” and “Graphite vein in Shaft H level drive being mined” which are both date stamped 12 May 2017.
- C. Listing Rule 3.1, which 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.
- D. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity”

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks FGR to respond separately to each of the following questions and requests for information:

1. Does FGR consider the information in the Announcement ("Information") to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did FGR first become aware of the Information?
4. If the answer to question 1 is "yes" and FGR first became aware of the Information before 17 May 2017, did FGR make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why the Information was not released to the market at an earlier time, commenting specifically on when you believe FGR was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps FGR took to ensure that the Information was released promptly and without delay.
5. Please confirm that FGR is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that FGR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FGR with delegated authority from the board to respond to ASX on disclosure matters.

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 not later than 3.00 p.m. WST on 23 May 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in FGR'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, FGR'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 to me by e-mail at dawn.james@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 Rules 3.1 and 3.1A

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

It should be noted that FGR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FGR'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]

Dawn James
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E: dawn.james@asx.com.au