

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

First Graphite Limited

ABN

50 007 870 760

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Options (New Options) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 46,720,155 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.</p> <p>The New Options will be exercisable at:</p> <p>(a) \$0.15 each, if exercised on or before 8 August 2019;</p> <p>(b) \$0.20 each, if exercised after 8 August 2019 but on or before 8 August 2020; and</p> <p>(c) \$0.25 each, if exercised after 8 August 2020 but on or before 8 August 2021.</p> |

+ See chapter 19 for defined terms.

Each New Option will expire at 5:00 pm (WST) on the date which is 4 years from 8 August 2017 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

No New Options have been exercised as at the date of this Appendix 3B.

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment

the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

The New Options do not rank equally with an exiting class of quoted securities. The Company intends on applying for quotation of the New Options in accordance with the Rights Issue.

Shares issued on conversion of the New Options will rank equally in all respects with other shares then on issue.

5 Issue price or consideration

\$0.01 per New Option

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

Non-renounceable entitlement issue (**Entitlement Issue**) pursuant to Prospectus dated 10 November 2017

6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?

No

If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i

6b The date the security holder resolution under rule 7.1A was passed

N/A

6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	46,720,155
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 2,061,836 7.1A – N/A
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	7 December 2017

+ See chapter 19 for defined terms.

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Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
373,761,237	Ordinary Shares
46,720,155	New Options exercisable at: (a) \$0.15 each, if exercised on or before 8 August 2019; (b) \$0.20 each, if exercised after 8 August 2019 but on or before 8 August 2020; and (c) \$0.25 each, if exercised after 8 August 2020 but on or before 8 August 2021.

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Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)

Number	+Class
250,000	Unquoted Class A Options exercisable at \$0.10 on or before 5:00 pm (AEST) on 11 January 2019
250,000	Unquoted Class B Options exercisable at \$0.15 on or before 5:00 pm (AEST) on 11 January 2019
9,500,000	Unquoted New Options exercisable at: (a) \$0.15 each, if exercised on or before 8 August 2019; (b) \$0.20 each, if exercised after 8 August 2019 but on or before 8 August 2020; and (c) \$0.25 each, if exercised after 8 August 2020 but on or before 8 August 2021.

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Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1:8 (1 New Option for every 8 Shares held by eligible shareholders at the record date)
14	+Class of +securities to which the offer relates	New Options
15	+Record date to determine entitlements	16 November 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Hong Kong, Malaysia, Monaco, Mongolia, Netherlands, Singapore, Sri Lanka, Thailand, United Arab Emirates, United Kingdom, United States, Virgin Islands, British.
19	Closing date for receipt of acceptances or renunciations	30 November 2017

+ See chapter 19 for defined terms.

20	Names of any underwriters	Far East Capital Limited (ACN 068 838 193) (AFSL 253003).
21	Amount of any underwriting fee or commission	Fee of 6% of the amount raised through the New Options to be issued under the Entitlement Issue being \$28,032.
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	21 November 2017
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	13 November 2017
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A

33 ⁺Issue date 7 December 2017

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

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39 +Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Director and Company secretary)

Print name:

Peter Richard Youd

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Date: 13 November 2017

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	307,456,407
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <p>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</p> <ul style="list-style-type: none"> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ol style="list-style-type: none"> 1. 18,182 Shares (Exception 4): Appendix 3B dated 13 December 2016 2. 1,518,181 Shares (Exception 4): Appendix 3B dated 10 March 2017 3. 1,797,038 Shares (Exception 4): Appendix 3B dated 17 May 2017 4. 21,122,429 Shares (Exception 4): Appendix 3B dated 29 May 2017 5. 3,000,000 Shares (Exception 4): Appendix 3B dated 9 October 2017 6. 4,500,000 Shares (Exception 4): Appendix 3B dated 31 October 2017
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	339,412,237

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	50,911,836
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>32,000,000 Shares – Appendix 3B dated 6 February 2017</p> <p>5,000,000 listed Options – Appendix 3B dated 6 February 2017</p> <p>350,000 Shares – Appendix 3B dated 6 February 2017</p> <p>2,000,000 Shares – Appendix 3B dated 8 August 2017</p> <p>7,500,000 New Options - Appendix 3B dated 8 August 2017</p> <p>2,000,000 New Options - Appendix 3B dated 31 October 2017</p>
“C”	48,850,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	50,911,836
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	48,850,000
Total [“A” x 0.15] – “C”	2,061,836 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A – the Company has not obtained shareholder approval under ASX Listing Rule 7.1A in respect of additional placement capacity.
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
<p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total ["A" x 0.10] – "E"</p>	<p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.