

11th October 2021

September Quarterly Activities Report

Advanced materials company First Graphene Limited (ASX: FGR, "First Graphene" or "the Company") is pleased to provide this update on its financial and operational performance for the quarter ended 30th September 2021.

HIGHLIGHTS

- **Record quarterly PureGRAPH® sales builds on sales momentum created in Q4 2020-21**
- **Acquisition of hydrodynamic cavitation process patents from Kainos Innovation positions FGR to provide green energy alternatives, including green hydrogen, to oil and gas sector**
- **Managing Director Michael Bell appointed in July and commercial team expands**
- **PureGRAPH® product range increases including second masterbatch formulation that extends potential applications**
- **Financials strengthened**

Continued commercial momentum

Record quarterly revenue

First Graphene achieved record PureGRAPH® revenue in Q1, the Company's best PureGRAPH® sales quarter. This equates to almost 40% of last financial year's total revenue, delivered in the first quarter alone and a growth of 138% in comparison to the same period last financial year.

PureGRAPH® demand came from existing early adopters and was further supplemented by developer client purchases in solar thermal and thermally conductive thermoplastics, anti-static coatings, electrically conductive/sensory fabric coatings, rubber and tyres, and audiophile noise suppression applications.

While the company continues to work from a modest revenue base, growth signs are promising with a strong pipeline of demand, augmented by new appointments to the Company's Commercial Team.

Managing Director Michael Bell said:

"Results from Q4 FY21 and Q1 FY22 indicate we are making positive progress with our

commercial strategy as our new commercial managers begin to get traction."

"Coupled with continued investor confidence and cash flow, along with a sharp reduction in costs, the Company is well positioned at the end of Q1."

newGen Group extends commitment

First Graphene successfully executed a Deed of Variation with West Australian customer newGen Group in September, increasing the supply volume of PureGRAPH® to 4800kg over three years. The variation is worth between \$1.2 million and \$1.44 million AUD in revenue to the Company over the term.

Providing protective mining wear liners and elastomeric coatings, newGen has successfully launched its ArmourGRAPH products to the mining industry, providing graphene-enhanced traditional applications. The variation sets a structured glide path for growth for both Companies and builds on the success of ArmourGRAPH-based products in newGen's arsenal of wear protection and lining solutions.



GtM distribution agreement signed

In July the Company signed an exclusive distribution agreement with New Zealand-based GtM Action Ltd (GtM) to develop commercial opportunities for PureGRAPH® technology in the concrete sector. The term of the contract is four years with an option to extend for two. The agreement additionally gives GtM non-exclusive rights to sell PureGRAPH® to other sectors within the New Zealand market.

First Graphene's deal with GtM was struck after research conducted by the Company and independent testing organisations showed introducing the Company's PureGRAPH® into concrete can lead to a 34% and 27% increase in compressive and tensile strength of concrete products respectively.

Gerdau distribution agreement signed

A two-year agreement signed with Gerdau Grafeno Ltda. in August has opened up distribution opportunities for the Company's PureGRAPH® products and associated application development to expand in the Americas.

The non-exclusive distribution rights agreement will see the companies collaboratively introduce graphene materials into Americas markets, adding commercialisation opportunities for FGR's products in the industry-heavy continent.

Innovative development of new technology

Patents to hydrocarbon conversion technology acquired

First Graphene was pleased to announce its acquisition of patents to hydrocarbon conversion technology from Kainos Innovation Limited in October. The part cash, part stock acquisition sees the Company take ownership of the US-issued patents to the technology, which converts petroleum feedstock into battery grade graphite, graphene and green hydrogen in a one-step process.

The announcement followed the Company's July release of a whitepaper and animation presentation confirming how the technology can effectively produce graphite materials and green hydrogen. This came off the back of research conducted in by the Graphene Engineering and Innovation Centre in Manchester, England.

Graphite materials produced from the process are on the rise for their use in battery anodes and coated cathodes, with market research showing the lithium-ion battery anode market is estimated to be worth US\$21 billion by 2026.



Robust testing method busts fake graphene

A scientific paper published by the Australian Research Council's Graphene Research Hub (ARC Hub) in late July describes a robust analytical process to detect counterfeit graphene materials. Highly relevant to the graphene industry, the paper found thermogravimetric testing could detect impurities in graphene, meaning end users can be confident they are being supplied with high quality graphene platelets.

Managing Director and commercial team recruitment

Expanding team

In July the Company appointed Michael Bell to the position of Managing Director after leading its commercialisation strategy since January 2021.

Under Mr Bell's leadership and in line with the Company's strategy to grow volumes across its five primary strategic verticals, First Graphene has appointed a further two industry experts that round out the Commercial Team. The appointments complete targeted team structure and size.

New commercial managers



Shoaib Qureshi

Commercial Manager – Coatings & Inks

- More than 20 years' experience in marketing, business management, product management and technical experience in specialty chemical and related industries.
- Held leadership positions including board member of Plascoat Systems Limited.
- Previous roles include product manager at Axalta Coating Systems and global business development manager at BASF's performance chemical division.



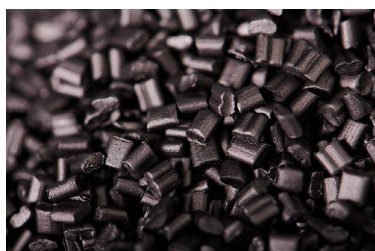
Peter Osborne

Commercial Manager – Rubbers & Elastomers

- Almost 30 years technical and commercial experience across small and large businesses in the chemical industry.
- Held leadership positions at Wanhua Borsodchem, Notedome Ltd and Axalta Coating Systems.
- Previous roles include business development manager at companies above, account manager at Huntsman and product manager at Baxenden.

New products launched to extend range

In September the Company launched PureGRAPH® MB-EVA – a second masterbatch formulation designed to fit into existing production lines for ease of use and faster adoption of graphene solutions.



PureGRAPH® MB-EVA is a graphene enhanced Ethylene-Vinyl Acetate (VA) copolymer masterbatch, utilising First Graphene's few-layer, high-performing PureGRAPH® additives.

The formulation extends First Graphene's masterbatch product range, increasing the potential applications to elastomers such as rubber systems, bitumen admixtures and plastics, as well as with thermoplastics.



PureGRAPH® MB-EVA complements First Graphene's range of powder additives, PureGRAPH® AQUA and the recently released LDPE masterbatch. Custom PureGRAPH® masterbatch options are also now available on request in a range of polymer options

Continued delivery on financial fundamentals

The Company continues to build on its new financial discipline through:

- **Increased sales:** Best PureGRAPH® sales quarter in the Company's history, 40% of last financial year's total revenue delivered in Q1
- **Increased cash inflow:** Continued investor confidence with nearly A\$1.7m of cash received through options being converted across July and August 2021
- **Reduced Costs:** Sharp focus on cost reduction with Q1 2022 marking a 15% reduction in operating costs compared to its average spend in 2021.

The above further cements the company's strategy of maximizing shareholder value through prioritising sales opportunities and reducing its cash-burn rate.

ASX ANNOUNCEMENT

List of recent significant announcements

Date & Time	Announcement Title
6 Oct 2021	<u>Date of AGM and Closing date for Director nominations</u>
5 Oct 2021	<u>FGR acquires green hydrogen cavitation patents</u>
21 Sep 2021	<u>FGR launches new masterbatch PureGRAPH MB-EVA</u>
3 Sep 2021	<u>newGen Group increases PureGRAPH forecast orders</u>
31 Aug 2021	<u>Preliminary Final Report</u>
5 Aug 2021	<u>FGR signs Distribution Agreement with Gerdau Graphene</u>
2 Aug 2021	<u>ARC Hub develops test protocol confirming pristine PureGRAPH</u>
7 Jul 2021	<u>Notice of Expiry to Option Holders</u>
5 Jul 2021	<u>FGR Appoints Managing Director</u>
2 Jul 2021	<u>FGR Distribution Agreement with GtM Action</u>
1 Jul 2021	<u>FGR Cavitation White Paper</u>

ASX ANNOUNCEMENT



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About First Graphene Ltd (ASX: FGR)

First Graphene Ltd. is the leading supplier of high-performing, graphene products. The company has a robust manufacturing platform based upon captive supply of high-purity raw materials and an established 100 tonne/year graphene production capacity. Commercial applications are now being progressed in composites, elastomers, fire retardancy, construction and energy storage.

First Graphene Ltd. is publicly listed in Australia (ASX:FGR) and has a primary manufacturing base in Henderson, near Perth, WA. The company is incorporated in the UK as First Graphene (UK) Ltd. and is a Tier 1 partner at the Graphene Engineering and Innovation Centre (GEIC), Manchester, UK.

PureGRAPH® Range of Products

PureGRAPH® graphene powders and **PureGRAPH® AQUA** pastes with lateral platelet sizes of 50µm, 20µm, 10µm and 5µm, as well as **PureGRAPH® MB-LDPE 20-30** and **PureGRAPH® MB-LDPE EVA** masterbatches for thermoplastics, are available in tonnage volumes. The products are high performing additives, characterised by their high quality and ease of use.

First Graphene Limited

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Trading Symbols

Australia: FGR

Frankfurt: FSE:M11

USA OTCQB: FGPHF

With authority of the board, this announcement has been authorised for release by Aditya Asthana, Chief Financial Officer and Company Secretary.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

First Graphene Limited

ABN

50 007 870 760

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	95	95
1.2 Payments for		
(a) research and development	(494)	(494)
(b) product manufacturing and operating costs	(576)	(576)
(c) advertising and marketing	(61)	(61)
(d) leased assets	-	-
(e) staff costs	(478)	(478)
(f) administration and corporate costs	(355)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	224	224
1.8 Other (provide details if material)	(38)	(38)
1.9 Net cash from / (used in) operating activities	(1,686)	(1,686)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(25)	(25)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(25)	(25)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	1,680	1,680
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
- reduction in lease liability		
- Cash received from third parties	-	-
3.1 Net cash from / (used in) financing activities	1,680	1,680

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,077	7,077
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,686)	(1,686)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	(25)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,680	1,680
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	7,046	7,046

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,046	7,077
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,046	7,077

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	351
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payment of executive Director salaries and consulting fees.</p>	

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	-	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,686)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,046
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	7,046
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 11th October 2021

Authorised by: With authority of the board, this announcement has been authorised for release, by

Aditya Asthana
Chief Financial Officer and Company Secretary

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's

Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.