

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.

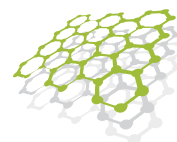
ASX ANNOUNCEMENT



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



first graphene

The world's leading graphene company

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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.

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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.