



FIRSTGRAPHENE

World leading materials technology | **ASX:FGR**

FIRST GRAPHENE LIMITED

ABN 50 007 870 760

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

First Graphene Limited ABN 50 007 870 760
ASX Half-year information – 31 December 2023

Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 30 June 2023 Annual Report

First Graphene Limited
For the half-year ended 31 December 2023

Results for announcement to the market

Revenue from ordinary activities	Up	10%	\$ 335,223
Loss from continuing ordinary activities after tax attributable to members	Up	1%	3,725,330
Net loss for the period attributable to members	Up	1%	3,761,033
Dividends			
No dividends have been paid or declared during the period			

	31 December 2023	31 December 2022
	Cents	Cents
Net tangible asset backing per share	1.20	1.31

Explanation of results

Half Year ended 31 December	2023	2022	Variance
	A\$000	A\$000	%
Sales Revenue	335	304	● 10%
Operating Profit / (Loss)	(2,538)	(2,577)	● 2%
Operating Cashflow	(1,376)	(2,044)	● 33%

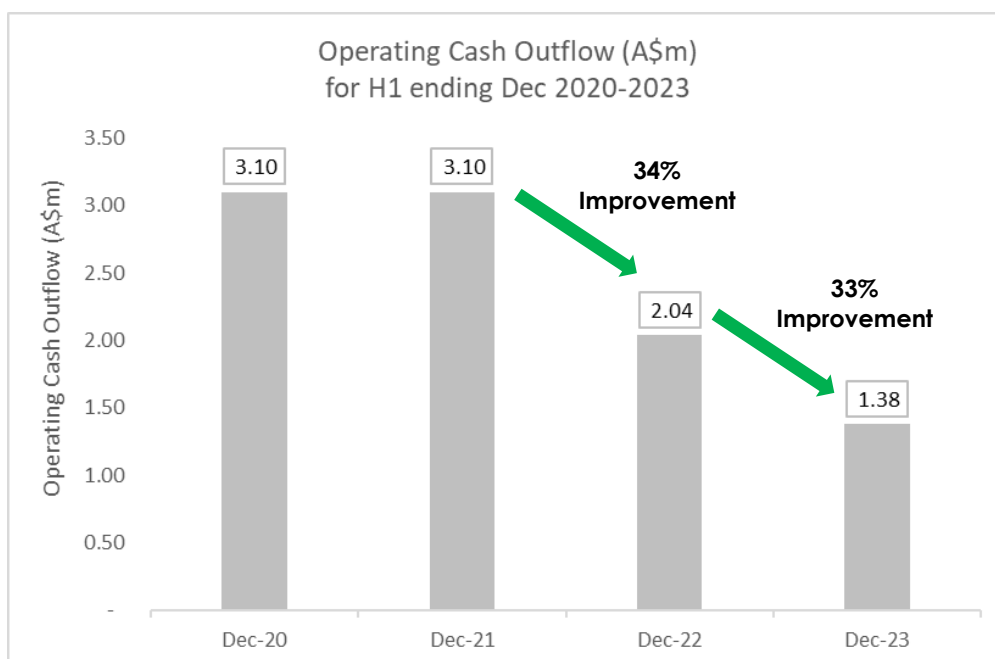
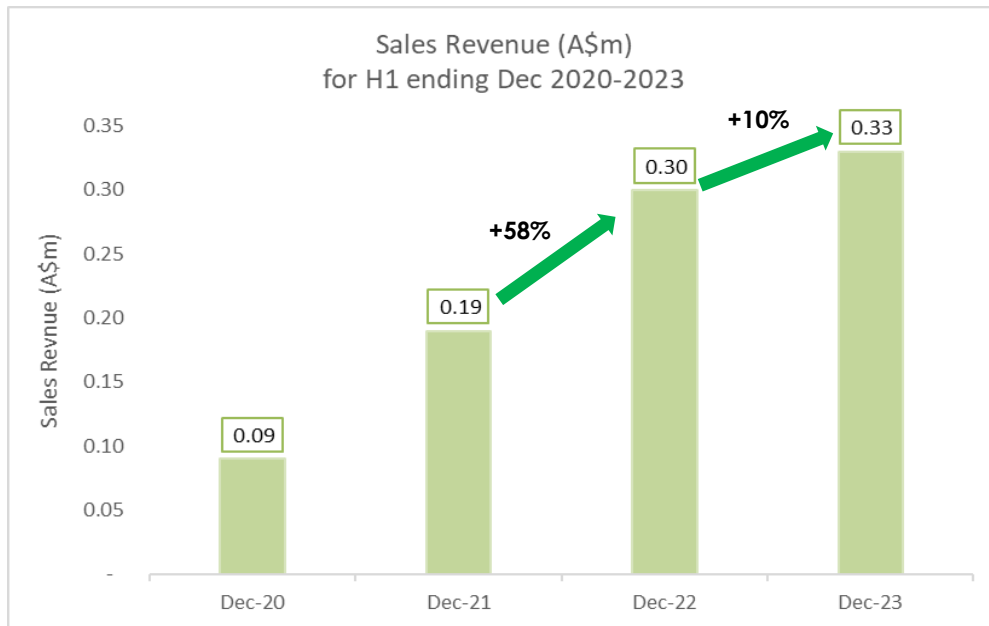
During the first half of the period ending 31 December 2023, First Graphene experienced a **10% increase in revenue** on the same half the previous year. Despite the modest increase this was another record first half sales performance for the Company. The growth in sales is attributed predominantly to the company's application development work in energy generation and cement and the concrete segment. This was further supported by the continued growth in demand for graphene enhanced swimming pools through Aquatic Leisure Technologies.

The Net loss for the half was AUD 3.7m, which includes non-cash expenses for share issuance costs for the prior capital raise in 2021 (AUD 0.9m) and share based payments (AUD 0.3m). Excluding these non-cash accounting expenses the Company's Operating loss is AUD 2.5m which is broadly in-line with last year. Key items the company expects to realise in second half of FY 2024 are the R&D tax credits for approximately AUD 0.8m, of which AUD 0.6m has already been received in January 2024.

Whilst the Company continues to deliver its commercialisation strategy, it continues to optimise is operational expenditure. This has resulted in a **33% improvement in operating cash outflow**. The company continues to implement cost optimisation strategies to effectively counter the inflationary pressures in the market. These include reduction in storage costs, improving its manufacturing processes and continued investment in non-cash incentives for its employees.

Furthermore, the company successfully raised circa AUD 3 million through its strong investor base utilising a securities purchase plan, further emphasizing the confidence the shareholders have in the company's strategy and strong growth potential.

Revenue and Cashflow Trend



DIRECTOR'S REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of First Graphene Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The following persons were Directors of First Graphene Limited during the half-year and up to the date of this report:

- Warwick Robert Grigor
- Michael Bell
- Michael Quinert
- Dr Andy Goodwin

OVERVIEW

The first half of FY2024 saw a significant expansion in global use of First Graphene's leading PureGRAPH® product, with multiple agreements secured with leading partners and agencies around the world. This escalation in requests has reaffirmed the Company's position as a world leader in the manufacture and commercialisation of graphene.

Financially, the Company started strong in FY2024 with a bolstered order pipeline, receipt of research funding from the Cooperative Research Centres Project (CRC-P) and a successful Share Purchase Plan which raised more than AUD\$2.9 million. This funding will be used to accelerate First Graphene's ongoing commercial work in the cement and concrete segment.

Importantly, extensive research and development (R&D) activities continued as various industries look for graphene-enhanced alternatives to increase material performance. Results from this research provided further confidence in the wide range of potential opportunities for the Company's product, beyond the four primary segments.

International demand for alternative, 'green' technologies continues to rise, reinforcing First Graphene's strong position as a leader in the development and delivery of graphene-enhanced materials. With ongoing support from industry, global universities and customers across a variety of industries, First Graphene's products will continue to evolve into high-performing, market-ready solutions.

Some key highlights include:

- Specialty concrete products developed with commercial partners:
 - Positive results from second stage of world-leading graphene-enhanced cement trials with Breedon Cement Ltd (United Kingdom)
 - Graphene-enhanced sand tested for commercial use with GtM Action (New Zealand)
 - Expansion of PureGRAPH® into Asia as trials began with one of Thailand's largest cement producers (Thailand)
- Successful registration of PureGRAPH-CEM® trademark in Australia and European Union,

DIRECTOR'S REPORT

with registration process underway in United States

- Joint Development Agreement (JDA) signed with Australian company Tribotech to develop graphene-enhanced conveyor rollers for the mining industry
- Memorandum of Understanding (MOU) signed with Abu Dhabi-based EMDAD Group to create a hydrodynamic cavitation reactor to convert petroleum feedstock from oil producers to battery-grade graphite, graphene, and hydrogen
- Funding boost received via CRC-P research grant and successful Share Purchase Plan
- Extensive research conducted into graphene functionality and effectiveness in a wide variety of applications

Products under development or using PureGRAPH®

Cement and Concrete

- Cement additives for reduction of carbon emissions and increased strength
- Enhanced sand for mixing in concrete solutions
- Shotcrete and heavy wear concrete slabs
- Improved additives for both reducing CO₂ emissions in the cement production process and improving overall durability of concrete

Composites and Plastics

- Polymer solar thermal cells
- Advanced fiberglass swimming pools
- Unique heating devices that can be retrofitted to existing gas-fired heating units to greater efficiency and reductions in nitrous oxide and carbon emissions

Coatings, Adhesives, Sealants, Elastomers (CASE) and Foams

- Electrostatic dissipative coatings
- Sporting apparel and footwear
- Noise and vibration dampening foams

Energy Generation and Storage

- Supercapacitors technology using metal oxide decorated products that improve on activated carbon
- Catalysts for cathode oxygen reduction in fuels cells, being cheaper alternatives to platinum
- Hydrodynamic cavitation technology for converting petroleum feedstock to synthetic graphite/graphene and clean hydrogen
- Perovskite solar cells for enhanced transfer of heat and durability

Cement and Concrete

To signify the world-leading qualities of the Company's products and the advancements made in the cement industry, First Graphene successfully registered PureGRAPH-CEM® in Australia and the European Union, with work underway to trademark the name in the United States. This protection of the Company's leading product in the growing green cement industry reinforces First Graphene's commitment to both carbon emission reducing practices and

DIRECTOR'S REPORT

commercialisation of PureGRAPH-CEM®.

Ongoing collaboration with the United Kingdom's largest cement producer, Breedon Cement Ltd ("Breedon"), continues under the Joint Development and Commercialisation Agreement. First Graphene received further results from the second phase of graphene-enhanced cement trials conducted with Breedon, Morgan Sindall and the University of Manchester, which found CEM II A-L cement performed as well as a slab made with a higher specification CEM I cement.

This follows the first stage of the trials delivering an immediate 15% reduction in carbon emissions as a result of lower clinker factors, as well as early-stage strength gain. Additional trials have been planned with Breedon to optimise the graphene-enhanced grinding aid to further improve the performance of this advanced cement.

First Graphene also received results from the world-first practical trial of graphene sand, conducted with New Zealand partner, GtM Action ("GtM"). Used to create fire retardant concrete panels, two tonnes of graphene sand were used to determine if the mixed blend improved dispersion of graphene. Initial results found the concrete poured and handled well and enhanced cement strength, providing confidence the process is scalable.

First Graphene also extended the Company's reach into the Asian market by collaborating with Siam City Cement Public Company Limited ("Siam City Cement") to trial graphene-enhanced cement for its applications. Siam City Cement is one of Thailand's largest cement companies and is focused on accelerating emission reduction in its processes. This was a significant commercialisation development for First Graphene, bolstering global awareness of PureGRAPH® and its qualities as a material enhancer.

Energy Technology

Work to implement graphene into energy technologies of the future has rapidly expanded during the half, with a landmark Memorandum of Understanding (MOU) signed between First Graphene and Abu Dhabi-based EMDAD Group (EMDAD). This agreement will see the Company's Kainos Technology used in the design, build, and commission of a small-scale, mobile hydrodynamic cavitation reactor which will convert petroleum feedstock from oil producers to battery-grade graphite, graphene, and hydrogen.

The MOU will be supported by research conducted at the National Physical Laboratory (NPL) in the UK to validate the cavitation process and optimize conditions. The Company is actively looking to further this collaboration with the NPL, with the research opportunities anticipated to further the performance of First Graphene's products.

First Graphene also conducted further research into graphene-enhanced electrocatalysts, which could pave the way for the Company's products to provide a high-performing, cost-effective solution for the hydrogen production catalyst market. This research found PureGRAPH®-enhanced electrocatalysts can reduce the amount of power consumption during hydrogen generation by almost half, as well as increase throughput by 64% and reduce raw material costs by 50%.

DIRECTOR'S REPORT

First Graphene was also a joint recipient of a R&D grant of A\$2.03 million for a three-year collaborative project led by Australian solar panel manufacturer Greatcell Energy. The Cooperative Research Centres Project (CRC-P) Round 14 funding will assist with the commercialisation of ultra-low cost, flexible perovskite solar cell fabrication using First Graphene's PureGRAPH®. This research could provide a more affordable energy solution for housing and businesses across the world.

Composites and Plastics

First Graphene has continued collaborative efforts with UK-based Senergy Innovations to develop thermally conductive polymer composites to combat challenges faced in the solar thermal industry. These difficulties include low conductivity and temperature tolerance in traditional polymers. The graphene-enhanced solution from First Graphene and Senergy has improved heat transfer efficiencies and can be successfully molded into complex shapes while maintaining functional properties including strength.

First Graphene also signed a Joint Development Agreement (JDA) with Australian manufacturer Tribotech to create graphene-enhanced composite conveyor rollers for mining operations. The two-year agreement will aim to increase the durability of the existing range of rollers, extend service life and reduce waste from the process. This is a major milestone for First Graphene's commercialisation strategy as it expands into Western Australia's world-leading iron ore mining and processing industry.

Coatings, Adhesives, Sealants, Elastomers (CASE) and Foams

First Graphene continued to engage with existing clients and partners to progress graphene-enhanced solutions for Electrostatic Discharge Flooring (ESD), Cold Cure Ceramics, bearing lubrication, footwear and anti-corrosion coatings. Significant improvements were made to optimise ESD coating applications, with a prototype system developed which passes International Electrostatics Standards on a laboratory scale. The Company has also finalised plans for larger scale trials of PureGRAPH® 10 in rubber applications, with a specific focus on improving tear strength when graphene is added.

Other activities

First Graphene conducted two training sessions with international distribution partner Keyser and Mackay ("K&M") about graphene performance in coating applications and thermoplastics and loading recommendations.

This marked the beginning of a five-year agreement with the specialty chemicals company, who have exclusive rights to distribute PureGRAPH® into sectors across Europe, except cement and concrete. The engagement with K&M client base has already had early success at laboratory scale trials with many moving to larger scale commercial trials in the coming months.

DIRECTOR'S REPORT

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of Directors and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'mjbell', with a horizontal line underneath the 'b'.

Michael Bell

CEO & Managing Director

Perth, Western Australia, 23 February 2024

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY JACKSON WHEELER TO THE DIRECTORS OF FIRST GRAPHENE LIMITED

As lead auditor for the review of First Graphene Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of First Graphene Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J. Wheeler', is written over a horizontal line.

Jackson Wheeler

Director

BDO Audit (WA) Pty Ltd

Perth

23 February 2024

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2023

	Note	Half-Year	
		2023 \$	2022 \$
Continuing operations			
Revenue from contracts with customers		335,223	304,204
Cost of goods sold		(189,944)	(180,268)
Gross profit/(loss)		145,279	123,936
Other Operating income	2	105,717	268,911
Research & development	3(a)	(811,703)	(908,484)
Selling & marketing	3(b)	(164,630)	(291,476)
Mineral lease maintenance	3(c)	(60,320)	(56,987)
General & administrative	3(d)	(1,752,161)	(1,715,719)
Loss from continuing operations before tax expense and finance		(2,537,818)	(2,579,819)
Non-Operating Income / Expense			
Share Based Payment expense	11	(279,954)	(470,323)
Finance income		13,178	17,874
Finance expense	6	(920,736)	(668,005)
Loss from continuing operations before tax expense		(3,725,330)	(3,700,273)
Income tax benefit/(expense)		-	-
Loss after tax from continuing operations		(3,725,330)	(3,700,273)
Other comprehensive income			
<i>Items which may be reclassified to the profit or loss</i>			
Foreign currency translation difference on foreign operations		(35,703)	2,722
Total comprehensive loss for the period attributable to the owners of First Graphene Limited		(3,761,035)	(3,697,551)
Loss for the period attributable to:			
Owners of First Graphene Limited		(3,725,330)	(3,700,273)
Non-controlling interests		-	-
Total Loss for the period attributable to Owners of First Graphene Limited		(3,725,330)	(3,700,273)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2023

	<u>Note</u>	Half-Year	
		2023	2022
		\$	\$
Total comprehensive loss for the period attributable to:			
Owners of First Graphene Limited		(3,761,033)	(3,697,551)
Non-controlling interests		-	-
Total comprehensive loss for the period attributable to the owners of First Graphene Limited		(3,761,033)	(3,697,551)

Loss per share for the period attributable to the owners of First Graphene Limited:

Basic loss per share (cents per share)	(0.63)	(0.64)
Diluted loss per share (cents per share)	(0.63)	(0.64)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents		4,440,077	3,225,954
Inventories	4	1,560,291	1,759,014
Trade and other receivables		43,878	346,495
Other current assets	5	286,196	726,064
Total Current Assets		6,330,442	6,057,527
Non-Current Assets			
Property, plant, and equipment		2,234,304	2,479,526
Inventories	4	2,215,237	2,215,237
Intangible assets		148,454	151,701
Right of use asset		523,117	579,151
Other Assets		224,339	229,244
Total Non-Current Assets		5,345,451	5,654,859
Total Assets		11,675,893	11,712,386
Current Liabilities			
Trade and other payables		118,102	435,832
Lease liabilities		96,421	90,539
Employee liabilities		278,533	276,118
Financial liabilities	6	2,749,980	3,622,000
Total Current Liabilities		3,243,036	4,424,489
Non-Current Liabilities			
Lease Liabilities		389,706	440,117
Total Non-Current Liabilities		389,706	440,117
Total Liabilities		3,632,742	4,864,606
Net Assets		8,043,151	6,847,780
Equity			
Issued capital	7	111,273,047	106,378,130
Reserves		6,121,297	6,095,513
Accumulated losses		(109,536,980)	(105,811,650)
Capital and reserves attributable to the owners of First Graphene Limited		7,857,364	6,661,993
Non-controlling interest		185,787	185,787
Total Equity		8,043,151	6,847,780

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2023

	Issued capital	Share based payments reserve	Translation reserve	Other Reserve	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2023	106,378,130	6,171,889	590	(76,966)	(105,811,650)	185,787	6,847,780
Profit/(loss) for the period	-	-	-	-	(3,725,330)	-	(3,725,330)
Other Comprehensive income			(35,703)				(35,703)
Total comprehensive income for the period	-	-	(35,703)	-	(3,725,330)	-	(3,761,033)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued	4,684,936	-	-	-	-	-	4,684,936
Share issue costs	(8,487)	-	-	-	-	-	(8,487)
Transactions with non-controlling interest	-	-	-	-	-	-	-
Share based payment	218,468	61,487	-	-	-	-	279,955
Balance at 31 December 2023	111,273,047	6,233,376	(35,113)	(76,966)	(109,536,980)	185,787	8,043,151

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

	Issued capital	Share based payments reserve	Translation reserve	Other Reserve	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2022	102,845,906	5,931,862	(116,530)	(76,966)	(100,389,938)	185,787	8,380,121
Profit/(loss) for the period	-	-	-	-	(3,697,551)	-	(3,697,551)
Other comprehensive income	-	-	24,073	-	-	-	24,073
Total comprehensive income for the period	-	-	24,073	-	(3,697,551)	-	(3,673,478)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued	2,552,381	-	-	-	-	-	2,552,381
Share issue costs	(32,433)	-	-	-	-	-	(32,433)
Transactions with non-controlling interest	-	-	-	-	-	-	-
Share based payment	237,646	232,677	-	-	-	-	470,323
Balance at 31st December 2022	105,603,500	6,164,539	(92,457)	(76,966)	(104,087,488)	185,787	7,696,915

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2023

	Note	Half-Year	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		735,134	390,818
Payments to suppliers and employees		(2,199,796)	(2,449,393)
Interest received		13,178	17,874
Interest expense		(20,736)	(3,587)
Other income – R&D credit received		96,643	-
Net cash outflows from operating activities		(1,375,577)	(2,044,288)
Cash flows from investing activities			
Payments for property, plant, and equipment		-	(3,272)
Payments for intellectual property		-	(44,445)
Net cash outflows from investing activities		-	(47,717)
Cash flow from financing activities			
Proceeds from rights issue/ placement of shares		2,632,962	-
Payment for share issue costs		-	(32,433)
Reduction of leased liability		(44,529)	(98,060)
Net cash inflows/(outflows) from financing activities		2,588,433	(130,493)
Net Increase/(decrease) in cash and cash equivalents		1,212,856	(2,222,498)
Exchange rate adjustments		1,267	(2,387)
Cash and cash equivalents at beginning of the period		3,225,954	7,004,724
Cash at the end of the period		4,440,077	4,779,839

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

1. Basis of preparation of half-year financial statements

This interim consolidated financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim consolidated financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Statements of First Graphene Limited as at 30 June 2023 and any public announcements made by First Graphene Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

These interim financial statements were authorised for issue in accordance with a resolution of directors on 23 February 2024.

Accounting policies

New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new standards effective as of 1 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going Concern

For the period ended 31 December 2023 the entity recorded a loss of \$3,725,330 (2022:\$3,700,273) and had net cash outflows from operating activities of \$1,375,577 (2022:\$2,044,288).

The ability of the entity to continue as a going concern is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty which may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

Notes to the Consolidated Financial Statements

The entity expects to receive additional funds via the issue of equity securities to either existing or new shareholders; and

- In the event of further funds not being raised, the entity's activities would be wound back to a sustainable level.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts which differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities which might be necessary should the entity not continue as a going concern.

2. Other Income

	31 December 2023	31 December 2022
	\$	\$
Research & Development tax incentives	96,643	268,911
Other Operating Income	9,074	-
Total other income	105,717	268,911

Notes to the Consolidated Financial Statements

3. Operating Expenses

Operating Expenses	31 December 2023 \$	31 December 2022 \$
(a) Research & development expenses		
Employee expenses	345,261	320,727
Consultants and research programs	26,566	266,864
Legal and other professional fees	-	-
Depreciation	9,351	18,605
Amortisation	56,034	15,606
Other	374,491	286,682
	811,703	908,484
(b) Selling & marketing		
Employee expenses	83,872	211,845
Advertising & promotions	65,390	55,663
Depreciation	1,329	1,551
Other	14,039	22,417
	164,630	291,476
(c) Mining Lease maintenance		
Employee expenses	16,760	16,753
Depreciation	-	-
Amortisation	-	-
Other	43,560	40,234
	60,320	56,987
(d) General & administrative		
Employee expenses	806,731	802,339
Finance & company secretarial fees	9,255	28,346
Legal and other professional fees	252,931	196,956
ASX listing, share registry and other corporate costs	96,562	64,909
Depreciation	233,275	235,129
Amortisation	-	55,631
Other expenses	353,407	332,409
Total administrative expenses	1,752,161	1,715,719

Notes to the Consolidated Financial Statements

4. Inventory

	31 December 2023 \$	30 June 2023 \$
Raw materials	2,036,864	2,057,681
Finished goods	1,681,625	1,859,532
Work in progress	99,159	99,159
	3,817,648	4,016,371
Less: Provision for impairment	(42,120)	(42,120)
Carrying amount	3,775,528	3,974,251
<i>Disclosed as:</i>		
Current	1,560,291	1,759,014
Non-current	2,215,237	2,215,237
Total inventory	3,775,528	3,974,251

5. Other current assets

	31 December 2023 \$	30 June 2023 \$
Prepayments	286,196	726,064
Total other current assets	286,196	726,064

6. Financial liabilities

Accounting Policy

Convertible notes were issued by the Group which include embedded derivatives. Convertible notes are initially recognised as financial liabilities at fair value.

On initial recognition the fair value of the convertible notes equated to the proceeds received and subsequently the convertible note is measured at fair value. The movements are recognised in profit and loss as finance costs except to the extent the movement is attributed to changes in the group's own credit risk status in which case, it is recognised in Other Comprehensive Income.

Terms and Conditions

The Company entered into a Share Placement Agreement with Specialty Materials Investments, LLC (the Investor) on the 27th of May 2021.

- Total AUD amount that can be drawn down: \$8,000,000
- Initial deposit shares issued: 2,800,000 shares at \$0.235 per share
- Fee paid: 1,021,276 shares at \$0.235 per share
- Final AUD value of shares to be issued: \$8,480,000 ("subscription amount")

Notes to the Consolidated Financial Statements

- Other Terms:
- The final number of shares to be issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount. The Purchase Price will initially be equal to \$0.30 per share and will reset after 10 August 2021 to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, rounded down to the next half a cent if the share price is at below 50 cents and whole cent if the share price is at above 50 cents, with no discount applicable to this formula. To the extent that Placement Shares are issued after six months, or 12 months, the Investor will receive a discount of, respectively, 3% or 6% to the foregoing Purchase Price formula.
- The Purchase Price will be the subject of a Floor Price of \$0.16. If the Purchase Price formula were to result in a purchase price that is less than the Floor Price, the Company may refuse to issue shares and instead opt to repay the relevant subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Placement Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.
- The Company will issue the Placement Shares in relation to all or part of each of the above investments on the Investor's request, during the period ending 36 months after the date of the investment.
- The Company has retained the right (but has no obligation) to repay the subscription amount in cash in lieu of issuing shares by way of a repayment of the subscription amount together with the difference between the market price of the shares and the Purchase Price (if any) in relation to the shares that would otherwise have been issued.

	31 Dec 2023	30 Jun 2023
	\$	\$
Current		
Convertible liabilities - Share Placement Agreement	2,622,000	3,622,000
SPP shares to be issued January 2024	127,980	-
	<u>2,749,980</u>	<u>3,622,000</u>
Finance Expense		
Finance Cost -Share Placement Agreement	900,000	819,130
Interest – Right of use Asset	13,071	9,230
Finance costs - Other	7,665	-
Foreign Exchange loss/(gain) - unrealised	-	(25,156)
	<u>920,736</u>	<u>803,204</u>
Opening Balance at 1st Jul 23		3,622,000
20,000,000 Shares at an issue price of \$0.05 per Share on 06 Oct 2023		(1,000,000)
Closing Balance at 31st Dec 2023		2,622,000

Notes to the Consolidated Financial Statements

7. Issued capital

	31 December 2023 Number of Shares	30 June 2023 Number of Shares	31 December 2023 \$	30 June 2023 \$
Ordinary shares				
Issued and fully paid	656,951,723	590,205,277	111,273,047	106,378,130

	31 December 2023 Number of Shares	31 December 2022 Number of Shares	31 December 2023 \$	31 December 2022 \$
Movements in ordinary sharecapital				

At the beginning of the period	590,205,277	560,033,776	106,378,131	102,845,907
Shares issued to employees	3,231,821	1,996,896	218,467	237,646
Entitlement issue / SPP	43,514,625	-	2,784,936	-
Shares issued to third party	20,000,000	19,285,715	1,900,000	2,552,381
Share issue costs	-	-	(8,487)	(32,433)
	656,951,723	581,316,387	111,273,047	105,603,501

8. Dividends

No dividends have been paid or declared during the period. (2022:Nil)

Notes to the Consolidated Financial Statements

9. Earnings per share

	2023 A\$	2022 A\$
Loss attributable to the owners of First Graphene used in calculating basic and diluted loss per share	(3,761,033)	(3,697,551)
	Number of shares	Number of shares
Weighted average ordinary shares used in calculating basic and diluted earnings per share	601,514,306	574,383,912
Basic and diluted loss per share - cents per share	(0.63)	(0.64)

10. Options

(a) Share options

Unlisted share options

At the beginning of the period

Options issued

Options exercised during the period

Options expired

Total

	31 December 2023 Number	30 June 2023 Number
At the beginning of the period	15,000,000	15,000,000
Options issued	-	-
Options exercised during the period	-	-
Options expired	(15,000,000)	-
Total	-	15,000,000

(b) Performance rights

Unlisted performance rights

At the beginning of the period

Performance rights issued

Performance rights converted to shares

At the end of the period

	31 December 2023 Number	30 June 2023 Number
At the beginning of the period	1,745,888	60,000
Performance rights issued	4,116,974	3,682,784
Performance rights converted to shares	(3,231,821)	(1,996,896)
At the end of the period	2,631,041	1,745,888

Notes to the Consolidated Financial Statements

11. Share based payments

Incentive Award Plan & Performance Rights to Non-Executive Directors (NED)

Under the Company's Incentive Award Plan, Performance Rights (PR) are granted to employees following the release of the Company's full financial year results starting October 2022 till December 2024. The employees have an option to convert each right to a fully paid ordinary share in the company up to 2 years following the allocation. At the time of allotment of the PRs the Company recognises an employee expense, with a corresponding increase in reserves. When the employee chooses to convert the rights to ordinary shares the company recognises an increase in equity with a corresponding decrease in reserves previously recognised. Over the 6-month period ending 31 December 2023, the company has issued 4,116,974 PRs to employees and Key Management Personnel.

Performance rights issued to Employees & KMP

The following performance rights were granted to employees & KMP:

	Number of Performance Rights	Date of Grant	Share Price A\$	Vesting Date
Employees	1,889,983	11/09/2023	0.068	11/09/2023
KMP *	2,226,991	11/09/2023	0.068	11/09/2023
	4,116,974			

*These KMP rights have been converted to shares during the period.

- Michael Bell – 1,638,704
- Aditya Asthana – 588,287

Share based payment expense Summary

The Group recognised total share-based payment expenses as follows:

Half Year	2023	2022
Performance rights issued to employees	128,519	158,248
Performance rights issued to KMP	151,435	174,914
Options issued to directors	-	80,911
Performance rights issued to Non-Executive Directors	-	56,250
Total	279,954	470,323

Notes to the Consolidated Financial Statements

12. Segment reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports which are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The existing operating segments are identified by management based on the way the Group's operations were carried out during the financial year. Discrete financial information about each of these operating businesses is reported to the Board on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the asset base and revenue or income streams, as these are the sources of the Group's major risks and have the most effect on the rates of return. The Group's segment information for the current reporting period is reported based on the following segments:

Graphene production

As the Company expands its graphene production and inventory, the Board monitors the Company based on actual verses budgeted expenditure incurred.

Research and development

As the Company expands its research inhouse and in conjunction with third parties, the Board monitors the Company based on actual verses budgeted expenditure incurred.

Corporate services

This segment reflects the overheads associated with maintaining the ASX listed FGR corporate structure, identification of new assets and general management of an ASX listed entity.

Mining and exploration activities

Although the Company has suspended its mineral exploration and development in Sri Lanka, the Board monitors the Company based on actual verses budgeted exploration expenditure incurred.

Notes to the Consolidated Financial Statements

12. Segment reporting (continued)

Business Segment	Graphene Production		Research & Development		Corporate Services		Mining Asset Maintenance		Total	
	6 months to 31 December 2023 A\$	6 months to 31 December 2022 A\$	6 months to 31 December 2023 A\$	6 months to 31 December 2022 A\$	6 months to 31 December 2023 A\$	6 months to 31 December 2022 A\$	6 months to 31 December 2023 A\$	6 months to 31 December 2022 A\$	6 months to 31 December 2023 A\$	6 months to 31 December 2022 A\$
Revenue from external customers	138,974	304,204	196,249	-	-	-	-	-	335,223	304,204
Profit / (Loss) from Continuing operations	(471,053)	-	(615,454)	(639,694)	(1,390,991)	(1,883,138)	(60,322)	(56,987)	(2,537,820)	(2,579,819)
Depreciation expense	168,327	216,953	9,351	18,605	66,277	19,727	-	-	243,955	255,285
Amortisation expense	-	31,657	56,034	2,084	-	55,631	-	-	56,034	89,372

Business Segment	Graphene Production		Research & Development		Corporate Services		Mining Asset Maintenance		Total	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Segment assets	3,889,552	4,389,214	3,073,766	3,998,018	4,690,478	3,295,164	22,097	29,994	11,675,893	11,712,390
Segment liabilities	(174,210)	(174,210)	104,373	(345,398)	(3,565,487)	(4,343,045)	2,582	(1,956)	(3,632,742)	(4,864,609)

Notes to the Consolidated Financial Statements

12. Segment reporting (continued)

Geographical areas

In presenting the information based on geographical areas, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

Geographical segments	6 months to	31 December	6 months to	30 June
	31 December	2023	31 December	2023
	Revenue	Total Assets	Revenue	Total Assets
	\$	\$	\$	\$
Australia	335,223	11,064,710	304,204	10,660,460
United Kingdom	-	589,086	-	1,021,932
Sri Lanka	-	22,097		29,994
Total	335,223	11,675,893	304,204	11,712,386

Reconciliation of segment assets and liabilities to the Statement of financial Position

Reconciliation of segment assets to the Statement of Financial Position

	31 December	30 June
	2023	2023
	\$	\$
Total segments assets	17,639,978	17,905,755
Inter-segment elimination	(5,964,085)	(6,193,369)
Total assets per statement of financial position	11,675,893	11,712,386

Reconciliation of segment liabilities to the Statement of Financial Position

	31 December	30 June
	2023	2023
	\$	\$
Total segments liabilities	22,744,036	23,418,468
Inter-segment elimination	(19,111,294)	(18,553,852)
Total liabilities per statement of financial position	3,632,742	4,864,606

Notes to the Consolidated Financial Statements

13. Subsequent events after Reporting Date

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

14. Contingent liabilities and contingent assets

There are no contingent liabilities and contingent assets to report as of 31 December 2023.

15. Related Party Transactions

There has been no change to related party transactions other than the issue of Performance rights disclosed in note 11.

16. Correction of prior period classification of lease liability

In the FY 2023 financial statements the Company had incorrectly classified its lease liability entirely as a current liability. A split between current and non-current liability was required. This reclassification in the Company's Statement of Financial Position (on Page 13) has now been made. There is no change to the Company's total assets or total liabilities. Below is a summary of the changes made:

	30 June 2023	30 June 2023
	\$	\$
	Reclassified	Previously Reported
Current Liabilities		
Trade and other payables	435,832	435,832
Lease liabilities	90,539	530,656
Employee liabilities	276,118	276,118
Financial liabilities	6 3,622,000	3,622,000
Total Current Liabilities	4,424,489	4,864,606
Non-Current Liabilities		
Lease Liabilities	440,117	-
Total Non-Current Liabilities	440,117	-
Total Liabilities	4,864,606	4,864,606
Net Assets	6,847,780	6,847,780

Director's Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 11 to 32 are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and
- b) There are reasonable grounds to believe First Graphene Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors on 23 February 2024.



Michael Bell

CEO & Managing Director

Perth, Western Australia, 23 February 2024

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Graphene Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of First Graphene Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Independent Auditor's Report



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Wheeler', is written over a horizontal line.

Jackson Wheeler

Director

Perth, 23 February 2024

Additional Securities Information

(Note this information does not form part of the audit reviewed financial statements)

Additional information not shown elsewhere in this report is as follows. This information is complete as at 14 February 2024.

a) Distribution of Shareholdings – Fully Paid Ordinary Shares:

Size of Holding	Number of Shareholders	Number of Share
1 – 1,000	179	30,285
1,001 – 5,000	1,317	4,501,395
5,001 – 10,000	1,025	8,067,497
10,001 – 100,000	2,311	82,628,243
100,001 and over	544	563,724,303
	5,376	658,951,723

Equity Security	Quoted	Unquoted
Fully paid ordinary shares	658,951,723	-
Options	-	4,500,000

b) Top 20 Security Holders – Fully Paid Ordinary Shares (FGR)

	Holder Name	Number of Shares	%
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	190,358,106	28.89%
2	CITICORP NOMINEES PTY LIMITED	34,376,976	5.22%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,055,016	3.50%
4	BNP PARIBAS NOMS PTY LTD	22,980,725	3.49%
5	TWYNAM INVESTMENTS PTY LTD	21,659,589	3.29%
6	GREGORACH PTY LTD	15,685,946	2.38%
7	BUILDING ON THE ROCK LIMITED	14,685,000	2.23%
8	IPS Holdings	13,828,400	2.10%
9	DEBT MANAGEMENT ASIA CORPORATION	12,757,146	1.94%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,577,875	0.69%
11	WILLIAM TAYLOR NOMINEES PTY LTD	4,465,959	0.68%
12	GINGA PTY LTD	4,217,565	0.64%
13	MR RICHARD HOPETOUN BITCON	3,210,000	0.49%
14	MR ADAM O'DONNELL FERRIS	2,968,750	0.45%
15	MR MICHAEL BELL	2,880,808	0.44%
16	IPS NOMINEES LIMITED	2,759,611	0.42%
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	2,746,958	0.42%
18	MR RYAN JEHAN ROCKWOOD	2,500,000	0.38%
19	MR MICHAEL ALAN ANTOSKA & MRS ELISA ANTOSKA	2,368,750	0.36%
20	DR PAUL FRANCIS MORTON	2,203,750	0.33%
	Total	384,286,930	58.32%
	Total issued capital - selected security class(es)	658,951,723	100.00%

At 14 February 2024, there were 2,104 shareholders holding less than a marketable parcel of shares (\$0.06 cents on this date) in the Company totalling 8,573,686 ordinary shares amounting to 1.3 % of the issued capital.