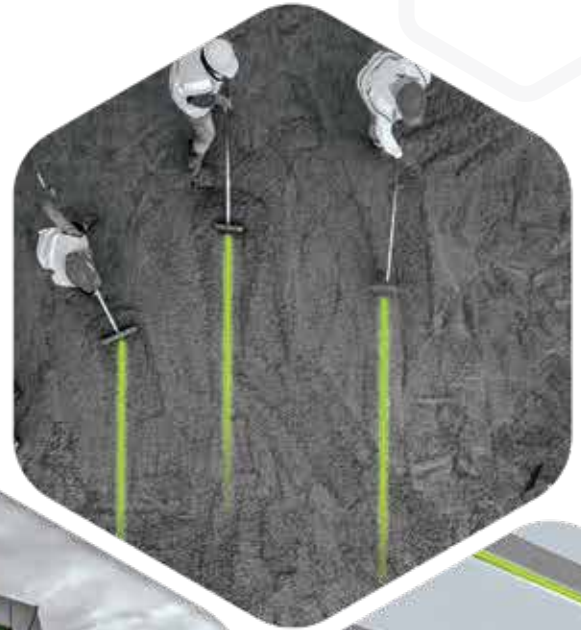




FIRSTGRAPHENE

World leading materials technology | ASX:FGR

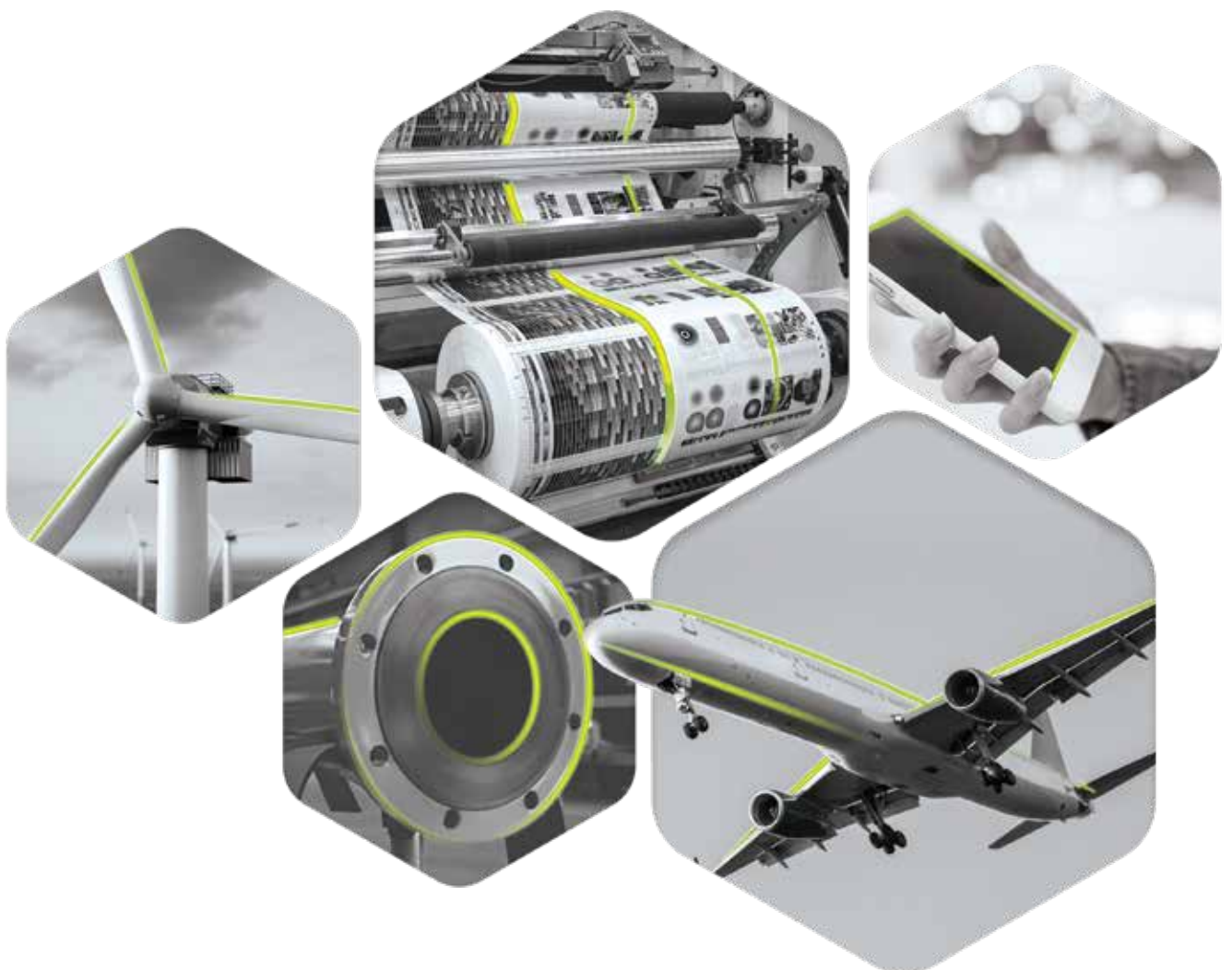
ANNUAL REPORT 2022





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CHAIRMAN'S REPORT

The past year has had its share of challenges with the most dramatic international event being Russia's invasion of the Ukraine. That has not really had a direct impact on your Company, though coming on top of the continuing COVID-19 pandemic, it has heightened the uncertainties that we are all experiencing.

The constraints on supply have reintroduced inflation as a concern in most economies and this has been escalated with rising energy prices. It looks like the early 1970s all over again. Nevertheless, First Graphene continued to make sound progress through the year under the stewardship and leadership offered by our Managing Director and CEO, Michael Bell. We have come a long way since first embarking on the graphene quest. Over the relatively short time frame of six years, since we first made graphene in bench top tests at Adelaide University, we quickly realised that the challenge to the commercialisation of graphene was the availability of industrial scale and high quality graphene for industry. It was a supply problem. Having admirably addressed that issue with the establishment of our production facility in Henderson, Western Australia, the realities of pioneering a new nanomaterial became more obvious. We were not stepping into a market, but creating a new market.

One of the features of graphene is that it is an additive rather than a direct replacement, suitable for anything. It has amazing features, such as electrical and thermal conductivity, flexibility, fire retardancy and strength, to name a few, but these characteristics are imparted into the materials to which it is added. Being an additive rather than a direct substitute, buyers have to be shown

how it improves their products. Up until now, it has been an exercise in offering bespoke solutions and this has taken time.

We are delivering graphene to an expanding range of buyers, and this has led to a doubling of revenue for the year to June 2022. However, the super efficiency of graphene means it continues to take time to build volumes for a book of buyers for many product verticals.

Yet, we believe we have found the "killer application" that will dramatically boost our sales and lead to the need for expanded production capacity. The acknowledgment that use of our PureGRAPH® can reduce carbon emissions in the cement and concrete business by 20 per cent is an amazing door opener. We are dealing with several world leading construction chemicals companies that are very keen to reduce carbon emissions. All the test work has been very positive. A large-scale trial is due to be undertaken in November this year, which could lead to regular and expanding sales in 2023. Whereas many applications require less than one tonne of graphene per annum, the cement business could want thousands of tonnes.

We have also had very positive news regarding the use of graphene in perovskite solar cells, the next generation of solar technology being pioneered by Greatcell Energy Pty Ltd, an Australian company and leader in the field of developing low-light solar technology. Early reports have



Warwick Grigor
Chairman

indicated that Greatcell can reduce its manufacturing costs by 80 per cent with the use of PureGRAPH®. There is potential for this business to require large volumes of our graphene products commencing in 2023.

We have come a long way in the past six years and we have a great bank of knowledge that confirms our position as the world leader. We are building substance to our business. We are less reliant on university-based research projects as our own scientists and engineers have the required expertise to work directly with customers to deliver successful commercial outcomes. The success in these endeavours is cumulative and it is something of which to be proud. We have a great team. We thank you for your patience and support, and look forward to delivering more positive news in the coming year.



“We believe we have found the ‘killer application’ that will dramatically boost our sales and lead to the need for expanded production capacity. The acknowledgment that use of our PureGRAPH® can reduce carbon emissions in the cement and concrete business by 20 per cent is an amazing door opener.”



CEO REPORT

Positive results underpin big potential for year ahead

A significant improvement in results underpinned an exciting year for First Graphene.

With our new executive team having completed its first 12 months of tenure during the financial year, strategies put in place as part of the concerted focus on commercialisation are coming to fruition.

First Graphene's early adopter clients continue to increase sales orders as their product lines gain greater traction in their respective markets. At the same time, the Company's go-to market strategy outlined last year is starting to yield results with new customers.

Last year, we outlined our target material segments which were selected if they met one or more of the following criteria:

- » Face ongoing challenges or limitations such as rapid wear/degradation, poor strength to weight

ratio, excessive carbon utilisation in manufacturing, utilisation or disposal

- » Likely to see compelling benefits from the incorporation of graphene
- » New or emerging technologies that stand to benefit from the inclusion of graphene and graphitic materials
- » Represent significant market opportunities due to volume and global reach

Coupled with the launch of the strategy, First Graphene bolstered its commercial team to drive growth in the selected segments – namely cement and concrete, plastics and composites, rubbers and elastomers, coatings and inks, and energy storage technologies.

While some slight refinements have been made to the ways in which we classify and address our key segments, the commercial team has actively pursued growth with existing clients as well as new opportunities across all segments.

Sales growth

For the 12 months to 30 June 2022, the Company saw growth in revenue to AU\$723,323, which is a 112% improvement over FY21. The result is due to a combination of higher volumes of product sales, and the inclusion of First Graphene's new application development revenue channel. Much of this revenue was invoiced in the last quarter, indicating a marked and sustainable increase in sales momentum.

While some graphene producers still grapple with issues

scaling up production and continue to push the narrative that the industry remains in an infantile R&D stage, First Graphene maintains its position as a market maker.

Rather than seeing demand for kilograms of PureGRAPH® products, clients are now talking in tonnage volumes. This is a clear indication that we are writing and controlling our own narrative while the rest of the industry struggles to catch up.

One of the key factors contributing to this outcome is that First Graphene has concentrated the sales focus on all stages of the supply chain, with particular attention on upstream suppliers. The Company is working with an increasing number of industry partners to develop graphene-enhanced solutions with near-term opportunities. This includes cement grinding aids and concrete admixtures, with several proven products being released to market early in FY23.

While full-scale production may not be occurring just yet, many of these partners are purchasing large orders of PureGRAPH® to facilitate commercial-scale trials.

As well as the advances in the cement and concrete segment, a similar shift is taking place with composites and plastics. While this segment was the key focus for early adopter, downstream manufacturing clients, and these clients continue to account for considerable orders and continue to grow order volumes, we are seeing increasing interest from upstream suppliers including masterbatch formulators. These upstream opportunities provide First Graphene opportunities to implement

reseller and agency agreements with organisations that have access to incredibly large, global customer bases. At the same time, we are enabling formulators and suppliers to essentially drive demand on the Company's behalf.

Many of the announcements made over the past year have referred to industry partnerships for the development of products. It is important to note that several of these partnerships have progressed rapidly to commercial trial stage. First Graphene makes a point of only supporting these developments where there is a tangible commercial demand at the tail end. This is critical to ensuring we work with the right clients, use our human resources sensibly and achieve favourable returns on our R&D investments.

At the same time, First Graphene now monetises its development and support function, providing revenue generating services to help customers develop appropriate solutions for specific applications. We also continue to rapidly develop, test and launch our own new products and PureGRAPH® formulations.

Cost control

Staff numbers are slightly down on the same time last year, mostly due to natural attrition and refinement of systems and processes. This has been driven by ensuring we have the right people and expertise to match our activities, and to ensure commercial success. We have also replaced cash incentives with stock options for key staff, meaning cashflow is improved and staff have a greater sense of ownership and commitment to the Company's continual improvement and ongoing success.

A considerable saving has been realised by limiting the spend on academic research that offered no foreseeable path to commercial revenue. For research and development activity that may have longer-term commercial opportunity, such as some energy storage applications, work is being completed largely by First Graphene's own R&D team and with the assistance of grant funding. In every case, large-scale commercial opportunities are the end goal.

The result is that overall expenditure for the year has reduced by \$1.2 million (16%) from the previous financial year and the bulk of cost savings are sustainable.

Additionally, an ongoing focus on process optimisation has identified options to improve capacity and reduce energy consumption at our Henderson manufacturing facility. This process will continue with plans to implement various improvements over the coming year. As part of the optimisation and efficiency gains that have been identified, the Company is even better placed to rapidly upscale production so we can maintain pace with the ever-increasing demand.

Yes, we are still at the beginning of the road in terms of widespread market adoption, but we have well and truly turned off the R&D road and are accelerating as we move down the commercialisation road.

The other clear message is that First Graphene has evolved beyond just being a graphene supplier. We are forging a pathway to becoming an advanced materials technology company.

A big part of that shift is the team we have in place. As the year progressed, we made some refinements to our commercial team. To engage at the right levels in upstream organisations, our focus was on finding people with the right mix of technical and commercial experience and aptitude. In other words, we needed people that could “talk the talk” within each of our target segments, and that has resulted in engagement at high levels with globally significant players across all key segments.

We continue to bolster the commercial team and look forward to announcing additional appointments in coming months that will take us another step up in our evolutionary journey.

In addition, to better align with the market, we have combined the rubbers and elastomers, and inks and coatings segments into the broader and more industry aligned coatings, adhesives, sealants and elastomers (CASE). As well as being understood within the industry, the shift allows us to consolidate some roles and more efficiently target opportunities with prospects that work across multiple product segments.

Positive outlook for year ahead

The 2023 financial year has started strongly with projections for continued strong growth.

With several advanced-stage commercial trials coming to fruition, the next step is to move to commercial production. And the most exciting thing about reaching those targets is that growth promotes further growth.

In any industry where new technologies and materials are involved, many organisations wait to see the early innovators succeed. Then the shift occurs as fast followers capitalise on the opportunities. We are on the precipice of that shift and look forward to delivering plenty of good news in the year ahead.

Michael Bell
Managing Director and CEO



“Rather than seeing demand for kilograms of PureGRAPH® products, clients are now talking in tonnage volumes. This is a clear indication that we are writing and controlling our own narrative while the rest of the industry struggles to catch up.”

OPERATIONS/ QHSE REPORT

Health and Safety

At First Graphene, the health and safety of our people is the number one priority, with a major driver being the continuous improvement of health and safety systems.

During the previous financial year, our health and safety procedures continually changed in response to COVID-19, and the public health and social measures that were implemented by governments.

First Graphene's primary focus during this time was to keep our staff, customers and all stakeholders safe, which was achieved by implementing COVID-19 best practices.

Manufacturing

During the last half of the financial year, First Graphene's Henderson facility dispatched several large orders to various customers. This included a milestone shipment of our largest ever order of 325kg, followed shortly after by orders of 300kg, 150kg and 120kg.

First Graphene successfully applied to the Australian Industrial Chemicals Introduction Scheme (AICIS) to vary the terms of our current assessment certificate (CERT8864) to include a new range of PureGRAPH® products, including the new PureGRAPH® AQUA product lines. In addition, First Graphene also had additional end user applications for our products – namely textile coating and concrete applications – assessed and included as part of the assessment certificate.

Over the past 12 months, the Henderson production team has continued to work closely with the UK-based Research and Development team and the Graphene Engineering and Innovation Centre (GEIC) at Manchester



First Graphene premises have also been surveyed by a third party to identify any risk improvements that were necessary, with only minor corrective actions needing to be implemented.

Our QHSE KPI results for the year reflect the Company's strong commitment to best practice and efforts in these areas, with zero Lost Time Incidents, zero Medical Treatment Incidents and zero Environmental Incidents reported.

University. We have conducted a range of collaborative process and product improvement trials involving graphene functionalisation and optimisation of physical properties, using our prototype electro-chemical cell and downstream processing equipment. An example of this work is the development of an experimental grade product line which has fire-retardant properties. We are looking at options to protect the intellectual property developed during this work.

During the fourth quarter of FY23, optimisation trials were run to investigate the yield of graphene from the electro-chemical cells by modifications to both the cell and electrode design. Initial results are promising, with both an increase in the rate of graphene production and a corresponding reduction in electricity usage per kilogram of graphene produced.

David Bennett
General Manager Process Operations

COMMON & EMERGING APPLICATIONS

Construction

- » Cement & Concrete - lower emissions in cement manufacturing, improved physical/functional characteristics in concrete for longer-lasting, robust performance
- » Asphalt - stronger, more flexible, longer lasting road and carpark surfaces
- » Cladding - foam panels for insulation, sound and vibration control products
- » Coatings - smart/conductive coatings to detect leaks in roof panels, storage vessels, pipework; fire-retardant coatings
- » Solar thermal roof tiles for internal heating

Energy & storage

- » Battery anode coatings - vastly improved storage capacity
- » Wind turbine blades - for greater strength, durability and longer functional life
- » Solar panels - better energy conversion, durability, functionality in reduced daylight

Infrastructure

- » Cement and mortar - better performance in harsh conditions (eg wastewater treatment)
- » Smart coatings - real-time leak detection

Interior fittings & equipment

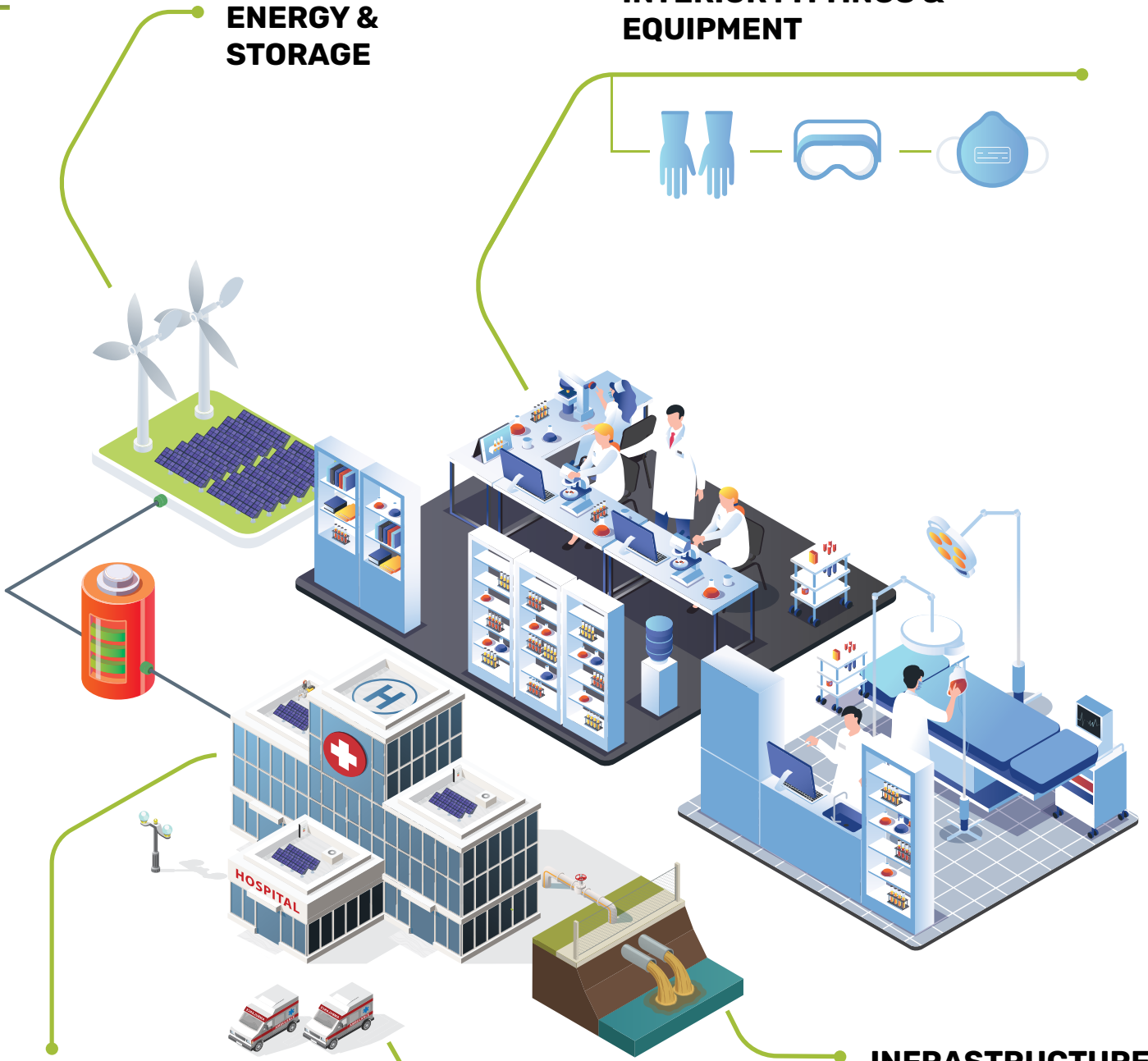
- » Personal protective equipment - anti-puncture gloves, strengthened safety glasses
- » "Smart" textiles (eg clothing, bedding) to monitor vital health data
- » Anti-bacterial/anti-microbial foams, coatings for mattresses, benchtops
- » Perovskite solar cells to convert ambient light to energy for equipment and appliances

Transport

- » Battery/supercapacitor technology - better performance of electric vehicles
- » Vehicle components - tyres, body panels, wear components, reinforcement, protective coatings

ENERGY & STORAGE

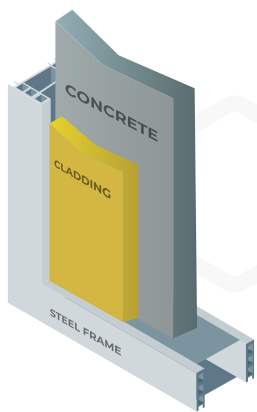
INTERIOR FITTINGS & EQUIPMENT



CONSTRUCTION

INFRASTRUCTURE

TRANSPORT



R&D TECHNOLOGY REPORT

Strong focus on realising value in commercial applications

The Research and Development team has played a key role in the delivery of the commercial strategy and growing First Graphene's sales pipeline, whilst delivering value for the business, offsetting costs by leveraging government funding schemes and relevant tax incentives.

Our focus has been on working closely and collaboratively with a wide range of end users, understanding how to get the best out of the Company's product in their applications. This has often required bespoke formulation and analytical work at our facility at the Graphene Engineering Innovation Centre (GEIC) and, in an increasing number of cases, at customers' facilities.

We are aware that, as a high-performing additive, we need to match the characteristics of our graphene with that of our customers' system, requiring a good understanding of how to formulate our materials into their systems. We have developed and refined our product range and now offer a wider range of formulated masterbatches and dispersions, along with developing our PureGRAPH® 70 product for targeted customers.

The new grades developed last year, PureGRAPH® 50 powder and PureGRAPH® 50 AQUA, have been very successful, with multiple customers opting for these products. PureGRAPH®50 powder has demonstrated its values as a thermally conductive additive that improves the processability of thermoplastic systems.

PureGRAPH®50 AQUA is showing promise as a versatile additive for the construction segment. Its ability to be used either in grinding aids or admixtures underpinned by its ease of formulation and distinctive aspect ratio, is well matched for enhancing the properties of cementitious binders.

We have successfully shown how our graphene outperforms other carbon materials in a range of applications, most notably as a thermally conductive additive in elastomer, thermoplastic and thermoset systems, and as a strength-enhancing additive when used as a cement grinding aid. For example, working closely with a European customer, we have proven that our PureGRAPH® uniquely enhances the thermal conductivity in thermoplastic systems delivering a competitive advantage for the customer.



“The Board and management thank you for your ongoing support. We look forward to sharing more of our growth story with you.”

Developments in thermoplastic and elastomeric systems

Progress continues with our collaboration with UK-based Senergy Innovations on the development of PureGRAPH®-enhanced polymer solar thermal cells. This is backed by our very successful ongoing research program with the University of Warwick, which is giving us further insight into how to get the best out of our materials in thermoplastic systems.

Commercial-scale compounding trials have been successful with injection moulding and extrusion trials currently in progress to confirm material properties and finalise processing conditions. Following this, Senergy will move to product trials across the UK. First Graphene has also worked with the Production Team to enhance

our PureGRAPH® 5 powder, enabling the development of a custom fibre-grade polypropylene masterbatch for nonwoven applications. This is currently under evaluation with several industry partners.

The R&D team have also made progress in the development of our materials for coating applications. Work continues with a textiles client to develop a conductive textile coating. The R&D team has also conducted some work into the advantages of graphene technology in Electrostatic Dissipative (ED) coatings to enhance product features and benefits.

Success in cement and concrete space

Our scientific team has worked closely with our Commercial Team, downstream partners and a range of universities to understand and develop the most practical ways of getting our graphene into cement and concrete systems. We have recognised the challenging nature of finding an industrial-scale method of dispersing graphene platelets into cement. We were successful in winning a UK funded grant worth approximately AU\$360,000 to work with a range of industrial and academic partners to solve this challenge. A full-scale trial in a cement plant grinding mill at Breedon Hope Works is on track to commence in late 2022. This will be one of the largest scale programs for graphene-enhanced cement/concrete undertaken globally to date.

The graphene grinding aid addition method for use in the cement plant has been selected and lab-scale trials at Fosroc International and Morgan Sindall Construction have been key to assessing the addition method. The advantages of this collaborative approach are demonstrated by Fosroc's experience with grinding aids, which has led to new ideas for graphene grinding aid formulations.

In September 2021, we engaged on a study with the University of Wollongong, which is partnering with an Australian domestic water, sewerage and drainage statutory authority, to show how graphene could be used in civil engineering infrastructure projects. The study confirmed that the addition of small amounts of graphene enhance the 28-day compressive strength of both concrete and mortar systems by 10 per cent and 20 per cent respectively.

In addition, the study also showed how the addition of PureGRAPH® reduces the apparent volume of permeable voids (permeability) of repair mortar and concrete systems by 19 per cent and 12 per cent respectively, while also reducing sulphate expansion in concrete by 64 per cent, and 56 per cent in the repair mortar. Our work with the University of Wollongong will be applicable in civil engineering projects that use concrete in environments requiring high levels of durability, such as wastewater collection and treatment plants, and coastal ports. This is especially relevant because the degradation of concrete wastewater systems results in multi-million-dollar concrete repair and replacement challenges for water treatment providers.

Forward focus with energy storage sector

We have complemented our shorter term revenue generation-focussed activity with a continued focus on strategic, longer term programs, focused largely on the Energy Storage Sector.

First Graphene entered into a Joint Development Agreement (JDA) with Greatcell Energy Ltd to advance the development of graphene-enhanced solar cells. Australian-based Greatcell specialises in the development and utilisation of photovoltaic technologies, specifically Perovskite Solar Cells (PSC), to convert low and ambient light to electricity. These solar cells are designed to be low cost compared to other solar technologies, but currently utilise a gold layer.

Under the agreement, First Graphene and Greatcell intend to jointly develop graphene composites and formulations to be used to manufacture more efficient and even lower cost PSCs. The graphene-based solutions remove the need for a gold layer, which could reduce the cost of the cell by approximately 80 per cent, and also enable a roll-to-roll type manufacturing process.

Research into supercapacitor applications continues. Through First Graphene's relationship with the Energy Innovation Centre at Warwick Manufacturing Group, funded by Innovate Edge, the Company has continued to optimise our graphene metal oxide pseudocapacitive active material for supercapacitors.

Our materials continue to outperform activated carbon under controlled conditions and have shown what needs to be done to optimise the product. The development focus is on ease of processing by end users, and we are engaging with universities and other agencies to understand how to take the technology forward. We are making good progress towards protecting this technology and anticipate patent grants in 2022.

First Graphene will continue to leverage external funding as far as possible to support these projects and offset related costs. They are very relevant and aligned with government strategies worldwide, and will be transformational for the Company.



Andy Goodwin
Non-Executive Director



Paul Ladislaus
R&D Manager



First Graphene will continue to leverage external funding as far as possible to support these projects and offset related costs. They are very relevant and aligned with government strategies worldwide, and will be transformational for the Company.

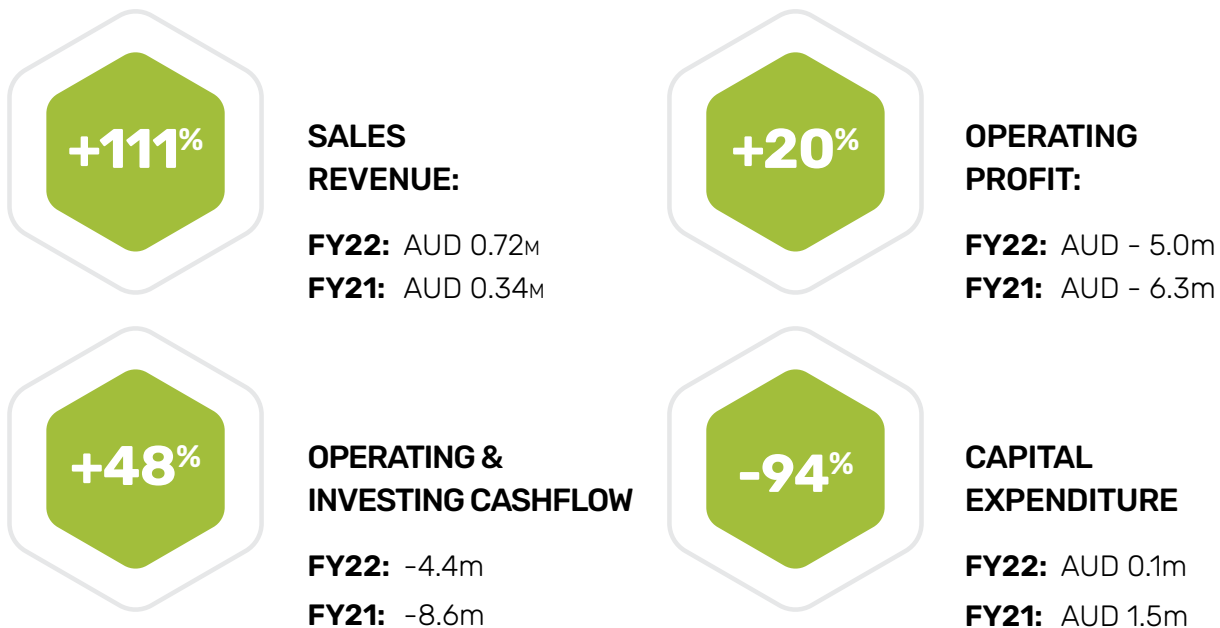
CFO REPORT

Strategy delivers

The 2021/22 financial year saw the world starting to recover from the impacts of COVID-19 but was plunged into the Ukraine war followed by rapid inflation and increasing interest rates.

Despite these significant macro socio-economic events, First Graphene continued to deliver on its Commercial Strategy. The year ended 30 June 2022 was the first full year under the Company's new leadership and refreshed sales-focused direction.

Some of the key financial highlights for FY22 include:



The 2022 sales result is a marked improvement on the past few years with a continued growth trend.

“The Company plans to continue building on this momentum with a focus on developing commercial applications with strategic partners. The aim will be to continue growing the sales portfolio at a rapid rate in all its strategic segments, whilst managing cash expenditure responsibly.”



The significant step-up in sales comes from organic growth from Australian early-adopter customers, and a growing customer base in the US and Europe developing graphene-enhanced cement, geotextile materials and solar panels.

Strengthening fundamentals

With a continued focus on managing cash expenditure, First Graphene continues to prioritise cash outflows on projects that maximise shareholder value.

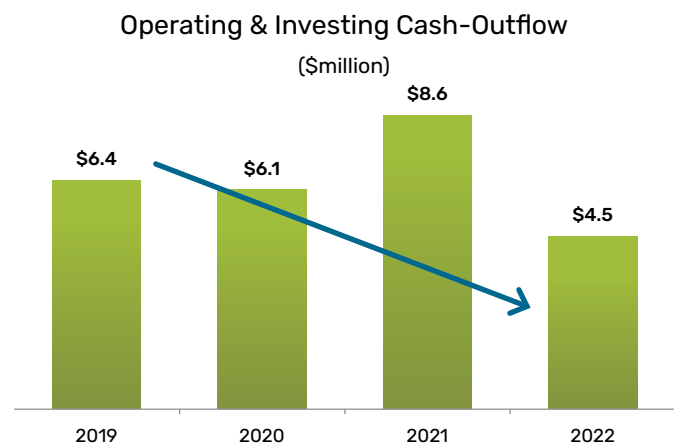
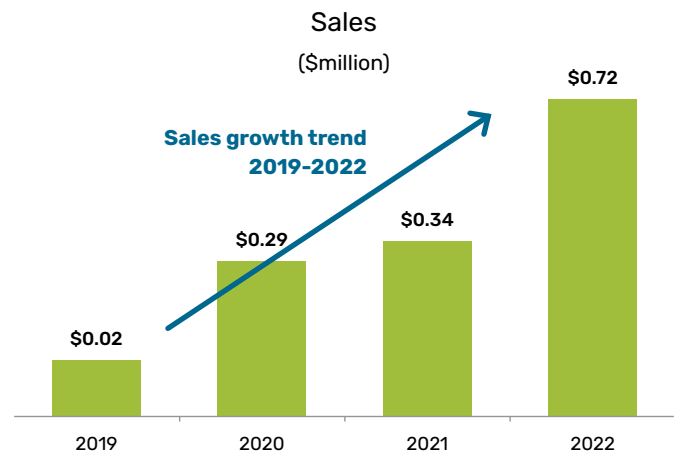
Key initiatives that helped reduce cash outflows include a freeze on pay rises across all employees in the Company during the financial year, with an alternative non-cash incentive plan put in place, and expenditure on third party consultants and professional services reduced by 30 per cent.

This is seen in the adjacent cash outflow graph, with the 2022 cash outflow setting the new baseline that the company will use to deliver its commercial objectives.

2023 outlook

The Company plans to continue building on this momentum with a focus on developing commercial applications with strategic partners. The aim will be to continue growing the sales portfolio at a rapid rate in all its strategic segments, whilst managing cash expenditure responsibly.

Aditya Asthana
CFO and Company Secretary



ANNUAL FINANCIAL REPORT



Directors' Report

The directors present their report together with the financial report of First Graphene Limited ('First Graphene' or 'Company') and the entities it controlled ('Consolidated Entity' or 'Group') for the year ended 30 June 2022.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. The Directors were in office for this entire period unless otherwise stated.

Warwick Grigor *B.Ec. LLB, MAusIMM, FAICD*

Non-Executive Chairman

Mr Grigor is a highly respected and experienced mining analyst, with an intimate knowledge of all market related aspects of the mining industry. He is a graduate of the Australian National University having completed degrees in law and economics. His association with mining commenced with a position in the finance department of Hamersley Iron, and from there he moved to Sydney to become a mining analyst with institutional stockbrokers. Mr Grigor left County NatWest Securities in 1991 to establish Far East Capital Limited which was founded as a specialist mining company financier and corporate adviser, together with Andrew "Twiggy" Forrest.

In 2008, Far East Capital Limited sponsored the formation of a stockbroking company, BGF Equities, and Mr Grigor assumed the position of Executive Chairman. This was re-badged as Canaccord Genuity Australia Limited when a 50% stake was sold to Canaccord Genuity Group Inc. Mr Grigor retired from Canaccord in October 2014, returning to Far East Capital Limited.

Other Current Directorships	Former directorships in the last 3 years	Interests in shares and options	
None	None	Ordinary shares	19,083,772
		Options	3,000,000

Dr Andy Goodwin *Ph.D. (Polymer Chemistry)*

Non-Executive Director

Andy has a successful track record in innovation and technology development roles within the speciality chemicals industry. Andy has extensive leadership experience with Sanofi, Dow Corning Corporation and Thomas Swan & Co. Ltd. He has a PhD in polymer chemistry and an MTE Diploma from the IMD Business School in Lausanne, Switzerland.

Andy has been actively involved in the development of the graphene materials industry since 2012. He joined First Graphene in 2017 and is based in Manchester, UK.

Other Current Directorships	Former directorships in the last 3 years	Interests in shares and options	
None	None	Ordinary shares	2,008,993
		Options	1,000,000

Michael Quinert

Non-Executive Director

Mr Quinert is a founding partner of QR Lawyers which was established in July 2009. He has over 30-years' experience as a commercial and corporate lawyer, including three years with ASX and over 21 years as a partner in a Melbourne law firms.

Mr Quinert has extensive experience assisting and advising companies on IPO's, capital raising, cross border transactions, regulatory compliance and has regularly advised publicly listed mining companies.

Michael is a Non-Executive Chairman of West Wits Mining Limited and Non-Executive Director of listed First Au Limited (ASX:FAU).

Other Current Directorships	Former directorships in the last 3 years	Interests in shares and options	
West Wits Mining Limited	Manalto Limited (ASX: MTL)	Ordinary shares	80,000
First Au Limited	Covata Limited (ASX: CVT)	Options	-

Michael Bell (Appointed 1st July 2021)

Managing Director and Chief Executive Officer

Mr Bell has over 21 years' experience in engineering and business management and significant international experience driving business growth.

He was with ST Engineering Group where he served as Senior Vice-President.

Mike has also held roles as Director for Navman Wireless, a global Telematics company, and as General Manager with Singapore-based shipbuilder Strategic Marine.

Other Current Directorships	Former directorships in the last 3 years	Interests in shares and options	
None	None	Ordinary shares	134,000
		Options	5,000,000

Results and Dividends

The Group result for the year was a loss of \$5,033,108 (2021: loss of \$6,284,757).

No final dividend has been declared or recommended as at 30 June 2022 or as at the date of this report (2021: \$ nil).

No interim dividends have been paid (2021: nil).

Principal Activities

During the financial year the principal continuing activities of the Consolidated Entity was as the leading supplier of high-performing graphene products with a robust manufacturing platform and an established 100 tonne/year graphene production capacity. PureGRAPH® graphene is easy to use and is enhancing the properties of customers' products and materials across industries and applications worldwide.

First Graphene Limited 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.

Events Since the End of the Financial Year

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Likely Developments and expected results of operations

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, other than as mentioned in the Chairman's Statement and Review of Operations, as the Directors have reasonable grounds to believe the nascent nature of the graphene market makes it impractical to forecast future profitability and other material financial events.

Directors' and other officers' emoluments

Details of the remuneration policy for Directors and other officers are included in the Remuneration Report (page 10) and the Corporate Governance Report lodged separately on ASX on the same day as this report is lodged.

Details of the nature and amounts of emoluments for each Director of the Company and Executive Officers are included in the Remuneration Report.

Environmental Regulations

The Group's graphene production and sales operations are subject to regulation in Australia by the Australian Industrial Chemicals Introduction Scheme (AICIS) and by the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) in the European Union and United Kingdom.

The Company's Commercial Graphene Production facility has been approved as meeting the environmental standards set down by the Government of Western Australia's Department of Environment Regulation.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Share Options

At the date of this report, First Graphene Limited has the following options exercisable into ordinary shares in First Graphene Limited.

Unlisted	Grant Date	Date of Expiry	Exercise Price	Number under option
Share option	8 November 2019	8 November 2023	\$0.25 each, if exercised on or before 8 November 2023	15,000,000

Directors' meetings

The number of meetings of Directors held during the year and the number attended by each Director was as follows:

	Directors' Meetings	
	Meetings Attended	Entitled to Attend
Warwick Grigor	8	8
Dr Andy Goodwin	8	8
Michael Quinert	8	8
Michael Bell	8	8

Indemnification and insurance of officers and auditors

Under the Company's constitution and subject to section 199A of the Corporations Act 2001, the Company indemnifies each of the directors, the company secretary and every other person who is an officer of the Company and its wholly-owned subsidiaries. The above indemnity is a continuing indemnity and applies in respect of all acts done by a person while an officer of the Company or its wholly-owned subsidiaries even though the person is not an officer at the time the claim is made.

The Company has entered into a Deed of Indemnity, Access and Insurance ("Deed") with each current and former officer of the Company and its subsidiaries, including each director and company secretary and persons who previously held those roles.

During the financial year, the Company has paid a premium in respect of insuring the directors and officers of the Company and the Group. The insurance contract prohibits disclosure of the premium or the nature of liabilities insured against under the policy.

No indemnity or insurance is in place in respect of the auditor.

Remuneration report (audited)

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

This report outlines the remuneration arrangements in place for Directors of First Graphene Limited and Executives of the Group.

Key Management Personnel ('KMP') disclosed in this report:

Mr Warwick Grigor
Dr Andy Goodwin
Mr Michael Bell (Appointed 1 July 2021)
Mr Aditya Asthana
Mr Michael Quinert

Remuneration Policy

Emoluments of Directors and Senior Executives are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and Executives. Details of the nature and amounts of emoluments of each Director of the Company are disclosed annually in the Company's annual report.

Directors and Senior Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

There has been no direct relationship between the Group's financial performance and remuneration of key management personnel over the previous 5 years.

Executive Director Remuneration

Executive pay and reward consist of a base fee and short-term performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles.

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

The remuneration policy is designed to encourage superior performance and long-term commitment to First Graphene. At this stage of the Company's development there is no contractual performance-based remuneration.

Executive Directors do not receive any fees for being Directors of First Graphene or for attending Board meetings.

All Executive Directors, Non-Executive Directors and responsible executives of First Graphene are entitled to an Indemnity and Access Agreement under which, inter alia, they are indemnified as far as possible under the law for their actions as Directors and officers of First Graphene.

Non-Executive Director Remuneration

The Company's policy is to remunerate non-executive Directors at a fixed fee for time, commitment and responsibilities. Remuneration for Non-Executive Directors is not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals. This Policy is

subject to annual review. All of the Directors' option holdings are fully disclosed. From time to time the Company may grant options to non-executive Directors. The grant of options is designed to recognise and reward efforts as well as to provide Non-Executive Directors with additional incentive to continue those efforts for the benefit of the Company.

Non-Executive Directors are remunerated for their services from the maximum aggregate amount (currently \$300,000 per annum) approved by shareholders for this purpose. They receive a base fee which is currently set at \$25,000 per annum per non-executive Director and \$30,000 per annum for the non-executive Chairman. There are no termination payments to non-executive Directors on their retirement from office.

The Company's policy for determining the nature and amounts of emoluments of Board members and Senior Executives of the Company is set out below:

Setting Remuneration Arrangements

The Company does not have a separate Remuneration Committee. Given the current size and composition of the Board, the Board believes there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of the Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter.

Executive Officer Remuneration, including Executive Directors

The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors, including length of service, the particular experience of the individual concerned, and the overall performance of the Company. The contracts for service between the Company and specified Directors and Executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement Executive Directors and Executives are paid employee benefit entitlements accrued to the date of retirement.

As an incentive, the Company has adopted an employee share option plan. The purpose of the plan is to give employees, directors and officers of the Company an opportunity, in the form of options, to subscribe for shares. The Directors consider the plan will enable the Company to retain and attract skilled and experienced employees, board members and officers, and provide them with the motivation to make the Company more successful.

Details of remuneration for the year ended 30 June 2022

The remuneration for each Director and key management executives of the Group during the year was as follows:

Short term incentives & other benefits											
	Base consulting fee	Vehicle allowance	Director's fees	Salary	Bonus payment as per contracts	Post-Employment Entitlements	Termination Payment	Share based payments	Total	Value of remuneration which is performance related	%
30 June 2022	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	%
Executive Directors											
Michael Bell ⁽ⁱ⁾	-	-	-	383,374	-	-	-	281,602	664,976	42%	
Non-Executive Directors											
Warwick Grigor	-	-	30,000	90,000	-	12,000	-	-	132,000	-	
Dr Andy Goodwin	-	-	25,000	123,089	-	10,533	-	-	158,622	-	
Michael Quinert	-	-	34,992	-	-	-	-	-	34,992	-	
Other Key Management Personnel											
Aditya Asthana	-	-	-	231,651	-	23,165	-	9,567	264,383	3%	
Total	-	-	89,992	828,114	-	45,698	-	291,169	1,254,973		

- i. Michael Bell was appointed Managing Director on 1 July 2021.
- ii. The share based payment represents the fair value expense of the 5,000,000 options granted to Michael Bell in the financial year 2021, which he can choose to exercise by paying \$0.25 per share to the company

Details of remuneration for the year ended 30 June 2021

The remuneration for each Director and key management executives of the Group during the year was as follows:

Short term incentives & other benefits										
	Base consulting fee	Vehicle allowance	Director's fees	Salary	Bonus payment as per contracts ^(viii)	Post-Employment Entitlements	Termination Payment	Share based payments	Total	Value of remuneration which is performance related
30 June 2021	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	A\$	%
Executive Directors										
Craig McCuckin ⁽ⁱ⁾⁽ⁱⁱ⁾	315,472	7,290	-	-	100,000	-	392,887	-	815,649	-
Peter Youd ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	407,311	10,843	-	-	100,000	-	274,919	-	793,073	-
Non-Executive Directors										
Warwick Grigor ⁽ⁱ⁾	-	-	30,000	90,000	100,000	11,450	-	-	231,450	-
Dr Andy Goodwin ^{(i),(iv)}	-	-	25,000	122,142	-	-	-	-	147,142	-
Michael Quinert ^(v)	-	-	11,664	-	-	-	-	-	11,664	-
Other Key Management Personnel										
Michael Bell ^{(v)(i)(ix)}	-	-	-	151,563	-	2,375	-	216,556	370,494	58%
Aditya Asthana ^(vi)	-	-	-	61,111	-	6,111	-	3,150	70,372	4%
Total	722,783	18,133	66,664	424,816	300,000	19,936	667,806	219,706	2,439,844	

- i. Mr Craig McCuckin and Mr Peter Youd do not receive director's fees however are compensated in accordance with their respective consultant agreement. Mr Warwick Grigor and Mr Andy Goodwin receive a salary for their director services.
- ii. Mr McCuckin retired on 8 January 2021
- iii. Mr Peter Youd retired on 28 April 2021
- iv. Dr Andy Goodwin was appointed a Non-Executive Director on 1 July 2020
- v. Mr Michael Quinert was appointed a Non-Executive Director on 1 March 2021
- vi. Mr Michel Bell commenced as Chief Executive Officer on 11 January 2021
- vii. Mr Aditya Asthana commenced as Chief Financial Officer & Company Secretary on 22 March 2021
- viii. Bonus payments reflects entitlements due under appointment contracts for performance in 2020.
- ix. The share based payment represents the fair value of the 5,000,000 options granted to Michael Bell upto June 2021, which he can choose to exercise by paying \$0.25 per share to the company.

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The Group is in the early development phase of its operations, and due consideration is made of developing long term shareholder value. The Board has regard to the following indices in respect of the current financial year to facilitate the long-term growth of the Consolidated Group:

Item	2022	2021	2020	2019	2018
Sales revenue \$	723,323	341,869	289,773	22,771	7,180
Loss before tax \$	(5,033,108)	(6,284,757)	(5,366,149)	(6,986,738)	(7,024,612)
Basic loss per shares (cents)	(0.91)	(1.19)	(1.11)	(1.78)	(1.65)
Increase/(decrease) in share price %	(60.34)	133.1	(45.1)	134.2	275.3

Relationship between Remuneration and Company Performance

There is not a connection between the profitability of the Company and remuneration as the Company is not generating revenues.

Name	% Fixed remuneration	% Short Term Incentive	% Long Term Incentive
Warwick Grigor	100%	-	-
Dr Andy Goodwin	100%	-	-
Michael Quinert	100%	-	-
Michael Bell	58%	42%	-
Aditya Asthana	97%	3%	-

Contractual Arrangements with KMP

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements. These agreements specify the components of remuneration benefits and notice periods. The material terms of service agreements with the Key Management Personnel are noted as follows:

Name	Base Salary	Duration of Service Agreement	Notice Period		Severance Payment Entitlement
			By Executive	By Company	
Michael Bell	350,000	Ongoing	3 months	3 months	No entitlement
Aditya Asthana	235,000	Ongoing	3 months	3 months	No entitlement

There are no other service agreements in place.

Share-based compensation

Shares issued as part of remuneration for the year ended 30 June 2022

60,000 shares were issued to key management personnel as their performance rights (granted FY 21) vested during the year.

Options issued as part of remuneration for the year ended 30 June 2022

No options were issued to key management personnel as part of compensation during the year.

Options issued as part of remuneration in prior years

Using the Black Scholes option pricing model and based on the assumptions set out below, the CEO Options were ascribed the following value:

Assumptions:

Valuation date	17 December 2020
Market price of shares	\$0.245
Exercise price	\$0.250
Expiry date (length of time from issue)	8 November 2023 – 2.89 years
Risk free interest rate	0.25%
Volatility	75%
Indicative Value of CEO Option (cents)	0.1158
Total Value of CEO Options	\$579,069

Options holdings held by key management personnel

Directors	Balance 01.07.21	Granted	Exercised	Other (i)	Balance 30.06.22	Total vested 30.06.22	Vested & exercisable 30.06.22	Vested & un- exercisable 30.06.22
Warwick Grigor	11,854,951	-	-	(8,854,951)	3,000,000	-	-	-
Dr Andy Goodwin	3,108,993	-	-	(2,108,993)	1,000,000	-	-	-
Michael Quinert	-	-	-	-	-	-	-	-
Michael Bell	5,000,000	-	-	-	5,000,000	-	-	-
Aditya Asthana	-	-	-	-	-	-	-	-

i. Expired

Performance rights issued as part of remuneration for the year ended 30 June 2022

No Performance rights were issued to key management personnel as part of compensation during the year.

Performance rights holdings held by key management personnel

Directors	Balance 01.07.21	Granted	Vested	Other (i)	Balance 30.06.22
Warwick Grigor	-	-	-	-	-
Dr Andy Goodwin	-	-	-	-	-
Michael Quinert	-	-	-	-	-
Michael Bell	-	-	-	-	-
Aditya Asthana	60,000	-	60,000	-	-

Shareholdings held by key management personnel

Directors	Balance 01.07.21	Granted	Exercise of options	Acquired	Other	Balance 30.06.22
Warwick Grigor	18,883,772	-	-	200,000 ⁽ⁱ⁾	-	19,083,772
Dr Andy Goodwin	2,008,993	-	-	-	-	2,008,993
Michael Quinert	-	-	-	80,000 ⁽ⁱ⁾	-	80,000
Michael Bell	-	-	-	134,000 ⁽ⁱ⁾	-	134,000
Aditya Asthana	-	-	-	-	60,000 ⁽ⁱⁱ⁾	60,000

i. Shares purchased on the market by these KMP.

ii. Shares issued upon vesting of performance rights in the year.

Transactions with other related parties

There were no loans or other transactions with key management personnel.

No remuneration consultants were utilised at this point in the Company's development.

Voting Rights

At the 2021 Annual General Meeting held on 25 November 2021 there were 4.33% of the votes against the adoption of the remuneration report.

End of audited Remuneration Report

Auditor's independence

The Directors received the independence declaration from the auditor of First Graphene Limited as stated on page 18.

Non-audit services

During the period BDO Corporate Tax (WA) Pty Ltd was paid \$50,668 for the provision of taxation services (2021: \$50,454). BDO Corporate Tax (WA) Pty Ltd is an affiliate member of BDO Audit (WA) Pty Ltd. Refer to Note 22 for further details

The board of directors has considered the position and is satisfied the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied the provision of non-audit services by the auditor, as set out in Note 22, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*

Signed in accordance with a Resolution of the Directors.



Michael Bell

Managing Director and Chief Executive Officer

Dated at Perth this 31st day of August 2022

Corporate Governance Statement

The Company's full Corporate Governance Statement is available on the Company's website, www.firstgraphene.net/corporate/corporate-governance.html.

A completed Appendix 4G and the full Corporate Governance Statement have been lodged with the Australian Securities Exchange as required under Listing Rules 4.7.3 and 4.7.4.

Annual General Meeting

The Company's Annual General Meeting will be held on 17th October 2022.

Details will be included in the Annual report and the Notice of Meeting, which will be issued in due course.

Auditor's Independence Declaration



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Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF FIRST GRAPHENE LIMITED

As lead auditor of First Graphene Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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 Prue', is written over a light grey horizontal line.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth,

31 August 2022

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 year ended 30 June 2022

	Note	2022 \$	2021 \$
Continuing operations			
Revenue from contracts with customers	3	723,323	341,869
Cost of goods sold		(555,648)	(266,236)
Gross profit		167,675	75,633
Other income	4(a)	1,241,941	962,301
Research & development	4(b)	(1,599,816)	(2,614,609)
Selling & marketing	4(c)	(875,857)	(486,502)
Mineral lease maintenance	4(d)	(98,902)	(272,278)
General & administrative	4(e)	(3,562,113)	(3,920,375)
Operating loss		(4,727,073)	(6,255,830)
Finance income	5(a)	2,377	1,892
Finance expense	5(b)	(308,413)	(30,819)
Loss from continuing operations before tax		(5,033,108)	(6,284,757)
Income tax (expense)/benefit	6	-	-
Loss for the year		(5,033,108)	(6,284,757)
Other comprehensive income			
<i>Items which may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(102,940)	9,488
Other comprehensive income for the year		(102,940)	9,488
Total comprehensive loss for the year		(5,136,048)	(6,275,269)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 30 June 2022

Loss for the year attributable to:

Owners of First Graphene Limited		(5,017,487)	(6,297,424)
Non-Controlling interests		(15,621)	12,667
		(5,033,108)	(6,284,757)

Total comprehensive loss for the year attributable to:

Owners of First Graphene Limited		(5,120,427)	(6,287,936)
Non-Controlling interests		(15,621)	12,667
		(5,136,048)	(6,275,269)

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

Basic (loss) per share (cents per share)	7	(0.91)	(1.19)
Loss per share (cents per share)	7	(0.91)	(1.19)

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

At 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	8	7,004,724	7,076,580
Inventories	9	1,821,713	1,152,872
Trade and other receivables		167,744	86,015
Other current assets	10	225,801	817,234
Total current assets		9,219,982	9,132,701
Non-current assets			
Property, plant and equipment	11	2,854,654	2,666,643
Right of use asset		162,179	342,590
Inventories	9	2,851,875	3,528,896
Intangible assets		118,155	101,652
Other assets		211,908	220,805
Total non-current assets		6,198,770	6,860,586
Total assets		15,418,752	15,993,287
Liabilities			
Current liabilities			
Trade and other payables	12	585,702	1,321,261
Employee liabilities		139,189	154,117
Financial liabilities	13	6,135,251	4,934,817
Lease liabilities		178,489	359,297
Total current liabilities		7,038,631	6,769,492
Non-current liabilities			
Lease liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		7,038,631	6,769,492
Net assets		8,380,121	9,223,795
Equity			
Issued capital	15	102,845,907	98,808,042
Reserves	16	5,738,367	5,607,362
Accumulated losses		(100,389,940)	(95,361,902)
Capital and reserves attributable to owners of First Graphene Limited		8,194,334	9,053,502
Non-controlling interest		185,787	170,293
Total equity		8,380,121	9,223,795

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Issued Capital	Share based payments reserve	Option reserve	Translation reserve	Other Reserve	Accumulated losses	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at 1 July 2021	98,808,042	5,639,623	-	13,590	(45,851)	(95,361,902)	170,293	9,223,795
Loss for the year	-	-	-	-	110	(5,017,487)	(15,731)	(5,033,108)
Foreign currency translation	-	-	-	(130,121)	-	(10,548)	-	(140,668)
Total comprehensive loss for the year	-	-	-	(130,121)	110	(5,028,035)	(15,731)	(5,173,777)
Transactions with owners in their capacity as owners								
Share placements during the year	1,500,000	-	-	-	-	-	-	1,500,000
Shares issued	2,210,187	-	-	-	-	-	-	2,210,187
Transactions with non-controlling interest	-	-	-	-	(31,225)	-	31,225	-
Share issue costs	(18,923)	-	-	-	-	-	-	(18,923)
Share based payment transactions	328,000	310,839	-	-	-	-	-	638,839
Vesting of performance rights	18,600	(18,600)	-	-	-	-	-	-
Transfer to accumulated losses	-	-	-	-	-	-	-	-
30 June 2022	102,845,906	5,931,862	-	(116,530)	(76,966)	(100,389,938)	185,787	8,380,121
As at 1 July 2020	95,778,819	5,416,167	467,202	4,102	(71,057)	(89,531,680)	182,832	12,246,385
Loss for the year	-	-	-	-	-	(6,297,424)	12,667	(6,284,757)
Foreign currency translation	-	-	-	9,488	-	-	-	9,488
Total comprehensive loss for the year	-	-	-	9,488	-	(6,297,424)	12,667	(6,275,269)
Transactions with owners in their capacity as owners								
Share placements during the year	898,000	-	-	-	-	-	-	898,000
Shares issued	2,197,825	-	-	-	-	-	-	2,197,825
Transactions with non-controlling interest	-	-	-	-	25,206	-	(25,206)	-
Share issue costs	(262,977)	-	-	-	-	-	-	(262,977)
Share based payment transactions	196,375	223,456	-	-	-	-	-	419,831
Transfer to accumulated losses	-	-	(467,202)	-	-	467,202	-	-
30 June 2021	98,808,042	5,639,623	-	13,590	(45,851)	(95,361,902)	170,293	9,223,795

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		606,947	334,087
Payments to suppliers and employees		(6,250,674)	(8,337,427)
Interest received		2,377	1,892
Interest paid		-	(20,052)
R&D and grant funding received		1,241,941	593,316
Other income		-	353,226
Net cash outflows from operating activities	19	(4,399,409)	(7,074,958)
Cash flows from investing activities			
Payments for property, plant and equipment		(44,576)	(1,468,502)
Proceeds from sale of property, plant and equipment		-	15,759
Payments for intellectual property		(46,000)	(71,741)
Net cash outflows from investing activities		(90,576)	(1,524,484)
Cash flow from financing activities			
Proceeds from placement of shares		-	898,000
Proceeds from the exercise of options		1,617,372	2,790,642
Payment of share issue/capital raising costs		(18,923)	(19,133)
Proceeds from convertible note		3,000,000	4,102,000
Finance lease payments		(180,808)	(151,487)
Net cash inflows from financing activities		4,417,641	7,620,022
Net decrease in cash and cash equivalents		(72,344)	(979,420)
Cash and cash equivalents at beginning of the year		7,076,580	8,053,134
Effect of exchange rate fluctuations on cash held		488	2,866
Cash and cash equivalents at end of the year	8	7,004,724	7,076,580

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

Notes to the Consolidated Financial Statements

1. Basis of Preparation

First Graphene Limited (“First Graphene” or the “Company”) is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is:

First Graphene Limited
1 Sepia Close
Henderson WA 6166

A description of the nature of operations and principal activities of FGR and its subsidiaries (collectively, the “Group”) is included in the Chief Executive Officer’s Report, which is not part of these financial statements.

The financial statements were authorised for issue in accordance with a resolution of the directors on 30 August 2022.

The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis except for assets and liabilities and share-based payments which are required to be measured at fair value. The basis of measurement is discussed further in the individual notes;
- is presented in Australian dollars;

Accounting policies

New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the 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 2021, except for the adoption of new accounting standards and interpretations effective for annual periods beginning 1 July 2021. The effect of the adoption of these new accounting standards and interpretations did not have a material impact on the annual consolidated financial statements of the Group, the nature and effect of which is discussed below.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Consolidated Financial Statements

Going Concern

The financial report is a general purpose financial report which has been prepared on a going concern basis and in accordance with Australian Accounting Standards, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The following Standards and Interpretations have been issued by the AASB, are relevant to the Group, but are not yet effective and have not been adopted by the Group for the period ending 30 June 2022. Unless otherwise stated, the Group has yet to fully assess the impact of these Standards and Interpretations when applied in future periods.

Basis of consolidation

The consolidated financial statements comprise the financial statements of First Graphene Limited and its subsidiaries as at 30 June 2022 (the **Group**).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained'
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Foreign currency translation

The financial report is presented in Australian dollars, which is First Graphene Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

The Notes To The Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Group. Information is considered relevant and material if, for example:

- the amount is significant due to its size or nature;
- the amount is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; or

Notes to the Consolidated Financial Statements

- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- Performance for the year;
- Operating assets and liabilities;
- Capital structure and risk;
- Other disclosures.

A brief explanation is included under each section.

Performance For the Year

This section focuses on the results and performance of the Group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation.

KEY ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes.

Share Based Payments Estimates

Judgement has been exercised in calculating the value of share based payments. The closing price of share sales on the day of the award of the share based payment is used for calculating the fair value of the payment.

Convertible notes carried at fair value

On initial recognition, the value of the convertible notes was calculated based on the proceeds received. At the reporting date, the fair value of the conversion options within the convertible loan has been assessed to be nil and credit risk has not changed from inception of the loan.

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product based on prevailing spot metals process at the reporting date, less estimated costs to complete production and bring the product to sale. Inventory held at 30 June 2022 relates to raw material, work in progress and finished goods and is held at net realisable value.

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of any provision is assessed by considering recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

Notes to the Consolidated Financial Statements

2. 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 Asset Maintenance

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

Notes to the Consolidated Financial Statements

Business Segment	Graphene Production \$	2021	Research & Development \$	2021	Corporate Services \$	2021	Mining Asset Maintenance \$	2021	Total \$	2021
	2022		2022		2022		2022		2022	2022
Revenue from external customers	723,323	341,869	-	-	-	-	-	-	723,323	341,869
Point in time Interest revenue	-	39,929	-	-	2,377	1,892	-	-	2,377	1,892
Operating Profit/(loss)	-	-	(1,396,222)	(2,572,559)	(3,537,984)	(3,513,898)	(98,902)	(238,229)	(5,033,108)	(6,284,757)
Depreciation expense	381,139	667,421	31,709	80,319	45,266	41,073	-	-	458,114	788,813
Amortisation expense	31,657	-	27,550	18,075	112,930	-	-	-	172,136	18,075
Segment assets	4,799,332	4,738,136	3,944,368	3,406,311	6,670,583	7,816,571	4,467	32,269	15,418,751	15,993,287
Segment liabilities	174,210	179,708	184,550	239,557	6,677,049	6,342,001	2,822	8,225	7,038,631	6,769,491

The Group recognises revenue under IFRS 15, using the point in time criteria. This is because the customer obtains control of a promised asset and the entity satisfies a performance obligation. Considerations include, but are not limited to:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset to the customer
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset.

Notes to the Consolidated Financial Statements

Geographical areas

In presenting the information on the basis of 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	2022		2021	
	Revenue	Total Assets	Revenue	Total Assets
Australia	723,323	14,856,052	341,869	9,252,761
United Kingdom	-	558,232	-	482,374
Sri Lanka	-	4,467	-	6,258,152
Total	723,323	15,418,751	341,869	15,993,287

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

Reconciliation of segment assets to the Statement of Financial Position

	2022	2021
	\$	\$
Total segments assets	20,787,048	23,160,997
Inter-segment elimination	(5,368,297)	(7,167,710)
Total assets per statement of financial position	15,418,751	15,993,287

Reconciliation of segment liabilities to the Statement of Financial Position

	2022	2021
	\$	\$
Total segments liabilities	23,086,033	23,255,662
Inter-segment elimination	(16,047,402)	(16,486,171)
Total liabilities per statement of financial position	7,038,631	6,769,491

Notes to the Consolidated Financial Statements

3. Revenue from contracts with customers

Accounting Policy

The Group accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration is probable.

Revenues from product sales are recognised when an identified performance obligation is satisfied, and the customer obtains and accepts control of the Company's product. Sales of product generally occur at a point in time, typically upon delivery to the customer.

Taxes collected from customers relating to product and service sales and remitted to governmental authorities are excluded from revenues. The Company expenses incremental costs of obtaining a contract as and when incurred because the expected amortisation period of the asset that the Company would have recognised is one year or less.

	Notes	2022 \$	2021 \$
Types of goods			
Sale of graphene/related services		723,323	341,869
Total revenue from contracts with customers		723,323	341,869

4. Operating expenses and other income

Accounting Policy

All revenue is stated net of the amount of goods and services tax (GST).

Other revenue includes R&D credits received from the Australian & UK tax government.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited against the asset and is released to the Statement of Profit or Loss and Other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to other income in the Statement of Profit or Loss and Other Comprehensive Income in the year of receipt.

Notes to the Consolidated Financial Statements

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Other revenue and expenses from continuing operations:

	Notes	2022 \$	2021 \$
(a) Other income			
R&D and grant income		1,241,941	684,186
Government grants related to COVID19		-	262,356
Profit on sale of property, plant & equipment		-	15,759
		1,241,941	962,301
(b) Research & development			
Employee expenses		535,053	938,419
Consultant and research programs		707,202	933,307
Legal and taxation expenses		9,531	67,286
Depreciation		31,709	64,148
Amortisation		27,550	18,075
Impairment of intangible assets		-	250,000
Impairment of inventory		-	(4,680)
Other		288,770	348,054
		1,599,816	2,614,609
(c) Selling & marketing			
Employee expenses		562,780	182,125
Advertising & promotion		139,554	202,074
Depreciation		2,437	1,101
Other		171,087	101,203
		875,857	486,502
(d) Mining lease maintenance			
Employee expenses		32,842	63,118
Rent of premises		41,279	57,919
Other		24,781	151,241
		98,902	272,278
(e) General & administrative			
Employee expenses		1,543,352	1,362,164
Director, finance & company secretarial fees		47,189	573,168
Legal & other professional fees		505,377	863,860
ASX listing, share registry and other corporate costs		148,510	153,011
Depreciation		42,830	39,972
Amortisation		112,930	-
Share based payment expense		463,839	419,831
Rent of premises		-	15,740
Insurances		79,270	71,269
Other		618,817	421,360
		3,562,113	3,920,375

Notes to the Consolidated Financial Statements

5. Finance income and expense

Accounting Policy

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

	Notes	2022 \$	2021 \$
(a) Finance income			
Interest income on bank deposits		2,377	1,892
		2,377	1,892
(b) Finance expense			
Interest expense		(296,751)	(20,052)
Foreign exchange (loss)/gain - unrealised		(11,662)	(10,767)
		(308,413)	(30,819)

Notes to the Consolidated Financial Statements

6. Income tax

Accounting Policy

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The major components of income tax expense are:

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Income Tax Expense	2022 \$	2021 \$
(a) Income tax expense/(benefit)	-	-
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
Total income tax expense	-	-
(b) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited in equity		
Current tax	-	-
Deferred tax	-	-
	-	-
(c) Reconciliation of income tax expense to prima facie tax payable		
- Loss before income tax from all activities	(5,017,488)	(8,379,866)
- Prima facie income tax benefit on loss before income tax at 30% (2021:30%)	(1,254,372)	(2,513,960)
- Entertainment	4,553	3,935
- Share based payments	115,960	125,949
- Non-assessable income	(211,978)	(139,196)
- Other permanent differences	40,830	761,472
- Deferred tax assets not brought to account	85,518	130,016
Income tax expense/(benefit)	-	-
The applicable weighted average effective tax rates	0%	0%
(d) Deferred tax liability		
Prepaid expenditure	-	-
PPE	-	-
Other temporary differences	-	-
	-	-
Off-set of deferred tax assets	-	-
Net deferred tax liability recognised	-	-

Notes to the Consolidated Financial Statements

Income Tax Expense	2022 \$	2021 \$
(e) Unrecognised deferred tax asset		
Tax losses	6,734,869	6,335,089
Capital losses	7,310,519	8,772,623
PPE & Leases	4,078	5,012
Other temporary differences	127,569	1,068,198
	14,177,034	16,180,921
Off-set of deferred tax liabilities	(110,890)	-
Net deferred tax assets unrecognised	14,066,145	16,180,921

The Group has Australian revenue losses from previous years for which no deferred tax assets have been recognised. The availability to utilise these losses in future periods is subject to review in the relevant jurisdictions.

7. Loss per share

Accounting Policy

Loss per share ("LPS") is the amount of post-tax profit attributable to each share. The group presents basic and diluted LPS data for ordinary shares. Basic LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted LPS takes into account the dilutive effect of all potential ordinary shares, being unlisted employee share options on issue.

	Number of shares 2022	Number of shares 2021
Weighted average ordinary shares used in calculating basic earnings per share	552,630,533	530,130,203
Weighted average ordinary shares used in calculating diluted earnings per share	552,630,533	530,130,203
Basic loss per share - cents per share	(0.91)	(1.19)
Diluted loss per share - cents per share	(0.91)	(1.19)

	2022 \$	2021 \$
Loss attributable to the owners of First Graphene used in calculating basic loss per share	(5,017,487)	(6,297,424)
Loss attributable to the owners of First Graphene used in calculating diluted loss per share	(5,017,487)	(6,297,424)

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements which would impact on the above EPS calculations.

Notes to the Consolidated Financial Statements

8. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at the end of the reporting period:

	2022	2021
	\$	\$
Cash at bank and in hand	7,004,724	7,076,580
	7,004,724	7,076,580

The Group's maximum exposure to financial risk is disclosed in note 15.

OPERATING ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the capital structure and finance costs section on page 41.

9. Inventories

Accounting Policy

Raw material, work in progress, finished goods and consumables are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories expected to be sold (or consumed in the case of stores) within 12 months after the Statement of financial position date are classified as current assets, all other inventories are classified as non-current.

Notes to the Consolidated Financial Statements

Inventories (continued)

Total Inventories	2022	2021
	\$	\$
Raw materials	1,987,200	1,859,988
Work in progress	316,598	350,689
Finished goods	2,411,910	2,513,211
Inventories Gross	4,715,708	4,723,887
Less: Provision for impairment	(42,120)	(42,120)
Carrying amount	4,673,588	4,681,768
<i>Disclosed as:</i>		
Current	1,821,713	1,152,872
Non-current	2,851,875	3,528,896
Total inventory	4,673,588	4,681,768

10. Other assets

	2022	2021
	\$	\$
Prepayments	850,926	817,234
Total other assets	850,926	817,234

11. Property, plant and equipment

Accounting Policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure which is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to the profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Notes to the Consolidated Financial Statements

Property, plant and equipment (continued)

Key estimates and assumptions

Useful Life of Assets

The estimation of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

“Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.”

Reconciliations of the carrying value for each class of property, plant and equipment is set out below:

30 June 2022	Capital Work in Progress	Plant and equipment	Office equipment	Motor vehicles	Total
Carrying amount at beginning of year	-	2,600,832	56,442	9,369	2,666,643
Additions	625,125	17,543	5,031	-	647,699
Depreciation	-	(440,181)	(16,320)	(1,613)	(458,114)
Movement due to foreign exchange	-	(1,471)	(103)	-	(1,573)
Carrying amount at end of year	625,125	2,176,724	45,050	7,756	2,854,655

30 June 2021	Plant and equipment	Office equipment	Motor vehicles	Total
Carrying amount at beginning of year	2,293,523	8,703	11,941	2,314,167
Additions	921,996	56,808	-	978,804
Depreciation	(615,689)	(9,081)	(2,572)	(627,342)
Movement due to foreign exchange	1,002	12	-	1,014
Carrying amount at end of year	2,600,832	56,442	9,369	2,666,643

Notes to the Consolidated Financial Statements

12. Trade and other payables

Accounting Policy

Trade and other payables represent the liabilities for goods and services received by the entity which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2022 \$	2021 \$
Current		
Trade and other payables	411,492	1,141,552
Customer deposits	174,210	179,708
	585,702	1,321,261

13. 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")
- 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.

Notes to the Consolidated Financial Statements

- 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 24 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.

	2022 \$	2021 \$
Current		
Convertible liabilities	6,135,251	4,934,817
	6,135,251	4,934,817

Opening Balance at 1st Jul 21 - Share Placement Agreement	4,342,000
Finance Charge	293,251
Funds Received - Placement 2	3,000,000
2,941,176 Shares at an issue price of \$0.17 per Share on 10 February 2022	(500,000)
3,225,807 Shares at an issue price of \$0.155 per Share on 25 March 2022	(500,000)
3,225,807 Shares at an issue price of \$0.155 per Share on 8 April 2022	(500,000)
Closing Balance at 30th Jun 2022	6,135,251

CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS AND RISK

This section outlines how the Group manages its capital, related financing costs and its exposure to various financial risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage these risks.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital.

The Board's policy in relation to capital management is to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Group's need for additional funding by way of either share issues or loan funds depending on market conditions at the time. The Board defines working capital in such circumstances as its excess liquid funds over liabilities and defines capital as being the ordinary share capital of the Company, plus retained earnings, reserves and net debt. In order to maintain or adjust the capital structure, the Board may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

Notes to the Consolidated Financial Statements

14. Financial Risk Management

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, deposits with banks, local money market instruments and short-term investments. The accounting policy with respect to these financial instruments is described in note 1.

Financial risk management structure:

Board of Directors

The Board is ultimately responsible for ensuring there are adequate policies in relation to risk oversight and management and internal control systems. The Group's policies are designed to ensure financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

(b) Financial risks

Credit risk

Credit risk refers to the risk a counterparty will default on its contractual obligation resulting in financial loss to the Group. Credit risk is managed on a group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or group of counterparties. The Group has no significant concentrations of credit risk.

It is the Group's policy to place funds generated internally and from deposits with clients with high quality financial institutions. The Group does not employ a formalised internal ratings system for the assessment of credit exposures. Amounts due from and to clients and dealers represents receivables sold and payables for securities purchased which have been contracted for but not yet settled on the reporting date, respectively. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis.

Exposure to credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position and the notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The Group's maximum exposure to credit risk without taking account of any collateral or other credit enhancements at the reporting date was \$7,004,724 (2021: \$7,076,580).

Notes to the Consolidated Financial Statements

The Company banks with Westpac Banking Corporation (Westpac). Westpac's long term credit ratings are A+ (Fitch Ratings), Aa3 (Moody's Investors Service) and AA- (Standard & Poor's).

	Group	
	2022	2021
	\$	\$
Cash and cash equivalents	7,004,724	7,076,580
	7,004,724	7,076,580

Notes to the Consolidated Financial Statements

Impairment of financial assets

The group holds trade receivables that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the AASB 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2022 was determined to be nil.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For the purposes of the Group's disclosures regarding credit quality, its financial assets have been analysed as follows:

	Neither Past Due nor individually impaired \$	Past due but not individually impaired \$	Individually impaired \$	Total \$	Impairment allowance \$	Total carrying amount \$
Consolidated 30 June 2022						
Trade receivables	167,744	-	-	167,744	-	167,744
	167,744	-	-	167,744	-	167,744
Consolidated 30 June 2021						
Trade receivables	86,015	-	-	86,015	-	86,015
	86,015	-	-	86,015	-	86,015

Financial assets past due but not individually impaired

For the purpose of this analysis an asset is considered past due when any payment due under the contractual terms is received one day past the contractual due date. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis. Credit risk is also mitigated as securities held for the counterparty by the Group can ultimately be sold should the counterparty default. There were no renegotiated financial assets during the year.

Notes to the Consolidated Financial Statements

Collateral pledged or held

There is no collateral held as security by the Group or its controlled entities.

Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring forecast cash requirements and cash flows.

The primary objective of the Group is to manage short-term liquidity requirements in such a way as to minimise financial risk. The Group maintains sufficient cash resources to meet its obligations, cash deposits are repayable on demand.

The tables below present the cash flows receivable and payable by the Group under financial assets and liabilities by remaining contractual maturities at the reporting date. The amounts disclosed are the contractual, undiscounted cash flows.

	Weighted average effective interest rate %	Floating interest rate Within one year \$	Fixed interest		Non-interest bearing		
			Within one year \$	1-5 years \$	Within one year \$	1-5 years \$	Total \$
30 June 2022							
Financial assets							
Cash and cash equivalents	0.01	7,004,724	-	-	-	-	7,004,724
Total Financial assets at 30 June 2022		7,004,724	-	-	-	-	7,004,724
Trade and other payables							
		-	-	-	585,702	-	585,702
Financial liabilities		-	-	-	6,135,251	-	6,135,251
Total financial liabilities at 30 June 2022		-	-	-	6,720,953	-	6,720,953
30 June 2021							
Financial assets							
Cash and cash equivalents	0.01	7,076,580	-	-	-	-	7,076,580
Total Financial assets at 30 June 2021		7,076,580	-	-	-	-	7,076,580
Trade and other payables							
		-	-	-	1,321,361	-	1,321,361
Financial liabilities		-	-	-	4,934,817	-	4,934,817
Total financial liabilities at 30 June 2021		-	-	-	6,256,178	-	6,256,178

Notes to the Consolidated Financial Statements

Trade and other payables and borrowings are expected to be paid as follows:

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
30 June 2022				
Trade and other payables (refer note 13)	585,702	-	-	-
Financial liabilities (refer note 14)	6,135,251			
	6,720,953	-	-	-
30 June 2021				
Trade and other payables (refer note 13)	1,321,361	-	-	-
Financial liabilities (refer note 14)	4,934,817			
	6,256,178	-	-	-

Market Risk

Market risk is the risk the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Foreign exchange risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency which is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's profitability can be significantly affected by movements in the \$US/\$A exchange rates, and to a lesser degree, though movements in the Sri Lankan Rupee versus the Australian dollar. Through reference to industry standard practices, and open market foreign currency trading patterns within the past 12 months, the group set the level of acceptable foreign exchange risk.

The Group seeks to manage this risk by holding foreign currency in \$US GBP£ and Sri Lankan Rupee.

Sensitivity analysis

The following table does not include intra group financial assets and liabilities. It summaries the sensitivity of the Group's financial assets and liabilities to external parties at 30 June 2021 to foreign exchange risk, based on foreign exchange rates as at 30 June 2021 and sensitivity of +/-5%:

	30 June 2022 rate (cents)
US\$/A\$	0.6876
GBP/A\$£	0.5663
LKR/A\$	247.84

Notes to the Consolidated Financial Statements

	Foreign exchange risk	
	2022 \$	2021 \$
Change in profit/loss due to:		
Improvement in AUD by 5%	(66,017)	(49,021)
Decline in AUD by 5%	66,017	49,021
Change in equity due to:		
Improvement in AUD by 5%	(66,017)	(49,021)
Decline in AUD by 5%	66,017	49,021

(ii) Interest rate risk

Group

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash position. A change of 10 basis points in interest rates at the reporting date would result in a change of profit or loss by the amounts shown below. This analysis assumes all other factors remain constant.

Profile

At reporting date the interest rate profile of the Group's financial instruments was:

	2022 \$	Interest rate risk			
		-10bps Profit	Equity	+10bps Profit	Equity
Floating rate instruments					
Cash at bank	7,004,724	(6,462)	-	6,462	-
	7,004,724	(6,462)	-	6,462	-
	2021 \$				
Floating rate instruments					
Cash at bank	7,076,580	(6,624)	-	6,624	-
	7,076,580	(6,624)	-	6,624	-

Notes to the Consolidated Financial Statements

(c) Net fair values

Fair value versus carrying amount

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments which are carried in the financial statements.

Methodologies and assumptions

For financial assets and liabilities which are liquid or have short term maturities it is assumed the carrying amounts approximate to their fair value.

	Note	30 June 2022		30 June 2021	
		Carrying amount \$	Net fair value \$	Carrying amount \$	Net fair value \$
Assets carried at amortised cost					
Trade and other receivables		167,744	167,744	85,815	85,815
Total financial assets		167,744	167,744	85,815	85,815
Liabilities carried at amortised cost					
Trade and other payables	13	585,702	585,702	1,321,361	1,321,361
Financial liabilities	14	6,135,251	6,135,251	4,934,817	4,934,817
Total Financial Liabilities		6,720,953	6,720,953	6,256,178	6,256,178

Fair value hierarchy

The Group classified the fair value of the financial instruments in the table below according to the fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 - values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 - values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 - values based on prices or valuation techniques that are not based on observable market data.

	Note	Fair value measurement using:			
		Total \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial liabilities measured at fair value - 2022					
Convertible liabilities	14	6,135,251	-	6,135,251	-
Total financial assets		6,135,251	-	6,135,251	-

There were no transfers between Level 1, Level 2 and Level 3 during 2022.

	Note	Fair value measurement using:			
		Total \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial liabilities measured at fair value - 2021					
Convertible liabilities	14	4,934,817	-	4,934,817	-
Total financial assets		4,934,817	-	4,934,817	-

Notes to the Consolidated Financial Statements

15. Issued capital

Accounting Policy

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of shares or options are recognised as a deduction from equity, net of any related income tax effects.

(a) Ordinary y shares	2022	2021	2022	2021
	\$	\$	Number	Number
Issued and fully paid	102,845,906	98,808,042	539,900,237	539,900,237
<i>Movements in shares on issue</i>				
At the beginning of the period	98,808,042	95,778,819	539,900,237	525,667,329
Exercise of options	2,210,187	2,197,825	9,120,749	9,636,632
Shares issued to employees	18,600	67,375	120,000	275,000
Entitlement issue ⁽ⁱ⁾	1,500,000	898,000	9,392,790	3,821,276
Shares issued to third party	328,000	129,000	1,500,000	500,000
Share issue costs	(18,923)	(262,977)	-	-
At the end of the period	102,845,906	98,808,042	560,033,776	539,900,237

(i) Repayment of borrowings as per the share placement agreement - Refer Note 13.

(b) Share options

Listed share options

	2022 Number	2021 Number
At the beginning of the period	100,955,266	107,471,898
Options issued	-	120,000
Options exercised	(8,120,749)	(6,636,632)
Options expired	(92,834,517)	-
At the end of the period	-	100,955,266

(c) Share options

Unlisted share options

	2022 Number	2021 Number
At the beginning of the period	17,000,000	15,000,000
Options issued	-	5,000,000
Options exercised	(1,000,000)	(3,000,000)
Options expired	(1,000,000)	-
At the end of the period	15,000,000	17,000,000

Notes to the Consolidated Financial Statements

Refer note 17 for further details on share options issued.

	2022 Number	2021 Number
(d) Performance rights		
<i>Unlisted performance rights</i>		
At the beginning of the period	120,000	-
Performance rights issued	60,000	120,000
Performance rights converted	<u>(120,000)</u>	-
At the end of the period	<u>60,000</u>	120,000

Refer note 17 for further details on performance rights issued.

Notes to the Consolidated Financial Statements

16. Share based payments

Accounting Policy

The value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (the vesting period), ending on the date on which the relevant employees become fully entitled to the option (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the option;
- The current best estimate of the number of options that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

Until an option has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

Share based payment expense

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

	2022 \$	2021 \$
Shares issued to employees	-	67,375
Option issued to employees	281,602	216,555
Performance rights issued to employees	29,237	6,900
Shares issued to Advisors	153,000	128,500
Options issued to directors	-	-
Total	463,839	419,330

Share Option Plan

The Company provides directors, certain employees and advisors with share options. The options are exercisable at set prices and the vesting and exercisable terms varied to suit each grant of options.

	2022		2021	
	Number of Options	Weighted average exercise price (cents)	Number of Options	Weighted average exercise price (cents)
<i>Outstanding 1 July</i>	37,630,904	21.6	37,050,000	21.1
Issued	-	-	5,000,000	25.0
Exercised	(1,000,000)	0.18	(3,000,000)	18.0
Traded / Sold	-	-	(1,419,096)	25.0
Lapsed	(21,630,904)	24.8	-	-
<i>Outstanding 30 June</i>	15,000,000	25.0	37,630,904	21.6

Notes to the Consolidated Financial Statements

Share-based payments - Options issued

The table below summarises options granted to directors, employees and consultants under the Share Option Plan:

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/lapsed during the year	Balance at the end of the year	Vested and exercisable during the year
			Number	Number	Number	Number	Number	Number

Unlisted options:

26 Feb 2019	26 Feb 2022	\$0.18	2,000,000	-	(1,000,000)	(1,000,000)	-	-
8 Nov 2019	8 Nov 2023	\$0.25	9,000,000	-	-	-	9,000,000	9,000,000
6 Jan 2020	8 Nov 2023	\$0.25	1,000,000	-	-	-	1,000,000	1,000,000
17 Dec 2020	8 Nov 2023	\$0.25	5,000,000	-	-	-	5,000,000	5,000,000

Listed options:

31 Oct 2017	8 Aug 2021	Various	1,550,000	-	-	(1,550,000)	-	-
24 Nov 2017	8 Aug 2021	Various	17,000,000	-	-	(17,000,000)	-	-
23 May 2018	8 Aug 2021	Various	3,000,000	-	-	(3,000,000)	-	-
14 May 2019	8 Aug 2021	Various	500,000	-	-	(500,000)	-	-

The weighted average remaining contractual life of the options is 1.25 years (2021: 2.25 years).

Share-based payments - Performance rights issued

The following performance rights were granted to employees:

Employee	Number of Performance Rights	Date of Grant	Share Price A\$	Value A\$	Vesting Date
Shoaib Qureshi	60,000	21/09/2021	0.19	11,400	22/09/2022
	60,000			11,400	

Total vesting expense was recognised in the current year of \$8,800. Vesting of these performance rights is based on completing 12 months of continuous service.

Notes to the Consolidated Financial Statements

17. Reserves and accumulated losses

Accounting Policy

The share based payments reserve holds the directly attributable cost of services provided pursuant to the options issued to corporate advisors, directors, employees and past directors of the Group.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18. Statement of cash flow reconciliation

	2022 \$	2021 \$
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net Loss	(5,033,108)	(6,284,757)
Adjusted for:		
Depreciation	248,480	76,153
Amortisation	22,802	18,075
Impairment of intangible asset	-	250,000
Write back/impairment of inventory	-	(4,680)
(Gain)/loss on sale of property, plant and equipment	-	(15,759)
Share based payments expensed	463,839	419,831
Options expensed	-	-
Shares issued to employees as payment for deferred salaries	-	-
Foreign exchange loss/(gains)	(11,662)	(10,767)
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	(81,729)	(20,447)
(Increase)/decrease in inventory	382,311	(1,364,264)
(Increase)/decrease in prepayments	(11,690)	(129,516)
Decrease in other assets	-	7,040
(Decrease)/increase in trade and other payables	(378,652)	(15,867)
Net cash (used in) operating activities	(4,399,409)	(7,074,958)

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the reporting period.

Notes to the Consolidated Financial Statements

19. Commitments

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2022. (2021: Nil)..

20. Results of the parent company

	2022 \$	2021 \$
Current Assets		
Cash and cash equivalents	6,415,391	6,598,192
Trade and other receivables	125,744	56,368
Inventory	1,821,713	1,152,872
Other current assets	102,449	687,442
Total current assets	8,465,297	8,494,874
Non-current assets		
Property, plant and equipment	2,837,379	2,630,599
Right of use asset	162,179	342,590
Intercompany loans receivable	-	-
Inventory	2,851,875	3,528,896
Investment in subsidiaries	650,000	650,000
Investment	211,906	220,805
Total non-current assets	6,713,338	7,372,890
Total assets	15,178,636	15,867,764
Liabilities		
Current liabilities		
Trade and other payables	6,539,994	6,030,222
Employee liabilities	132,776	132,190
Lease Liabilities	178,489	196,213
Total current liabilities	6,851,259	6,358,625
Non-current liabilities		
Lease Liabilities	-	163,084
Total non-current liabilities	-	163,084
Total liabilities	6,851,259	6,521,709
Net Assets	8,327,377	9,346,055
Equity		
Issued capital	102,845,906	98,808,042
Share based payments reserve	5,931,862	5,639,623
Other reserves	-	-
Accumulated losses	(100,450,391)	(95,101,610)
Total equity	8,327,377	9,346,055
Results of the parent entity:		
Loss for the period	(5,338,462)	(6,165,899)
	(5,338,462)	(6,165,899)

Notes to the Consolidated Financial Statements

21. Events since the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

22. Related party transactions

Compensation for key management personnel

The key management personnel compensation included in employee benefits expense (note 4) and share-based payments (note 17), is as follows:

	2022	2021
	\$	\$
Short term employee benefits	963,804	2,220,138
Share based payments	290,602	219,706
	1,254,406	2,439,844

Transactions with other related parties

There were no loans to/from related parties in 2022 (2021: Nil)

Subsidiaries

The consolidated financial statements include the financial statements of First Graphene Limited and the subsidiaries listed in the following table:

	Principal activity in the year	Proportion of voting rights and shares held		Class of shares held	Place of Incorporation
		2022	2021		
First Graphene (UK) Ltd	Graphene sales and R&D	100%	100%	Ordinary	England & Wales
MRL Investments (Pvt) Ltd	Holding company	100%	100%	Ordinary	Sri Lanka
MRL Graphene (Pvt) Ltd	Graphene Mining and exploration	100%	100%	Ordinary	Sri Lanka
2D Fluidics Pty Ltd	Development and sale of VFD, TTF and other 2D devices and materials	66.67%	66.67%	Ordinary	Australia

Notes to the Consolidated Financial Statements

23. Auditors' remuneration

Services provided by the Group's auditor (in tenure as auditor) and associated firms

During the year, the Group (including its overseas subsidiaries) obtained the following services from BDO Audit (W.A.) Pty Ltd as detailed below:

Auditors' remuneration	2022 \$	2021 \$
Remuneration of the auditor of the Group for:		
- Audit services - BDO Audit (WA) Pty Ltd	62,294	44,776
- Taxation services - BDO Corporate Tax (WA) Pty Ltd	50,668	50,454
	112,962	95,230

Directors' Declaration

The Directors declare:

1. the financial statements and notes, as set out on pages 19 to 54 are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on this date of the consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have each declared:
 - a. the financial records of the consolidated group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements, and the notes for the financial year comply with the accounting standards; and
 - c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion, there are reasonable grounds to believe the consolidated group will be able to pay its debts as and when they become due and payable.
4. the consolidated group has included in the notes to the financial statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards
5. the remuneration disclosures set out in the Directors' Report on pages 10 to 16 as the audited Remuneration Report) comply with section 300A of the Corporations Act 2001;

Signed in accordance with a resolution of the directors made pursuant to section 295 (5) of the Corporations Act 2001. On behalf of the Directors



Michael Bell
Managing Director
31 August 2022

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the members of First Graphene Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of First Graphene Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's inventory, as disclosed in Note 9 to the financial report, was a key audit matter as the inventory costing and net realisable value ("NRV") calculations require significant estimates and judgements.</p> <p>The determination of NRV of the inventory requires management's judgement in relation to estimating future selling prices, future processing costs and related selling costs.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the NRV of inventory against the requirements of the Australian Accounting Standards, including comparing managements estimated future selling prices to customer contracts in place at year end; • testing on a sample basis, the reasonableness of the costs capitalised into inventory against the requirements of Australian Accounting Standards; • observing the year end stocktake process and undertaking our own test counts; and • assessing the adequacy of the related disclosures in Note 9 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of First Graphene Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth

31 August 2022

Additional Securities Exchange Information

(note, this information does not form part of the audited financial statements)

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is complete as at 4 August 2022.

a) Distribution of Shareholdings – Fully Paid Ordinary Shares:

Size of Holding	Number of Shareholders	Number of Share
1 – 1,000	179	34,172
1,001 – 5,000	1,548	5,240,324
5,001 – 10,000	1,084	8,527,283
10,001 – 100,000	2,273	79,169,689
100,001 and over	485	481,348,023
	5,569	574,319,491

Equity Security	Quoted	Unquoted
Fully Paid ordinary shares	574,319,491	0
Options	0	15,000,000

Additional Securities Exchange Information

b) Top 20 Security Holders - Fully Paid Ordinary Shares (FGR) at 4 August 2022

Position	Holder/Group Name	Number of Shares	%
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	140,716,483	24.50%
2	BNP PARIBAS NOMS PTY LTD <DRP>	24,281,860	4.23%
3	CITICORP NOMINEES PTY LIMITED	22,732,640	3.96%
4	TWYNAM INVESTMENTS PTY LTD	21,947,082	3.82%
5	GREGORACH PTY LTD	15,905,946	2.77%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,726,225	2.56%
7	BUILDING ON THE ROCK LIMITED	14,685,000	2.56%
8	IPS Holdings	13,828,400	2.41%
9	DEBT MANAGEMENT ASIA CORPORATION	12,457,146	2.17%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,619,010	1.50%
11	GINGA PTY LTD	6,771,374	1.18%
12	WILLIAM TAYLOR NOMINEES PTY LTD	4,465,959	0.78%
13	BERGEN GLOBAL OPPORTUNITY FUND LP	3,433,905	0.60%
14	MS FADILLAH BURHAN HASIBUAN	3,089,230	0.54%
15	MR RICHARD HOPETOUN BITCON	2,860,000	0.50%
16	IPS NOMINEES LIMITED	2,759,611	0.48%
17	HALLIDAF MANAGEMENT LIMITED	2,654,274	0.46%
18	MR RYAN JEHAN ROCKWOOD	2,500,000	0.44%
19	BNP PARIBAS NOMINEES PTY LT <IB AU NOMS RETAILCLIENT DRP>	2,367,749	0.41%
20	BISSAPP SOFTWARE PTY LTD <SUPER FUND ACCOUNT>	2,149,496	0.37%
	Total	322,951,390	56.23%
	Total Issued Capital	574,319,491	100.00%

Shareholders with less than a marketable parcel

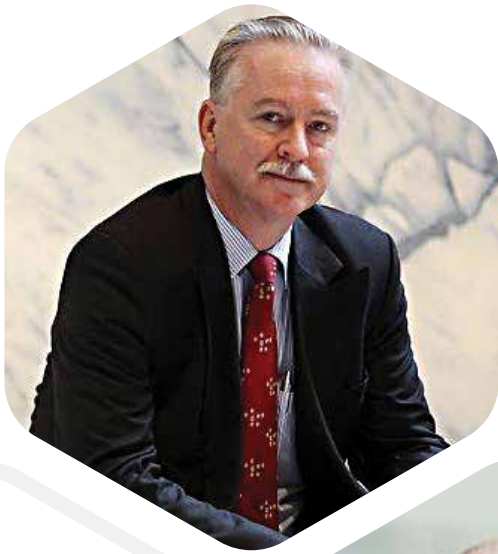
At 4 August 2022, there were 1,055 shareholders holding less than a marketable parcel of shares (\$0.14 cents on this date) in the Company totalling 743,893 ordinary shares. This represented 0.4% of the issued capital.

Additional Securities Exchange Information

c) Licence Position as at 24 August 2022

All granted licences are in good standing and comply with the reporting requirements of the relevant licence.

Licence Number	FGR Interest - %	Status	General Location
IML/A/HO/9405/R/2	100	Granted	Central
IML/A/HO/8416/R4	100	Granted	Western
EL/225/R4	100	Granted	Central
EL/228/R4	100	Granted	Central
EL/321/R2	100	Granted	Central
EL/262/R3	100	Granted	Central
EL/325/R2	100	Granted	Central
EL/326/R2	100	Granted	Central



CORPORATE DIRECTORY





Directors

Warwick Grigor	(Non-Executive Chairman)
Dr Andy Goodwin	(Non-Executive Director)
Michael Quinert	(Non-Executive Director)
Michael Bell	(Managing Director & CEO)

Company Secretary

Aditya Asthana

Principal Registered Office in Australia

-  1 Sepia Close
Henderson WA 6166
-  +61 1300 6600 448
-  info@firstgraphene.net
-  www.firstgraphene.net


Stock Exchange Listings

The Company is listed on the **Australian Securities Exchange** under the trading code **FGR**.

The company is quoted on the **Frankfurt Stock Exchange** under the trading code **FSE:M11**.


The Company is quoted on the **OTCQ8** market in the USA under the trading code **FGPHF**.

Auditor


-  **BDO Audit (WA) Pty Ltd**
38 Station Street
Subiaco WA 6000

Share Registry




Automatic Registry Services

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Perth WA 6000

All security holder correspondence to:


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-  www.automatic.com.au

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Perth WA 6000

EMK Lawyers

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-  PO Box 103
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Bankers - Australia

Westpac Banking Corporation

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FIRST GRAPHENE

World leading materials technology | ASX:FGR

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