

Chairman's Address

Annual General Meeting 2018

Ladies and Gentlemen

Welcome to the 2018 AGM of First Graphene.

I am pleased that we are able to hold the meeting in Sydney this year, giving shareholders in the eastern states an easier option to attend the AGM, rather than expecting them to travel to Perth.

It has been another year of advancement for your Company. Taking the period of review through to this month;

- we have seen the construction and commissioning of our Henderson commercial scale graphene manufacturing plant;
- we have signed up for the GEIC initiative in Manchester, giving us access to the best collection of graphene personnel and equipment in the world, as a Tier 1 partner;
- we have seen the launch of our PureGRAPH™ product range of high quality graphene; and, most recently
- we have announced the commencement of real industry sales in a number of product verticals.

In summary, we have been delivering for shareholders, according to a carefully thought out business strategy.

The progress over the latest three years has been impressive. Three years ago we were a tiny penny dreadful with ambitions of mining graphite in Sri Lanka. When we realized that this graphite was the best raw material for making high quality graphene we started on a journey that has transformed the Company into what is arguably the world's leading stock exchange listed graphene company. The share price has quadrupled along the way.

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ASX Symbol

FGR
FGROC

Over the last 12 months we have gone to great lengths to realigned our share register with shareholders who understand our real business and the opportunities that we offer. We are not a mining company, though our raw material does come from mines. We are an advanced materials company that is opening commercial pathways to one of the most exciting growth stories in the market today; graphene. We are not interested in PE multiples of 4-5x, which are typically seen for cyclical mining stocks. We are seeking industry leadership in a growth curve that has at least 10 or 20 years ahead of it - one that will place us on PE multiples of 20x in recognition of that growth curve. We are keen to attract shareholders who buy and hold, to benefit from the growth curve, as opposed to hot traders who want directors to pump the share price so they can make quick trading profits.

We have the production capability, evidenced by the Henderson commercial scale treatment plant. We have spent six months testing and confirming our product quality, culminating in the launching of our PureGRAPH™ product range. Potential customers can now start to plan to add our PureGRAPH™ into their products, confident of our ability to supply a consistent premium graphene product. They have already started knocking on our door.

The best example of this is the dealings with newGen, that has used PureGRAPH™ to improve the quality of liners used in heavy mining equipment. These liners protect metal surfaces from abrasive wear and tear, most notably in the iron ore business for companies such as BHP, Fortescue and RIO. Currently, these liners have to be replaced every six months. Each time a piece of equipment such as a bucket reclaimer has to be shut down for relining, the downtime costs the mining companies significant loss of sales. They will be big winners if they can push out the time frame from six months to nine, or even 12 months. They would pay a premium to newGen for this ability. Everyone wins. It is all about efficiency of capital, made possible by adding PureGRAPH™. It is quite possible that sales of PureGRAPH™ in 2019, for this application, could be several tonnes. It would escalate rapidly from there with global sales of mill lining materials to the mining industry being in the order of US\$1.2bn pa alone.

newGen is very enthusiastic about its new line, which it calls Armour-GRAPH™, believing it gives it a serious competitive advantage. We agree. First Graphene will experience collateral benefit as Armour-GRAPH™ is marketed throughout the mining services sector. Everyone wins.

The newGen experience is just one example of what is happening across a number of product verticals. As each month goes by we look forward to reporting advancement and with it, increasing graphene sales. We are on the verge of being able to announce one new vertical that could generate demand of 5-10 tonnes of PureGRAPH in 2019, coinciding with an exciting product launch.

How many other companies, in Australia or internationally, can generate these sort of sales orders? How many graphene companies can even deliver into this scale of orders? Your answers to these questions will also provide answers as to whether or not First Graphene has made real commercial progress as opposed to blowing hot air. As I said, we are all about delivering.

As recently announced First Graphene has an active research program with the University of Adelaide and more recently the University of Manchester into graphene in cementitious products, one may ask why look at graphene into an industrial material like concrete. The cement industry contributes 6% of the world CO₂ emissions. By adding as little as 0.02% graphene the compressive strength improves by 34% and 27% in tensile. At such low addition rates this will be a game changer in years to come, and industry interest is building.

This is probably an appropriate juncture to raise the hot topic of Hot Copper. We all know what Hot Copper is. We all know what type of person frequents Hot Copper. I find it quite amazing that ASIC allows it to continue to operate as a platform that is so often filled with scurrilous and even defamatory innuendo. Posters hide behind pseudonyms, offering outrageous and frequently ignorant and misleading comments and opinions, without any accountability. I say that enough is enough. People need to be held accountable. They need to be clearly identifiable so they can be pursued and prosecuted for contravention of laws both civil and legislated. The regulators do no service by allowing these ghosts to operate in what is effectively a dark web in the investment markets.

Getting back to note positive matters, I would like to thank the First Graphene operations and technical team for a sterling effort. While I believe Peter Youd and I have acquitted ourselves in a diligent and effective manner, that would have all been non-effectual without the contributions of the technical team headed by Craig McGuckin and Dr Andy Goodwin. They are the guys who have build the plant and made sure it works. They have achieved the level of excellence that has taken us to the position of industry leadership. Maybe they are not promoters, but promoters fall down in a heap if they are not standing on something of substance built by the operators.

That said, there is much more building to do. This is no time to rest on laurels. We have a sales book to build. We have customers to accommodate. We have to build our team to extend our reach. We have shareholders to satisfy.

We look to 2019, as a year in which the concept becomes a reality, to when opportunity evolves to delivery.

Thank you for your attendance today.

Warwick Grigor
Chairman
First Graphene Limited

About First Graphene Ltd (ASX: FGR)

First Graphene produces high quality graphene from high grade Sri Lankan vein graphite.

First Graphene seeks to develop graphene production methods and acquire graphene related intellectual property which can provide further revenue related opportunities.

About Graphene

Graphene, the well-publicised and now famous two-dimensional carbon allotrope, is as versatile a material as any discovered on Earth. Its amazing properties as the lightest and strongest material, compared with its ability to conduct heat and electricity better than anything else, means it can be integrated into a huge number of applications. Initially this will mean graphene is used to help improve the performance and efficiency of current materials and substances, but in the future, it will also be developed in conjunction with other two-dimensional (2D) crystals to create some even more amazing compounds to suit an even wider range of applications.

One area of research which is being very highly studied is energy storage. Currently, scientists are working on enhancing the capabilities of lithium ion batteries (by incorporating graphene as an anode) to offer much higher storage capacities with much better longevity and charge rate. Also, graphene is being studied and developed to be used in the manufacture of supercapacitors which can be charged very quickly, yet also be able to store a large amount of electricity.

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