

**FIRST GRAPHENE LIMITED**

**ACN 007 870 760**

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**PROSPECTUS**

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For the offer of up to 10,000 Quoted Options at an issue price of \$0.01 per Quoted Option to raise approximately \$100 (before expenses).

**This Prospectus has been prepared primarily for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Quoted Options issued by the Company prior to the Closing Date.**

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Quoted Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Quoted Options offered by this Prospectus should be considered as highly speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Warwick Grigor  
*Non-Executive Chairman*

Craig McGuckin  
*Managing Director*

Peter R. Youd  
*Executive Director*

Christopher Banasik  
*Non-Executive Director*

### Company Secretary

Peter R. Youd

### ASX Code

FGR – Shares

FGROC – Quoted Options

### Share Registry\*

Automic Registry Services  
Level 2,  
267 St Georges Terrace,  
Perth WA 6000

All securityholder correspondence to:

PO Box 2226, Strawberry Hills, NSW 2012

Telephone: 1300 288 664 (within Australia)  
Telephone: +61 (0)2 9698 5414 (outside  
Australia)

Email: [hello@automic.com.au](mailto:hello@automic.com.au)

Website: [www.automic.com.au](http://www.automic.com.au)

### Auditor\*

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Contact Details

#### Registered Office

Suite 3  
9 Hampden Road  
Nedlands WA 6009

Telephone: +61 1300 660 448

Facsimile: +61 1300 855 044

Email: [info@firstgraphene.com.au](mailto:info@firstgraphene.com.au)

Website: [www.firstgraphene.com.au](http://www.firstgraphene.com.au)

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Solicitors – Sri Lanka\*

Varners  
Level 14, West Tower  
World Trade Centre  
Echelon Square  
Colombo 01  
Sri Lanka

\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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## 2. TIMETABLE

Lodgement of Prospectus with the ASIC and ASX	22 December 2017
Opening Date of Offer	22 December 2017
Closing Date of Offer*	5:00pm (WST) on 22 December 2017

\* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice.

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### **3. IMPORTANT NOTES**

This Prospectus is dated 22 December 2017 and a copy was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Quoted Options will be issued on the basis of this Prospectus after the expiry date.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Quoted Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk Factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Quoted Options or any Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Quoted Options pursuant to this Prospectus.

#### **3.2 Investors outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Quoted Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

#### **3.3 Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representations not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 10,000 Quoted Options at an issue price of \$0.01 per Quoted Option to raise approximately \$100 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors at their discretion. Application Forms will only be provided by the Company to these parties.

All of the Quoted Options offered under this Prospectus will rank equally with Quoted Options on issue at the date of this Prospectus. The full terms and conditions of the Quoted Options are set out in Section 6.1.

All Shares issued on exercise of the Quoted Options will rank equally with the Shares then on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 6.2.

### **4.2 Objective**

The Company is seeking to raise only a nominal amount under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Quoted Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of the Prospectus).

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

### **4.3 Minimum Subscription**

There is no minimum subscription in respect of the Offer.

#### 4.4 Applications

Applications for Quoted Options must only be made by investors instructed by Directors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Quoted Options must be made in full by cheque made payable to “**First Graphene Limited**” and crossed “**Not Negotiable**” in respect of all Quoted Options applied for at the issue price of \$0.01 per Quoted Option.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Delivery by hand	Delivery by post
First Graphene Limited Suite 3 9 Hampden Road Nedlands WA 6009	First Graphene Limited C/- Automic Registry Services PO Box 2226 Strawberry Hills NSW 2012

Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

#### 4.5 Underwriter

The Offer is not underwritten.

#### 4.6 ASX Listing

Application for Official Quotation of the Quoted Options offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Quoted Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Quoted Options offered pursuant to this Prospectus and will repay all application monies for those Quoted Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Quoted Options is not to be taken in any way as an indication of the merits of the Company or the Quoted Options now offered for subscription.

#### 4.7 Issue of Quoted Options

The issue of Quoted Options offered under the Offer will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until the Quoted Options are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Quoted Options are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Quoted Options. The Directors reserve the right to reject any application or to allocate any Applicant fewer Quoted Options than the number applied for.

Where the number of Quoted Options issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Quoted Options is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

#### **4.8 Restrictions on the distribution of the Prospectus**

The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application for Quoted Options on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Quoted Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$100 (before expenses) will be raised. All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 8.8 for further details relating to the estimated expenses of the Offer.

### 5.2 Financial Effect of the Offer

Expenses of the Offer are expected to be \$10,000, and will be greater than any proceeds that will be received. The expenses of the Offer (exceeding \$100) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position of reducing the cash balance by \$9,900, being receipt of funds of \$100 less expenses of the Offer of \$10,000.

### 5.3 Effect of the Offer

The effect of the Offer on the capital structure of the Company is set out below.

#### Shares

	Number
Shares currently on issue as at the date of this Prospectus	373,761,237 <sup>1</sup>
Shares offered pursuant to the Offer	Nil
<b>Total Shares on issue after completion of the Offer</b>	<b>373,761,237</b>

#### Notes

1. 844,443 of the Shares currently on issue are subject to voluntary escrow to be released in equal portions on 3 February 2018 and 3 May 2018.

#### Options

	Number
<b>Options on issue at the date of this Prospectus on terms as follows:</b>	<b>73,720,155</b>
Unquoted Options exercisable at \$0.10 on or before 5:00 pm (AEST) on 11 January 2019	250,000
Unquoted Options exercisable at \$0.15 on or before 5:00 pm (AEST) on 11 January 2019	250,000
Quoted Options currently on issue <sup>1,2</sup>	73,220,155
Quoted Options offered pursuant to the Offer <sup>1</sup>	10,000
<b>Total Options on issue after completion of the Offer</b>	<b>73,730,155</b>

**Notes**

1. For full terms and conditions of the Quoted Options refer to Section 6.1 of this Prospectus.
2. The Quoted Options offered under this Prospectus are on the same terms and conditions as this class of Options.

Except for the 844,443 Shares currently subject to voluntary escrow, no other securities on issue are subject to escrow restrictions, either voluntary or ASX imposed.

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## 6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 6.1 Quoted Options

The material terms of the Quoted Options are set out below:

(a) **Entitlement**

Each Quoted Option entitles the holder to subscribe for one Share upon exercise of the Quoted Option.

(b) **Exercise Price**

The exercise price per Quoted Option (**Exercise Price**) will be:

- (i) \$0.15 each, if exercised on or before 8 August 2019;
- (ii) \$0.20 each, if exercised after 8 August 2019 but on or before 8 August 2020; and
- (iii) \$0.25 each, if exercised after 8 August 2020 but on or before 8 August 2021.

(c) **Expiry Date**

Each Quoted Option will expire at 5:00 pm (WST) on the date which is 4 years from 8 August 2017 (**Expiry Date**). A Quoted Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Quoted Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Quoted Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Quoted Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- the Exercise Date; and
- when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Quoted Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Quoted Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Quoted Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Quoted Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Quoted Options without exercising the Quoted Options.

(k) **Change in exercise price**

A Quoted Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Quoted Option can be exercised.

(l) **Transferability**

The Quoted Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **ASX Compliance**

The terms of the Quoted Options may be amended in order to comply with the ASX Listing Rules.

## 6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued upon exercise of the Quoted Options being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## 7. RISK FACTORS

### 7.1 Introduction

The Quoted Options offered under this under this Prospectus and the Shares issued on exercise of those Quoted Options are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Quoted Options and Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.2 Company specific

#### (a) Sovereign and political risks associated with operating in Sri Lanka

The Company's projects are located in Sri Lanka and the Company will be subject to the risks associated with operating in that country, including various levels of political, economic and other risks and uncertainties.

The Company may be subject to economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Sri Lanka may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company or its subsidiaries in Sri Lanka.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

#### (b) Exploration Risk

There can be no assurance that future exploration of the Company's projects will result in the discovery of economic graphite deposits. Even if

an apparently viable deposit is identified, there is no guarantee it can be economically exploited.

Further, there is a risk that the proposed exploration of the Company's Sri Lankan licences (**Licences**) may be adversely affected by the operational factors referred to below.

Accordingly, no assurance can be given that the Company will achieve commercial viability through the successful exploration of the projects.

Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Licence access risk**

The right of the holder of an exploration license to enter onto the license to explore for minerals is subject to the consent of:

- (i) the occupier of the land; and
- (ii) where the land is proximate to certain restricted locations, the ministry responsible for the protection of such locations.

Under Sri Lankan legislation, the Company may be required to enter into an agreement with the relevant landowner or occupier for the purpose of securing this consent prior to commencing any exploration activities on the affected areas within the Licences.

Whilst the requirement to seek and obtain these consents and enter such agreements is customary in Sri Lanka, any delay in obtaining these consents, entry into requisite agreements or issues with landowners performing their obligations under the relevant agreements may impact on the Company's ability to carry out exploration activities within the affected areas.

(d) **Exploration license title risk**

There are a number of conditions that the Company must satisfy with respect to the Licences, including annual reporting requirements to keep the Licences in good standing. There is a risk that the Company (through its Sri Lankan subsidiary) may not be able to satisfy these requirements, in which case the Company may forfeit title to the Licences.

Licences are also subject to periodic renewal and may only be renewed a limited number of times for a limited period of time. While the Company anticipates that such renewals will be given as and when sought, there can be no assurance that these renewals will be given as a matter of course and that new conditions will not be imposed in connection therewith.

Furthermore, the Company will require an industrial mining licence in order to conduct mining operations in Sri Lanka. There can be no assurance, however, that such licences will be obtained on terms favourable to the Company or at all for the Company's future intended mining and/or exploration targets in Sri Lanka.

(e) **Operating risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors.

Factors that may affect the operations of the Company, include:

- (i) geological conditions;
- (ii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iii) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (iv) industrial action, disputation or disruptions;
- (v) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (vii) prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals;
- (viii) current exploration operations and future development of the Licences are subject to the Company's ability to obtain a wide range of permits, licences, and approvals and there is no guarantee that such permits, licences and approvals will be granted or will be granted in a timely matter;
- (ix) advancement of the exploration operations to mine development can be a lengthy process taking a number of years where the Company's projects may be subject to new laws, regulations, and taxes which may have a material impact on the Company; and
- (x) restriction of access to infrastructure by Sri Lankan authorities.

**7.3 Industry specific**

(a) **Environmental risks**

The operations and proposed activities of the Company's projects in Sri Lanka are subject to Sri Lankan laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(b) **Infrastructure**

Several of the Licences are located in areas that have access to limited infrastructure including roads, electricity, running water and health and emergency services.

The limited infrastructure may impact negatively on the economic viability of any deposits discovered by the Company in those regions and may require the Company to negotiate access to existing infrastructure and/or invest on the upgrade of existing infrastructure or development of new infrastructure.

(c) **Graphite price volatility**

If successful, substantial portions of the Company's revenues and cash flow are expected to be derived from the sale of graphite. Therefore, the financial performance of the Company would be exposed to fluctuations in the graphite price. Historically, the graphite price has fluctuated widely and has experienced periods of significant decline.

Graphite prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, forward selling activity as well as general global economic conditions and political trends.

If graphite prices should fall below or remain below the Company's costs of production for any sustained period due to these or other factors and events, the Company's exploration and proposed production could be delayed or even abandoned. A delay in exploration or production or the abandonment of one or more of the Company's projects may require the Company to write-down its graphite assets and may have a material adverse effect on the Company's production, earnings and financial position.

## 7.4 **General risks**

(a) **Foreign exchange risk**

The Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar, the Sri Lanka rupee and the Australian dollar. Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

(b) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Market conditions**

Share market conditions may affect the value of the Company's Quoted Options and Underlying Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of Quoted Options and Underlying Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Entitlement Issue, if required. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect of the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(f) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all

reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(g) **Government and policy changes**

Government action or policy change, both in Australia and Sri Lanka, particularly in relation to lands and infrastructure, compliance with environmental regulations, taxation and royalties, may adversely affect the Company's operations and financial performance.

(h) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or projects. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions.

(i) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

## 7.5 **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Quoted Options offered under this Prospectus.

Therefore, the Quoted Options to be issued pursuant to this Prospectus and the Shares issued on exercise of those Quoted Options carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Quoted Options or Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Quoted Options pursuant to this Prospectus.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
22/12/2017	Change of Director's Interest Notice
22/12/2017	Change of Director's Interest Notice
22/12/2017	Change of Director's Interest Notice
21/12/2017	Appendix 3B
20/12/2017	Entitlement Issue – Notification of Shortfall
15/12/2017	Demonstration Video of FireStop Effectiveness
13/12/2017	A Greener Approach Towards the Fabrication of Graphene Oxide
12/12/2017	R & D Refund Boosts Company Finances
07/12/2017	First Graphene Receives \$1.5m CRC-P Funding
05/12/2017	First Shipment From Henderson Facility
29/11/2017	Wholesale Investor Presentation
27/11/2017	Official Opening of Commercial Graphene Facility
24/11/2017	Results of Annual General Meeting
24/11/2017	Chairman's Address to Shareholders
24/11/2017	OPTION ENTITLEMENT ISSUE CLOSING DATE EXTENDED
21/11/2017	Entitlement Issue Update
21/11/2017	IDTechEx Update
13/11/2017	Entitlement Issue Prospectus
13/11/2017	Appendix 3B
31/10/2017	Quarterly Activities Report
31/10/2017	Quarterly Cashflow Report
31/10/2017	Change of Director's Interest Notice
31/10/2017	Appendix 3B

Date	Description of Announcement
25/10/2017	Loyalty Option Issue
25/10/2017	Notice of Annual General Meeting/Proxy Form
23/10/2017	Graphene Technology Update
20/10/2017	Dr Andy Goodwin's Interview with Finance News Network
12/10/2017	First Graphite to Change Name
09/10/2017	Appendix 3B
09/10/2017	Change of Director's Interest Notice
09/10/2017	Change of Director's Interest Notice

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at [www.firstgraphene.com.au](http://www.firstgraphene.com.au).

### 8.3 Market price of Shares and Quoted Options

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares and the Quoted Options are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	Price	Date
Highest	\$0.15	29 November 2017
Lowest	\$0.076	16 October 2017
Last	\$0.14	21 December 2017

### 8.4 Substantial Shareholders

Based on publicly available information as at the date of this Prospectus, there are no persons which (together with their associates) have a relevant interest in 5% or more of the Shares.

There will be no change to the substantial holders as a result of the issue of any Quoted Options offered pursuant to the Offer.

### 8.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director of the Company, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) property acquired or proposed to be acquired by the Company in connection with:
- (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director of the Company:
- (d) as an inducement to become, or to qualify as, a director of the Company; or
- (e) for services provided in connection with:
- (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security Holdings**

Directors' relevant interests in securities of the Company at the date of this Prospectus are as set out below:

<b>Director</b>	<b>Shares</b>	<b>Options</b>
Warwick Grigor	17,105,946 <sup>1</sup>	7,138,244 <sup>5</sup>
Craig McGuckin	7,631,240 <sup>2</sup>	Nil <sup>5</sup>
Peter Youd	6,511,521 <sup>3</sup>	52,091 <sup>5</sup>
Chris Banasik	872,727 <sup>4</sup>	2,109,091 <sup>5</sup>

#### **Notes:**

1. Comprising 100,000 Shares held indirectly through Far East Capital Limited, an entity controlled by Mr Grigor who is a Director, 14,905,946 Shares held indirectly through Gregorach Pty Ltd, 1,100,000 Shares held indirectly through Gregorach Pty Ltd <Grigor Superfund A/C> and 1,000,000 Shares held indirectly through Sgian Dubh Pty Ltd.
2. Comprising 6,908,513 Shares held indirectly through Craig Robert and Lee Ann McGuckin <ATF McGuckin Family Trust> and 722,727 Shares held indirectly through Craig Robert and Lee Ann McGuckin <ATF Superannuation Account>.
3. Comprising 6,094,794 Shares held indirectly through Hallidaf Management Limited and 416,727 held indirectly through Kingston Vale Pty Ltd <Youd Family A/C>.
4. All 872,727 Shares held directly by Mr Banasik.
5. Quoted Options offered under this Prospectus are on the same terms and conditions as these Options. Refer to Section 6.1 for full terms and conditions of the Quoted Options.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will

be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive Directors (inclusive of statutory superannuation contributions and consulting fees) for the previous two completed financial years and the proposed annual remuneration for the current financial year.

Director	FY 2016	FY 2017	FY 2018 (Proposed)
Warwick Robert Grigor	158,087 <sup>2</sup>	36,000	54,000
Craig Robert McGuckin <sup>1</sup>	750,667	424,270	430,000
Peter Youd <sup>1</sup>	488,075	382,818	385,000
Chris Banasik	98,317	45,000	45,000

**Notes:**

1. Mr Craig McGuckin and Mr Peter Youd do not receive director's fees however are compensated in accordance with their respective consultant agreements.
2. Mr Warwick Grigor was appointed as a Non-Executive Director on 7 December 2015.

## 8.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
  - its formation or promotion; or
  - the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services.

## **8.7 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed directors of the Company, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## **8.8 Estimated Expenses of Offer**

The estimated expenses of the Offer are estimated to be approximately \$10,000 (excluding GST) and are expected to primarily comprise legal fees, ASX listing fees and ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

## **8.9 Electronic Prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.firstgraphene.com.au](http://www.firstgraphene.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and

any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.10 Clearing House Electronic Sub-Register System (“CHESS”) and Issuer Sponsorship**

The Company will not be issuing option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Quoted Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **8.11 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

#### **8.12 Privacy Act**

If you complete an application for Quoted Options, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Securityholder, facilitate distribution payments and corporate communications to you as a Securityholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Quoted Options, the Company may not be able to accept or process your application.

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**9. DIRECTORS' CONSENT**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

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**Craig Robert McGuckin**  
**Managing Director**  
**For and on behalf of**  
**FIRST GRAPHENE LIMITED**

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10. **DEFINITIONS**

**\$** means Australian dollars.

**Applicant** means an investor that applies for Quoted Options under the Offer using an Application Form pursuant to this Prospectus.

**Application Form** means the Application Form either attached to or accompanying this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the Listing Rules of the ASX.

**Board** means the board of Directors unless the context indicates otherwise.

**CHES** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited.

**Closing Date** means closing date for receipt of an Application Form as set out in Section 2 (unless extended or closed early).

**Company** means First Graphene Limited (ACN 007 870 760), previously First Graphite Limited.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means directors of the Company at the date of this Prospectus.

**Offer** means the offer of Quoted Options referred to in the "Details of the Offer" section of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Opening Date** means the opening date for receipt of an Application Form under this Prospectus as set out in Section 2.

**Option** means an option to acquire a Share.

**Prospectus** means this Prospectus.

**Quoted Option** means an Option with the terms and conditions set out in Section 6.1.

**Section** means a section of this Prospectus.

**Security** means a Share or an Option as the context requires.

**Securityholder** means a holder of a Security.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a Share.

**Share Registry** means the share registry of the Company as specified in the corporate directory in this Prospectus.

**WST** means Western Standard Time as observed in Perth, Western Australia.