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**FIRST GRAPHENE LIMITED**

**ACN 007 870 760**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10:00 AEDT

**DATE:** Friday, 23 November 2018

**PLACE:** Royal Automobile Club of Australia, 89 Macquarie Street  
Sydney NSW 2000 Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 660 448.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:00 (AEDT) on Friday, 23 November 2018 at Royal Automobile Club of Australia, 89 Macquarie Street Sydney NSW 2000.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (AEDT) on 21 November 2018.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB (1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

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#### REPORTS AND ACCOUNTS

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To receive and consider the Annual Report of the Company for the year ended 30 June 2018 which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report."*

**Please note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.**

##### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 2. RESOLUTION 2 – SPILL RESOLUTION

**Note:** This Resolution will only be considered if at least 25% of the votes cast on Resolution 1. are against the adoption of the Remuneration Report. If the Company is not required to put Resolution 2 to the Meeting, then Resolution 2 will be withdrawn.

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes,:*

- (a) *a general meeting of the Company (**Spill Meeting**) be held within 90 days of the date of the Annual General Meeting;*

- (b) *other than the Managing Director, all of the Directors who were directors of the Company when the resolution was passed to make the Director's Report considered at the Annual General Meeting cease to hold office immediately before the end of the Spill Meeting; and*
- (c) *resolutions to appoint persons to the offices that will be vacated pursuant to (b) to be put to the vote at the Spill Meeting."*

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR WARWICK GRIGOR**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of clause 14.2 of the Constitution of the Company, ASX Listing Rule 14.5 and for all other purposes, Mr Warwick Grigor, who retires, and being eligible, is elected as a Director."*

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**4. RESOLUTION 4 –APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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5. **RESOLUTION 5 – ADOPTION OF A NEW CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, pursuant to Section 136(2) of the Corporations Act and for all other purposes, the Company adopts a new constitution in the form as signed by the Chairman of the Meeting for identification purposes, in lieu of the existing constitution of the Company.”*

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**Dated: 23 October 2018**

**By order of the Board**

A handwritten signature in black ink, appearing to read 'Peter Youd', with a large, stylized flourish at the end.

**Mr Peter Richard Youd  
Director and Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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## FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report of the Company for the financial year ended 30 June 2018.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at [www.firstgraphene.com.au](http://www.firstgraphene.com.au).

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### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2018

#### 1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were more than 25%. Accordingly, the Spill Resolution is relevant for this Annual General Meeting.

If at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, then Resolution 2 will be put to the Meeting.

### 1.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel <sup>1</sup>	Voted	Not voted <sup>3</sup>
Chair <sup>2</sup>	Voted	Voted at discretion of Proxy <sup>4</sup>
Other	Voted	Voted at discretion of Proxy

**Notes:**

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 2. RESOLUTION 2 – SPILL RESOLUTION

**Note:** This Resolution will only be put to the Meeting if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. If the Company is not required to put Resolution 2 to the Meeting, then Resolution 2 will be withdrawn.

### 2.1 General

The Corporations Act requirements for this Resolution to be put to vote are set out in Section 1.2.

If more than 50% of the votes cast on Resolution 2 are in favour of the Spill Resolution, the Company must convene a Shareholder meeting (**Spill Meeting**) within 90 days of this Meeting.

If a Spill Meeting is held, other than the Managing Director, all of the Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Directors ceasing to hold office.

If Resolution 2 is put to the Meeting, the Board unanimously recommends that Shareholders vote against Resolution 2 on the basis that a Spill Meeting would be disruptive and costly and in the Board's view it would be inappropriate to remove all the Directors in the circumstances

## 2.2 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the voting restrictions applying to Resolution 1 apply in the same manner to this Resolution.

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## 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR WARWICK GRIGOR

Clause 14.2 of the Constitution provides

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office;
- (b) a Director (other than a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected;
- (c) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot; and
- (d) a retiring Director is eligible for re-election;
- (e) in determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 14.4 of the Constitution; and/or
  - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 2 Directors (not including Managing Director Craig McGuckin) and accordingly 1 must retire.

Both Warwick Grigor and Peter Youd were re-elected at the 2016 Annual General Meeting. It was determined by ballot that Warwick Grigor retires by rotation and seeks re-election.

## 3.2 Qualifications and other material directorships

A biography of Warwick Grigor, who was appointed as a Director in December 2015, is set out in the Company's annual financial report for the year ended 30 June 2018.

## 3.3 Independence

The Board considers that Mr Grigor is an independent director because he is a non-executive director.

### 3.4 Board recommendation

The Directors, with Mr Warwick Grigor abstaining, support the election of Mr Grigor and recommend Shareholders vote in favour of Resolution 3 and are not aware of any additional information that would be considered material to Shareholders' decision to re-elect Mr Grigor.

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## 4. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$66,634,644.78 (based on the number of Shares on issue and the closing price of Shares on the ASX on 3 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two (2) classes of quoted Equity Securities on issue, being the Shares (ASX Code: FGR) and Options (ASX:FGROC).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### 4.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 3 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0825 50% decrease in Issue Price	\$0.165 Issue Price	\$0.2475 50% increase in Issue Price
403,846,332 (Current Variable A)	Shares issued - 10% voting dilution	40,384,633 Shares	40,384,633 Shares	40,384,633 Shares
	Funds raised	\$3,331,732.22	\$6,663,464.45	\$9,995,196.67
605,769,498 (50% increase in Variable A)	Shares issued - 10% voting dilution	60,576,949 Shares	60,576,949 Shares	60,576,949 Shares
	Funds raised	\$4,997,598.29	\$9,995,196.59	\$14,992,794.88
807,692,664 (100% increase in Variable A)	Shares issued - 10% voting dilution	80,769,266 Shares	80,769,266 Shares	80,769,266 Shares
	Funds raised	\$6,663,464.45	\$13,326,928.89	\$19,990,393.34

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 403,846,332 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 3 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for acquisitions of assets that compliment graphene commercialisation, further establishment of graphene development infrastructure and/or costs and investments in the continued commercialisation of graphene or graphene technology; or
- (ii) as non-cash consideration for acquisitions of assets that compliment graphene commercialisation, services provided in respect of the development and commercialisation activities or investment in other complimentary graphene technology, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 25 November 2017 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 23 November 2017, the Company otherwise issued a total of 30,085,095 Shares and 81,714,601 Options which represents approximately 28.91% of the total diluted number of Equity Securities on issue in the Company on 23 November 2017, which was 386,761,237.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

#### 4.3 **Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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### 5. **RESOLUTION 5 – ADOPTION OF A NEW CONSTITUTION**

A company may modify or repeal its constitution or a provision of its constitution by a special resolution of its shareholders.

The Constitution, being the rules by which the Company operates, should continue to evolve in line with the regulatory environment in which the Company operates.

Resolution 5 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules. Additionally, as announced on 20 September 2018, the Company is currently pursuing a listing on the London Stock Exchange's Alternative Investment Market (**AIM**) and if is successful will become dual listed on ASX and AIM. Therefore the Proposed Constitution contains the necessary provisions to ensure that it is compliant with the Company being dual listed on AIM. For a summary of the material proposed changes to comply with AIM please refer to section 5.1 below.

The Proposed Constitution is broadly consistent with the provisions of the existing constitution. Many of the proposed changes are administrative or minor in nature (including updating the name of the Company to that adopted in 2017 and expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution. The Directors believe they are not material nor will they have any significant impact on shareholders.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.firstgraphene.com.au](http://www.firstgraphene.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 1300 660 448). Shareholders are invited to contact the Company if they have any queries or concerns.

## **5.1 Summary of material proposed changes as a result of proposed AIM listing**

### **(a) Recognised Exchange**

The Company's current Constitution contains provisions which are specific to the Company being listed on ASX and the applicable rules of that exchange. Therefore, in contemplation of the proposed listing or dual listing of the Company on AIM and to maintain flexibility for the Company, the new Constitution to be adopted contains a number of provisions which have been amended to include reference to AIM and the applicable rules of that exchange.

### **(b) Notification of Interests**

Clause 26.8 of the Proposed Constitution is being made to ensure that the Company will comply with the provisions of the United Kingdom Financial Conduct Authority's Disclosure and Transparency Rules Sourcebook (DRT), as long as the Company's Shares are admitted to trading on AIM. The DRT governs the disclosure of interests in Shares in the United Kingdom by issuers who have their registered office in the United Kingdom.

The DRT requires a person to notify the Company of the percentage of Shares that person holds, directly as a Shareholder in the Company, or indirectly as a holder of interest in those Shares if the percentage:

- (i) reaches, exceeds or falls below 3 per cent and any increase or decrease in such holding through any single percentage point thereafter (each a "Threshold"); or
- (ii) reaches exceeds or falls below a Threshold as a result of events changing the composition of the Share.

Such notification is to be made to the Company without delay and in any event before the end of the second business day on which the obligation arises. On receipt of the notice, the Company shall notify the regulatory information services in accordance with the applicable AIM rules.

The requirements of clause 26.8 will only be applicable if and when the Company's Shares are admitted to trading on AIM

## **5.2 Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 1.

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## GLOSSARY

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\$ means Australian dollars.

**10% Placement Capacity** has the meaning given in section 4.

**AEST** means Australian Eastern Standard Time as observed in Sydney, New South Wales.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Annual Report** means the annual financial of the Company which includes the Director's declaration, the Directors' report, the Remuneration Report, the financial report and Auditor's report in respect to the financial year ended 30 June 2018.

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

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

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

**Auditor's Report** means the auditor's report on the Financial Report.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member; or
- (b) Has the meaning given in section 9 of the Corporations Act.

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

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) Has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that SAX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the Remuneration Report of the Company in respect of the financial year ended 30 June 2018 contained in the Directors' Report.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

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

**Spill Meeting** has the meaning given in Section 2.

**Spill Resolution** has the meaning given in Resolution 2.

**Variable A** means a "A" as set out in the formula in ASX Listing Rule 7.1A(2).

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 23 NOVEMBER 2017

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 7 December 2017 Appendix 3B – 13 November 2017	46,720,155	Quoted Options <sup>3</sup>  (Note that the options were not quoted at date of issue.)	Issued to eligible shareholders under as part of a Loyalty Option Issue.	\$0.01  No quoted Market Price as Options were not quoted at time of issue. Accordingly, assume a market price of \$0.01 and therefore no discount.	Amount raised: \$467,201  Amount spent: \$467,201  Use of funds: towards commercial graphene production facility costs and marketing activities, expenses of the Entitlement issue and working capital.  Amount remaining: Nil
Issue – 21 December 2017 Appendix 3B – 21 December 2017	17,000,000	Quoted Options <sup>3</sup>	Directors (or their nominee(s)) as approved by shareholders at the Annual General Meeting of 24 November 2017	No issue price (no cash consideration)	Consideration: performance based remuneration for services provided to the Company.  Current value <sup>5</sup> = \$1,020,000
Issue – 12 February 2018 Appendix 3B – 12 February 2018	31,250	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a premium of 30.43% to the share price as traded on ASX on 12 February 2018 being \$0.115.	Amount raised: \$4,687.50  Amount spent: \$4,687.50  Use of funds – only a nominal amount was raised spent on working capital.  Amount remaining: Nil
Issue – 21 March 2018 Appendix 3B – 21 March 2018	18,888,889	Shares <sup>2</sup>	Sophisticated investors identified by the Board under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.	\$0.18  Closing price on 21 March 2018 was \$0.185.  Issued at 2.70% discount.	Amount raised = \$3,400,000 Amount spent = \$1,966,620 Use of funds: Capital raised is used to further to further the graphene range and potentially introducing graphene to the industrial product range of a European-based industrialist.  Amount remaining = \$1,433,800 Proposed use of remaining funds <sup>4</sup> : same as use of funds set out above.
	9,444,446	Quoted Options <sup>3</sup>	Sophisticated investors identified by the Board under the Company's existing placement	Nil cash consideration (free attaching to Shares on a [1:2] basis.	Consideration: free attaching to Shares issued under placement complete on 21 March 2018 on a [1:2] basis. Current value <sup>5</sup> = \$566,667

			capacity pursuant to ASX Listing Rule 7.1, as free attaching options to the placement.		
	3,165	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 18.92% to the share price as traded on ASX on 21 March 2018 being \$0.185.	Amount raised: \$474.75 Amount spent: \$474.75 Use of funds – only a nominal amount was raised. Amount remaining: Nil
Issue – 10 April 2018 Appendix 3B – 10 April 2018	3,000,000	Quoted Options <sup>3</sup>	Issued to Traxys North America LLC pursuant to a marketing agreement between the companies.	No issue price (no cash consideration)	Consideration: As per the marketing agreement entered into with the Company Current value <sup>5</sup> = \$180,000
Issue – 29 June 2018 Appendix 3B – 29 June 2018	11,100,000	Shares <sup>2</sup>	Sophisticated investors identified by the Board under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.	\$0.18  Closing price on 29 June 2018 was \$0.175.  Issued at 2.86% premium.	Amount raised = \$1,998,000 Amount spent = \$Nil Use of funds: establishing the new UK office at the GEIC facility in Manchester (Graphene Engineering and Innovation Centre)  Amount remaining = \$1,998,000 Proposed use of remaining funds <sup>4</sup> same as use of funds above.
	5,550,000	Quoted Options <sup>3</sup>	Sophisticated investors identified by the Board under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1, as free attaching options to the placement.	Nil cash consideration (free attaching to Shares on a [1:2] basis.	Consideration: free attaching to Shares issued under placement on 29 June 2018 on a [1:2] basis. Current value <sup>5</sup> = \$333,000
Issue – 13 July 2018 Appendix 3B – 13 July 2018	39,250	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 21.05% to the share price as traded on ASX on 13 July 2018 being \$0.190.	Amount raised: \$5,887.50 Amount spent: \$5,887.50 Use of funds – only a nominal amount was raised therefore was used towards working capital. Amount remaining: Nil
Issue – 31 July 2018 Appendix 3B – 31 July 2018	7,500	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 21.05% to the share price as	Amount raised: \$1,125 Amount spent: \$1,125

				traded on ASX on 31 July 2018 being \$0.190.	Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil
Issue – 16 August 2018 Appendix 3B – 17 August 2018	6,250	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 6.25% to the share price as traded on ASX on 17 August 2018 being \$0.160.	Amount raised: \$937.50  Amount spent: \$937.50  Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil
Issue – 22 August 2018 Appendix 23 – 23 August 2018	4,962	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 9.09% to the share price as traded on ASX on 22 August 2018 being \$0.165.	Amount raised: \$744.30  Amount spent: \$744.30  Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil
Issue – 5 September 2018 Appendix 3B – 5 September 2018	3,198	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 6.25% to the share price as traded on ASX on 5 September 2018 being \$0.160.	Amount raised: \$479.70  Amount spent: \$479.70  Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil
Issue – 17 September 2018 Appendix 3B – 17 September 2018	625	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 9.09% to the share price as traded on ASX on 17 September 2018 being \$0.165.	Amount raised: \$93.75  Amount spent: \$93.75  Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil
Issue – 28 September 2018 Appendix 3B – 28 September 2018	6	Shares <sup>2</sup>	Issued to Optionholders on the exercise of Quoted Options <sup>3</sup>	Quoted Options were exercised at \$0.15, being a discount of 3.23% to the share price as traded on ASX on 17 September 2018 being \$0.155.	Amount raised: \$0.90  Amount spent: \$0.90  Use of funds – only a nominal amount was raised therefore was used towards working capital.  Amount remaining: Nil

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: FGR (terms are set out in the Constitution).
3. Quoted Options, exercisable at:
  - (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,ASX Code: FGROC.
4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (ASX:FGR) (\$0.165) or Options (ASX:FGROC) (\$0.06) as the context requires on the ASX on 3 October 2018.

If you are attending the meeting  
in person, please bring this with you  
for Securityholder registration.

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## [HolderNumber]

Holder Number:  
[HolderNumber]

## Vote by Proxy: [CompanyASXCode]

Your proxy voting instruction must be received by **10.00am (AEDT) on Wednesday, 21 November 2018** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

#### Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

