The world's leading graphene company

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# CHAIRMAN'S ADDRESS
# FIRST GRAPHENE RESOURCES LIMITED
# ANNUAL GENERAL MEETING
# 8 NOVEMBER 2019

Ladies and Gentlemen,

Welcome to the 2019 AGM of First Graphene Limited. The board is pleased to be able to hold the meeting in Sydney this year so as to better communicate with investors and shareholders. For those of you who have not met me, my name is Warwick Grigor and I am chairman of First Graphene.

It has been another year of achievement for First Graphene though it has not been without its challenges and frustrations. On the achievements front;

- we announced the launching of our PureGRAPH range of products approximately 12 months ago, also providing detailed technical information about its quality and its performance characteristics. I believe that we have been more forthcoming on this front than most of our competitors as we have nothing to hide, especially when, in our opinion, they are the best powdered graphene products on the market,
- we were invited to become a Tier One Partner in the University of Manchester's Graphene Engineering and Innovation Centre (GEIC), and we have been nominated as that Centre's preferred supplier of bulk graphene. That has enabled the establishment of an operational centre from which our commercialisation drive in the UK and Europe has been launched and it has opened the door to collaborative dealings with some of the UK and Europe's leading companies.
- we have achieved REACH status in the UK and Europe and NICNAS registration in Australia, enabling us to legally sell graphene products in these jurisdictions. There are very few companies that have achieved these milestones.

- we have continued to optimise our graphene production facility at Henderson through the introduction of a range of finishing equipment items with an emphasis of consistency of quality, with in-house control rather than outsourcing to institutions such as universities, for real-time information flow. We continue to improve our process through automation of tasks.
- we have announced our first commercial sales contract with newGen, for PureGRAPH that has been added to liners for bucket wheel reclaimers owned by a world leading iron ore producer.
- we have engaged with dozens of potential buyers of PureGRAPH, undertaking testing and analysis of the positive impacts of graphene on their products with a view of advancing this test work to the point of commitment to repeatable sales contracts. We have announced that PureGRAPH is being introduced to Steel Blue boots for trials and we expect that this will lead to extended sales agreements in 2020.

Of course, there have been many other achievements and progress made as we build the business, but we shan't get bogged down in detail today.

On the challenges and frustrations front;

- we are experiencing the typical frustrations that any new business steers through but with the added complication that this is a new industry. There is no road map or textbook to follow. That means that from time to time we come across unexpected obstacles.
- The main one in 2019, was the requirement to achieve NICNAS registration. Having previously been advised that graphene came under the same classification of graphite, we learnt there had been a change of government policy that required graphene to have its own registration. At the beginning of 2019, we had three important customers keen to get on with buying and applying graphene but we could not sell it without risking a significant fine. So, we embarked upon a process that didn't give final approval until late May. We lost some momentum due to this delay.
- Having become legally compliant at the end of the June quarter, we reinvigorated our marketing efforts with the objective of securing sizeable sales contracts as opposed to useful sales of samples.
- A fast process involves at least nine months from the point of initial enquiry to achieving a result. The larger the organisation the longer the time frame that would typically extend beyond 12 months. Offsetting this though is the prospect of larger size sales.
- We must remember that, as with all disruptive technologies, there will be resistance from entrenched companies, particularly when they are the leaders in their field and see no reason to innovate. They just want to be defensive of their positions. So, it has always been thus. As an example, if we can make polymer screens last 50-100% longer, an existing

manufacturer would not be keen to embrace graphene if it meant their sales would fall by a commensurate level. Most companies prefer in-built obsolescence. We have to be persistent and break down the resistance to change with the motto of "*innovate or die*".

Have a look at our recently released Quarterly Report. It gives some insight into the number of companies and the range of industries that we are engaged with in our commercialisation drive. At any point we will find that some, but obviously not all of these, will graduate to regular customers. As more and more companies add graphene to their products and as the benefits become more widely recognised, we will get to a point that sales growth will snowball. Whether this will be in Q1 or Q4 of 2020, or later, cannot be predicted, but it will happen.

First Graphene is in a strong position today. There is no large capital expenditure Sword of Damacles overhanging our necks. We have built and paid for our production facility. It is now all about building the sales book.

We look forward to reporting positive progress and achievements in the coming months.

Warwick Grigor
Non-Executive Chairman