
FIRST GRAPHENE LIMITED

ACN 007 870 760

NOTICE OF ANNUAL GENERAL MEETING

TIME: 3:30 pm AWST

DATE: Friday, 9 October 2020

PLACE: The Celtic Club
48 Ord Street
WEST PERTH WA 6005

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

Time and place of Meeting

Notice is given that the Meeting will be held at 3:30 pm (AWST) on Friday, 9 October 2020 at The Celtic Club, 48 Ord Street West Perth WA 6005.

Special Notice regarding COVID-19

In view of the evolving Covid-19 situation and public health concerns, the Board is monitoring closely how matters develop over the coming months. The health of the Company's shareholders, as well as its employees and other stakeholders is of paramount importance. The Board encourages shareholders to monitor the Company's website for any updates in relation to the Meeting that may need to be provided. In the meantime, the Board encourages shareholders to submit their proxies as early as possible, even if they intend to attend the meeting in person, as the situation may change (e.g. shareholders may be restricted from travelling or there may be restrictions on how the meeting itself may be held or conducted).

Your vote is important

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

Voting eligibility

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 (AWST) on 7 October 2020.

Voting in person

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

Voting by proxy

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.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

1. REPORTS AND ACCOUNTS

To receive and consider the Annual Report of the Company for the year ended 30 June 2020 which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

2. 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.

3. RESOLUTION 2 – 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 re-elected as a Director.”

4. RESOLUTION 3 – ELECTION OF DIRECTOR – DR ANDREW GOODWIN

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 14.4 of the Constitution of the Company, Listing Rule 14.4 and for all other purposes, Dr Andrew Goodwin, who was appointed a Director of the Company on 1 July 2020 and who retires, and being eligible, is re-elected as a Director.”

5. **RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE TO EMPLOYEES IN CONSIDERATION FOR SERVICES**

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 350,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue (namely the Employee Recipients) or any associates of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. **RESOLUTION 5 – RATIFICATION OF PRIOR UNLISTED OPTION ISSUE TO EMPLOYEE IN CONSIDERATION FOR SERVICES**

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, this meeting ratifies the issue of 1,000,000 Unlisted Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue (namely Dr Andrew Goodwin) or any associates of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – EMPLOYEE SECURITIES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, this meeting ratifies the issue of 823,270 Shares and 823,270 Listed Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue any associates of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SECURITIES

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

“That, for the purposes of ASX Listing Rule 7.4 and all other purposes, this meeting ratifies the issue of 2,250,000 Shares 2,250,000 Listed Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue any associates of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 9 September 2020

By order of the Board



Mr Peter Richard Youd
Director and Company Secretary

EXPLANATORY STATEMENT

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.

1. 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 2020.

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 firstgraphene.net.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2020

2.1 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.

2.2 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.

2.3 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 less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR WARWICK GRIGOR

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

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 3 Directors (not including Managing Director Craig McGuckin) and accordingly 1 must retire.

Peter Youd was re-elected at the 2019 Annual General Meeting and Dr Andrew Goodwin will retire in accordance with Clause 14.4 of the Constitution of the Company and being eligible seek election from Shareholders at this Meeting, therefore Warwick Grigor, who has served as a Director since 7 December 2015 and was last re-elected on 23 November 2018, retires by rotation and seeks re-election at this Meeting.

3.2 Qualifications and other material directorships

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

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

3.3 Independence

The Board considers that Mr Grigor is not an independent director, although 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.

4. RESOLUTION 3 – ELECTION OF DIRECTOR DR ANDREW GOODWIN

4.1 General

Clause 14.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified in the Company's constitution.

Pursuant to clause 14.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Dr Andrew Goodwin having been appointed on 1 July 2020, will retire in accordance with Clause 14.4 of the Constitution of the Company and being eligible seek election from Shareholders.

The Company considers the following information is relevant to Shareholders when considering whether or not to elect Dr Goodwin.

4.2 Qualifications and other material information

(a) Relevant qualifications, experience and skills

Dr Goodwin has extensive leadership experience with Sanofi, Dow Corning Corporation and Thomas Swan & Co. Ltd. He has a PhD in

polymer chemistry and an MTE Diploma from the IMD Business School in Lausanne, Switzerland.

Dr Goodwin has been actively involved in the development of the graphene materials industry since 2012. Dr Goodwin joined First Graphene Ltd in 2017, initially as a Technical Advisor before becoming Chief Technological Officer in September 2018 and is based in Manchester, UK.

Dr Goodwin has a successful track record in innovation and technology development roles within the speciality chemicals industry.

(b) Material directorships

Dr Goodwin is currently a director of Bolam Materials Research Ltd., a private limited Company registered in Northumberland, UK.

(c) Conflicts of Interest

Dr Goodwin confirms that he does not hold any interests, position or relationship that might influence, or reasonably be perceived to influence his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity as a whole rather than in the interests of an individual security holder or other party. Consequently, Dr Goodwin confirms that he will have sufficient time to fulfil the responsibilities associated with his role as a director of the Company.

The Company confirms that it has conducted appropriate checks on Dr Goodwin's background and experience. No material information was revealed by the background checks conducted by the Company.

4.3 Independence

Although he is a non-executive director, if re-elected, the Board does not consider Dr Goodwin will be an independent director as a result of his previous role as the Chief Technological Officer for the Company.

4.4 Board recommendation

The Board has reviewed Dr Goodwin's performance since his appointment to the Board and considers that Dr Goodwin's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Directors, with Dr Goodwin abstaining, support the election of Dr Goodwin 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 elect Dr Goodwin.

5. RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE TO EMPLOYEES IN CONSIDERATION FOR SERVICES

5.1 General

On 6 January 2020, the Company issued 350,000 Shares out of its Listing Rule 7.1 annual placement capacity, as a bonus to various employees of the Company as part of the remuneration for services provided.

Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

The issue of the Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule. Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 4 is not passed, the Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

5.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 4:

- (a) the Shares were issued to various employees of the Company (**Employee Recipients**). In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Employee Recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (b) 350,000 Shares were issued and the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (c) the Shares were issued on 6 January 2020;

- (d) the Shares were issued for nil cash consideration, at a deemed issue price of \$0.15 per Share, as a bonus to the Employee Recipients as part of the remuneration for services provided in the course of their engagement by the Company. The Company has not and will not receive any other consideration for the issue of the Shares;
- (e) the purpose of the issue was to provide a non-cash bonus for employees as part remuneration for services provided in respect of their engagement by the Company whilst reserving the Company's cash balance;
- (f) the Shares were not issued under a formal agreement but as per the direction of the Board to award bonuses to the Employee Recipients in connection with the engagement of the Employee Recipients under their respective employment agreements; and
- (g) a voting exclusion statement is included in Resolution 4 of the Notice.

5.4 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

6. RESOLUTION 5 – RATIFICATION OF PRIOR UNLISTED OPTION ISSUE TO EMPLOYEE IN CONSIDERATION FOR SERVICES

6.1 Background

On 6 January 2020, the Company issued 1,000,000 Unlisted Options under its ASX Listing Rule 7.1 placement capacity to Dr Andrew Goodwin, a UK employee, as a bonus in respect of services provided by Dr Goodwin as part of his employment.

Subsequent to the issue of the Unlisted Options, on 1 July 2020, Dr Goodwin was appointed as a Director of the Company. Accordingly, as a result of Dr Goodwin's appointment as a Director on 1 July 2020, he became a related party of the Company.

At the time the Unlisted Options were issued (6 January 2020), Dr Goodwin was not a party of the Company that required Shareholder approval pursuant to Listing Rule 10.11. Specifically, Listing Rule 10.11.1, 10.11.2 or 10.11.3 did not apply as further detailed below:

- 10.11.1 Dr Andrew Goodwin was not a Director of the Company until 1 July 2020 and therefore was not a related party of the Company at the time the Unlisted Options were issued.
- 10.11.2 Dr Goodwin was not a substantial (30%+) holder in the Company.
- 10.11.3 Dr Goodwin was not a substantial (10%+) holder in the Company who had nominated a director to the board of the Company.

As set out above, Dr Goodwin did not become a related party of the Company until 1 July 2020, when he was appointed as a Director of the Company. Accordingly, as Shareholder approval was not required under Listing Rule 10.11, the Unlisted Options were issued out of the Company's Listing Rule 7.1 capacity.

6.2 General

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Unlisted Options.

Listing Rules 7.1 and 7.4 are summarised at Section 5.1 above.

The issue of the Unlisted Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Unlisted Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Unlisted Options.

6.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Unlisted Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Unlisted Options.

If Resolution 5 is not passed, the Unlisted Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Unlisted Options.

6.4 Technical Information required by Listing Rule 7.4

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the Unlisted Options were issued to Dr Andrew Goodwin, an employee of the Company working in UK, who was not a related party of the Company at the time that the Unlisted Options were issued. Details of when Dr Goodwin became a related party of the Company are set out in Section 6.1;
- (b) 1,000,000 Unlisted Options were issued and the Unlisted Options were issued on the terms and conditions set out in Schedule 1;
- (c) the Unlisted Options were issued on 6 January 2020;
- (d) the Unlisted Options were issued for nil cash consideration (using the Black Scholes model ascribed a theoretical fair value of \$0.0637 per Unlisted Option). The Company has not and will not receive any other consideration for the issue of the Unlisted Options (other than in respect of funds received on exercise of the Unlisted Options);
- (e) the purpose of the issue of the Unlisted Options was to provide a non-cash bonus for Dr Goodwin as part remuneration for services provided in respect of his employment whilst reserving the Company's cash balance; the Unlisted Options were not issued under a formal agreement but as

per the direction of the Board to award a bonus to Dr Goodwin in connection with his engagement under his employment agreement;

- (f) no funds were raised from this issue as the Unlisted Options were issued as a non-cash bonus for Dr Goodwin in respect of his engagement by the Company; and
- (g) a voting exclusion statement is included in Resolution 5 of the Notice.

6.5 Directors' recommendation

The Directors (other than Dr Goodwin) recommend that the Shareholders vote in favour of the Resolution.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – EMPLOYEE SECURITIES

7.1 General

On 25 March 2020, the Company announced that the Company and its employees had agreed to a deferral of 20% of salaries in order to conserve the Company's cash balance as a result of uncertainty regarding the impact of COVID-19 on the Company's operations and cashflows.

On 18 June 2020, the Company placed 823,270 Shares and 823,270 attaching Listed Options (**Employee Securities**) at a deemed issue price of \$0.13 per Share to various employees in lieu of outstanding deferred remuneration that had accrued since the announcement made to ASX on 25 March 2020. Listing Rules 7.1 and 7.4 are summarised at Section 5.1 above.

The issue of the Employee Securities does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Employee Securities.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Employee Securities.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Employee Securities.

7.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Employee Securities will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Employee Securities.

If Resolution 6 is not passed, the Employee Securities will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Employee Securities.

7.3 Technical information required by Listing Rule 7.4

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the Employee Securities were issued to employees of the Company. In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the employees were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (b) 823,270 Shares and 823,270 Listed Options were issued;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Listed Options were issued on the terms and conditions set out in Schedule 2;
- (e) the Employee Securities were issued on 18 June 2020;
- (f) the Shares were issued for nil cash consideration, at deemed issue price per Share was \$0.13 in lieu of outstanding deferred remuneration that had accrued and remained outstanding to various employees and the issue price of the Options was nil as they were issued free attaching with the Shares on a 1 for 1 basis. The Company has not and will not receive any other consideration for the issue of the Employee Securities (other than in respect of funds received on exercise of the Options);
- (g) the purpose of the issue of the Employee Securities was to extinguish outstanding deferred remuneration of \$107,024.95 owed to various Company employees that had accrued and remained outstanding as a result of salary deferral;
- (h) the Employee Securities were not issued under a formal agreement but as per the election of various employees to receive Shares and Listed Options in lieu of outstanding remuneration that had been deferred since 25 March 2020; and
- (i) a voting exclusion statement is included in Resolution 6 of the Notice.

7.4 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SECURITIES

8.1 Background

As announced on 18 June 2020, the Company issued 2,250,000 Shares and 2,250,000 attaching Listed Options at an issue price of \$0.13 per Share to sophisticated investors as a result of overflow demand for the shortfall from the Entitlement Issue announced on 1 May 2020 (**Placement**).

The Company issued the Shares and Options the subject of the Placement (**Placement Securities**) to professional and sophisticated investors who participated in the Placement.

8.2 General

Listing Rules 7.1 and 7.4 are summarised at Section 5.1 above.

The issue of the Placement Securities does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Securities.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

8.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Placement Securities will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

If Resolution 7 is not passed, the Placement Securities will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

8.4 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the Placement Securities were issued to professional and sophisticated investors, identified through a bookbuild process undertaken by the Company. In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (b) 2,250,000 Shares and 2,250,000 Listed Options were issued;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;

- (d) the Listed Options issued to participants in the Placement were issued on the terms and conditions set out in Schedule 2;
- (e) the Placement Securities were issued on 18 June 2020;
- (f) the issue price per Share was \$0.13 and the issue price of the Listed Options was nil as they were issued free attaching with the Shares on a 1 for 1 basis. The Company has not and will not receive any other consideration for the issue of the Placement Securities (other than in respect of funds received on exercise of the Listed Options);
- (g) the purpose of the issue of the Placement Securities was to raise \$292,500 in additional working capital to support the automation of the Commercial Graphene Facility and the recruitment of additional sales and technical staff;
- (h) the Placement Securities were not issued under an agreement; and
- (i) a voting exclusion statement is included in Resolution 7 of the Notice.

GLOSSARY

\$ means Australian dollars.

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

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 2020.

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.

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.

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.

Listed Option means a quoted Option in the Company's existing quoted Option class, ASX:FGROC, with the terms and conditions set out in Schedule 2;

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

Option means an option to acquire a Share.

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 2020 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 Section 2.

Unlisted Option means an unlisted option to acquire a Share with the terms and conditions set out in Schedule 1.

SCHEDULE 1 – TERMS AND CONDITIONS OF UNLISTED OPTIONS

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

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the exercise price per Unlisted Option (**Exercise Price**) will be the 25 cents.

(c) **Expiry Date**

Each Unlisted Option will expire at 5:00 pm (WST) on 8 November 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Unlisted 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 Unlisted 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:

- (i) the Exercise Date; and
- (ii) 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:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Unlisted Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (iv) 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
- (v) 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 Options.

If a notice delivered under (g)(iv) 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 Unlisted 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 Unlisted Option holder 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 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Unlisted Options without exercising the Unlisted Options.

(k) **Change in exercise price**

An Unlisted Option does not confer the right to a change in Exercise Price or a change in the number of underlying Unlisted Options over which the Option can be exercised.

(l) **Transferability**

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

(m) **ASX Compliance**

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

SCHEDULE 2 – TERMS AND CONDITIONS OF LISTED OPTIONS

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

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the exercise price per Listed Option (**Exercise Price**) will be:

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

(c) **Expiry Date**

Each Listed Option will expire at 5:00 pm (WST) on the date which is 8 August 2021 (**Expiry Date**). A Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Listed Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Listed Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Listed 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 Listed 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:

- (i) the Exercise Date; and
- (ii) 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:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of Listed Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) 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
- (v) 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 Listed Options.

If a notice delivered under (g)(iv) 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 Listed 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 a Listed Option holder 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 Listed Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options without exercising the Listed Options.

(k) **Change in exercise price**

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

(l) **Transferability**

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

(m) **ASX Compliance**

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

Proxy Voting Form

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

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **3.30pm (AWST) on Wednesday, 7 October 2020**, 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

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.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair 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 Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

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

Joint holding: Where the holding is in more than one name, all 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>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

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



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IN PERSON:

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