

27th May 2021

Institutional Placement to Underwrite Growth Strategy

First Graphene Ltd (ASX:FGR) (First Graphene or the Company) is pleased to announce that it has entered into a Share Placement Agreement (the Agreement) with the institutional investor Specialty Materials Investments, LLC (the Investor). The Agreement secures a funding of \$8,000,000 for the Company, as set out below.

The placement will be made by way of the Investor prepaying a lump sum of \$5,000,000 for \$5,300,000 worth of the Company's ordinary shares (Placement Shares). Additionally, the Company will have the option (but no obligation) to require the Investor to subscribe for an additional \$3,180,000 worth of Placement Shares on payment of \$3,000,000 in subscription proceeds. The Company may exercise this option at any time prior to 1 September 2021, and if the Company exercises this option, the Investor will be required to pay the subscription proceeds no later than 30 November 2021. The Company will issue the Placement Shares in relation to all or part of each of the above investments on the Investor's request, during the period ending 24 months after the date of the investment. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount. The Purchase Price will initially be equal to \$0.30 per share and will reset after 10 August 2021 to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, rounded down to the next half a cent if the share price is at below 50 cents and whole cent if the share price is at above 50 cents, with no discount applicable to this formula. To the extent that Placement Shares are issued after six months, or 12 months, the Investor will receive a discount of, respectively, 3% or 6% to the foregoing Purchase Price formula.

The Purchase Price will be the subject of a Floor Price of \$0.16. If the Purchase Price formula were to result in a purchase price that is less than the Floor Price, the Company may refuse to issue shares and instead opt to repay the relevant subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Placement Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

The Company has retained the right (but has no obligation) to repay the subscription amount in cash in lieu of issuing shares by way of a repayment of the subscription amount together with the difference between the market price of the shares and the Purchase Price (if any) in relation to the shares that would otherwise have been issued.

The Company will make an initial issuance of 2.8 million Placement Shares to the Investor at the time of the funding of the placement, towards the ultimate number of Placement Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Placement Shares to be issued by the Company, the Investor may make a further payment to the Company equal to the

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value of these shares determined using the Purchase Price at the time of the payment.

The Company has agreed to issue 1,021,276 shares in satisfaction of a fee payable in relation to the investment.

The Company's Chairman commented, "We are pleased to secure the \$5m institutional placement, with an option to secure another \$3m towards the end of 2021 This placement underwrites the growth strategy being pursued under the direction of the recently appointed CEO, Michael Bell, and the expected demand for PureGRAPH®. The funds are being provided by Specialty Materials Investments LLC, a US-based investor that has a clear understanding of the strong upside potential that is offered by graphene generally, and specifically, the placement is an acknowledgement of First Graphene's commanding position in the sector."

Investors

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About First Graphene Ltd (ASX: FGR)

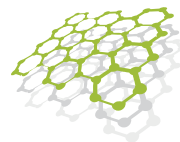
First Graphene Ltd. is the leading supplier of high-performing, graphene products. The company has a robust manufacturing platform based upon captive supply of high-purity raw materials and an established 100 tonne/year graphene production capacity. Commercial applications are now being progressed in composites, elastomers, fire retardancy, construction and energy storage.

First Graphene Ltd. is publicly listed in Australia (ASX:FGR) and has a primary manufacturing base in Henderson, near Perth, WA. The company is incorporated in the UK as First Graphene (UK) Ltd. and is a Tier 1 partner at the Graphene Engineering and Innovation Centre (GEIC), Manchester, UK.

PureGRAPH® Range of Products

PureGRAPH® graphene powders are available in tonnage volumes with lateral platelet sizes of 50µm, 20µm, 10µm and 5µm. The products are high performing additives, characterised by their high quality and ease of use.

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first graphene

The world's leading graphene company

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Trading Symbol

Australia: FGR
FGROC

Frankfurt: FSE:M11

USA OTCQB: FGPHF

With authority of the board, this announcement has been authorised for release by Aditya Asthana, Chief Financial Officer and Company Secretary.

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