FIRSTGRAPHENE

ACN 007 870 760 ABN 50 007 870 760

ASX APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

(INCORPORATING INFORMATION PURSUANT TO ASX LISTING RULE 4.3A)

ASX: FGR | FSE: M11 | OTC: FGPHF

ASX Appendix 4E

Details of the Reporting Period

Current reporting period:	30 June 2023
Previous corresponding reporting period:	30 June 2022
Functional Currency	Australian Dollars

Results for Announcement to the Market

	30 June 2023 $	30 June 2022 $	Change $	%
Revenue from ordinary activities	**1,003,424**	723,323	280,101	39%
Loss from ordinary activities after tax attributable to members	**(4,181,199)**	(4,605,059)	423,860	9%
Net Loss for the period attributable to members	**(5,422,321)**	(5,033,108)	(389,213)	(8%)
Basic & Diluted (loss) per share (cents per share)	**(0.96)**	(0.91)	(0.05)	(5%)

Dividends

No dividends have been paid or are proposed to be paid by First Graphene Limited and there is no dividend reinvestment plan in place / operation for the year ended 30 June 2023 (2022:Nil)

Net Tangible Assets per share

	30 June 2023 Cents per Share	30 June 2022 Cents per Share
Net Tangible Assets per share	1.18	1.50

Control Gained or Lost over Entities

There were no changes to control over entities by First Graphene limited or its subsidiaries during the financial year

Details of Associates and Joint Ventures

No material impact to the consolidated group result of First Graphene Limited from the investment noted below

Name of Entity	Holding %
planarTECH (Holdings) Ltd	2.1%

Commentary on results for the period

Please refer to Results Review on the following page

Compliance Statement

The attached Annual Financial Report has been prepared using Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB")

Audit Status

The attached Financial Report for the year ended 30 June 2023 is currently under the process of being audited by our external auditor, BDO Audit (WA) Pty Ltd.

Annual Meeting

Place	To be Advised
Date	To be Advised
Time	To be Advised
Approximate date the Annual Report will be available	30 September 2023

Results Review for Financial Year 2023

The financial year ended 30 June 2023 (FY22) saw First Graphene Ltd. ("FGR" or the "Company") deliver a full year revenue of $1 million for the first time. This was achieved through the growing cement and concrete segment and revenue generated from the expanding project services segment of the business.

Some of the key financial highlights this year for FY22 include the following:

Full Year ended 30 June	2023 A$000	2022 A$000	Variance %
Sales Revenue	**1,003**	723	**39%**
Operating Profit / (Loss)	**(4,181)**	(4,605)	**9%**
Operating Cashflow	**(3,402)**	(4,399)	**23%**

Commercial strategy continues to deliver

Sales doubled in FY22 and have now grown another 39% in FY23. The revenue increase results through steady growth from early adopters in Western Australia and the growth in the cement and concrete segment along with new customers globally. Furthermore, the company's project services revenue segment continues to grow where, FGR has been able to monetise its in-house intellectual property and delivered several graphene application development projects across cement & concrete, energy storage, heating applications and alternate graphene production technologies.

Strong Fundamentals

Whilst the commercial strategy continues to evolve and grow at an impressive rate, FGR team have maintained a strong focus on cashflow management. Cash outflow from operations has reduced by another 23% in FY23 (reduced by ~50% in FY22) and the Operating loss has reduced by a further 9% compared to FY22 (reduced by 20% in FY22). The company has continued to maintain a prudent position on its cash flows through a reduction in several operating expenses namely, consolidation of storage and manufacturing facilities in Western Australia, reduction in expenditure with third party consultants, and continued provision of non-cash long term incentives to its people.

The increased revenue, robust sales pipeline and disciplined cash management has placed First Graphene in strong a confident position for FY2024.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Continuing operations			
Revenue from contracts with customers	3	**1,003,424**	723,323
Cost of goods sold		**(561,990)**	(555,648)
Gross profit/(loss)		**441,434**	167,675
Other Operating Income	4(a)	**934,947**	900,116
Research & development	4(b)	**(1,598,280)**	(1,599,816)
Selling & marketing	4(c)	**(568,952)**	(875,857)
Mineral lease maintenance	4(d)	**(126,237)**	(98,902)
General & administrative	4(e)	**(3,264,231)**	(3,098,274)
Loss from continuing operations before tax expense and finance		**(4,181,199)**	(4,605,059)
Non-Operating Income/Expense			
Other Non-Operating income			341,825
Share Based Payment expense	16	**(477,673)**	(463,839)
Finance income	5(a)	**39,755**	2,377
Finance expense	5(b)	**(803,204)**	(308,413)
Loss before tax expense		**(5,422,321)**	(5,033,108)
Income tax (expense)/benefit	6	**-**	-
Loss after tax		**(5,422,321)**	(5,033,108)
Other comprehensive income			
Items which may be reclassified to profit or loss			
Foreign currency translation difference on foreign operations		**14,438**	(102,940)
Total comprehensive loss for the year Attributable to the owners of First Graphene Limited		**(5,407,883)**	(5,136,048)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the year ended 30 June 2023

	Note	2023 $	2022 T$
Loss for the year attributable to:			
Owners of First Graphene Limited		**(5,421,707)**	(5,017,487)
Non-Controlling interests		**(614)**	(15,621)
		(5,422,321)	(5,033,108)
Total comprehensive loss for the year attributable to:			
Owners of First Graphene Limited		**(5,407,269)**	(5,120,427)
Non-Controlling interests		**(614)**	(15,621)
		(5,407,883)	(5,136,048)
Loss per share for the year attributable to the owners of First Graphene Limited:			
Basic (loss) per share (cents per share)	7	**(0.96)**	(0.91)
Loss per share (cents per share)	7	**(0.96)**	(0.91)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

At 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	**3,225,954**	7,004,724
Inventories	9	**1,759,014**	1,821,713
Trade and other receivables		**346,495**	167,744
Other current assets	10	**726,064**	225,801
Total current assets		**6,057,527**	9,219,982
Non-current assets			
Property, plant and equipment	11	**2,479,526**	2,854,654
Right of use asset	23	**579,151**	162,179
Inventories	9	**2,215,237**	2,851,875
Intangible assets		**151,701**	118,155
Other assets		**229,244**	211,908
Total non-current assets		**5,654,859**	6,198,770
Total assets		**11,712,386**	15,418,752
Liabilities			
Current liabilities			
Trade and other payables	12	**435,832**	585,702
Employee liabilities		**276,120**	139,189
Financial liabilities	13	**3,622,000**	6,135,251
Lease liabilities	23	**530,656**	178,489
Total current liabilities		**4,864,608**	7,038,631
Non-current liabilities			
Lease liabilities		**-**	-
Total non-current liabilities		**-**	-
Total liabilities		**4,864,608**	7,038,631
Net assets		**6,847,780**	8,380,121
Equity			
Issued capital	15	**106,378,131**	102,845,907
Reserves	16	**6,171,889**	5,738,367
Accumulated losses		**(105,811,649)**	(100,389,940)
Capital and reserves attributable to owners of First Graphene Limited		**6,739,219**	8,194,334
Non-controlling interest		**108,561**	185,787
Total equity		**6,847,780**	8,380,121

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Issued Capital $	Share based payments reserve $	Translation reserve $	Other Reserve $	Accumulated losses $	Non-controlling interests $	Total $
As at 1 July 2022	**102,845,906**	**5,931,862**	**(116,530)**	**(76,966)**	**(100,389,938)**	**185,787**	**8,380,121**
Loss for the year	-	-	-	-	(5,421,707)	-	(5,421,707)
Foreign currency translation	-	-	117,117	-	-	-	117,117
Total comprehensive loss for the year	**-**	**-**	**117,377**	**-**	**(5,421,707)**	**-**	**(5,304,589)**
Share placements during the year	-	-	-	-	-	-	-
Shares issued	3,332,381	-	-	-	-	-	3,332,381
Transactions with non-controlling interest	-	-	-	-	-	-	-
Share issue costs	(37,804)	-	-	-	-	-	(37,804)
Share based payment transactions	237,646	240,027	-	-	-	-	477,674
Vesting of performance rights	-	-	-	-	-	-	-
Transfer to accumulated losses	-	-	-	-	-	-	-
30 June 2023	**106,378,131**	**6,164,539**	**587**	**(76,966)**	**(105,811,644)**	**185,787**	**6,847,780**

	Issued Capital $	Share based payments reserve $	Translation reserve $	Other Reserve $	Accumulated losses $	Non-controlling interests $	Total $
As at 1 July 2021	**98,808,042**	**5,639,623**	**13,590**	**(45,851)**	**(95,361,902)**	**170, 293**	**9,223,795**
Loss for the year	-	-	-	110	(5,017,487)	(15,731)	(5,033,108)
Foreign currency translation	-	-	(130,121)	-	(10,548)	-	(140,668)
Total comprehensive loss for the year	**-**	**-**	**(130,121)**	**110**	**(5,028,035)**	**(15,731)**	**(5,173,777)**
Share placements during the year	1,500,000	-	-	-	-	-	1,500,000
Shares issued	2,210,187	-	-	-	-	-	2,210,187
Transactions with non-controlling interest	-	-	-	(31,225)	-	31,225	-
Share issue costs	(18,923)	-	-	-	-	-	(18,923)
Share based payment transactions	328,000	310,839	-	-	-	-	638,839
Vesting of performance rights	18,600	(18,600)	-	-	-	-	-
Transfer to accumulated losses	-	-	-	-	-	-	-
30 June 2022	**102,845,906**	**5,931,862**	**(116,530)**	**(76,966)**	**(100,389,938)**	**185,787**	**8,380,121**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying note

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		**726,673**	606,947
Payments to suppliers and employees		**(5,070,777)**	(6,250,674)
Interest received		**40,195**	2,377
Interest paid		**-**	-
R&D and grant funding received		**901,609**	1,241,941
Other income		**-**	-
Net cash outflows from operating activities	19	**(3,402,301)**	(4,399,409)
Cash flows from investing activities			
Payments for property, plant and equipment		**(94,291)**	(44,576)
Proceeds from sale of property, plant and equipment		**-**	-
Payments for intellectual property		**(45,512)**	(46,000)
Net cash outflows from investing activities		**(139,803)**	(90,576)
Cash flow from financing activities			
Proceeds from placement of shares		**-**	-
Proceeds from the exercise of options		**-**	1,617,372
Payment of share issue/capital raising costs		**(37,804)**	(18,923)
Proceeds from convertible note		**-**	3,000,000
Finance lease payments		**(198,862)**	(180,808)
Net cash inflows / (outflows) from financing activities		**(236,666)**	4,417,641
Net decrease in cash and cash equivalents		**(3,778,770)**	(72,344)
Cash and cash equivalents at beginning of the year		**7,004,724**	7,076,580
Effect of exchange rate fluctuations on cash held		**-**	488
Cash and cash equivalents at end of the year	8	**3,225,954**	7,004,724

The above consolidated statement of cash flows should be read in conjunction with the accompanying note

Notes to the Consolidated Financial Statements

1. Basis of Preparation

First Graphene Limited ("First Graphene" or the "Company") is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is:

First Graphene Limited
1 Sepia Close
Henderson WA 6166

A description of the nature of operations and principal activities of FGR and its subsidiaries (collectively, the "Group") will be included in the Annual Report (to be release at a later date), which is not part of these financial statements.

The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis except for assets and liabilities and share-based payments which are required to be measured at fair value. The basis of measurement is discussed further in the individual notes;
- is presented in Australian dollars;

Accounting policies

New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new accounting standards and interpretations effective for annual periods beginning 1 July 2022 The effect of the adoption of these new accounting standards and interpretations did not have a material impact on the annual consolidated financial statements of the Group, the nature and effect of which is discussed below.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Consolidated Financial Statements

Going Concern

For the period ended 30 June 2023 the entity recorded a loss of $5,422,321 (2022:$5,033,108) and had net cash outflows from operating activities of $3,402,301 (2022:$4,399,409).

The ability of the entity to continue as a going concern is dependent on securing additional funding through the sale of equity securities to either existing or new shareholders to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty which may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

· The entity expects to receive additional funds via the issue of equity securities to either existing or new shareholders; and

· In the event of further funds not being raised, the entity's activities would be wound back to a sustainable level.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts which differ from those stated in the financial statements and the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities which might be necessary should the entity not continue as a going concern.

Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The following Standards and Interpretations have been issued by the AASB, are relevant to the Group, but are not yet effective and have not been adopted by the Group for the period ending 30 June 2023. Unless otherwise stated, the Group has yet to fully assess the impact of these Standards and Interpretations when applied in future periods.

Basis of consolidation

The consolidated financial statements comprise the financial statements of First Graphene Limited and its subsidiaries as at 30 June 2023 (the **Group**).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other voting holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained'
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Foreign currency translation

The financial report is presented in Australian dollars, which is First Graphene Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. Where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

The Notes To The Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations and the financial position and performance of the Group. Information is considered relevant and material if, for example:

- the amount is significant due to its size or nature;
- the amount is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- Performance for the year;
- Operating assets and liabilities;
- Capital structure and risk;
- Other disclosures.

A brief explanation is included under each section.

Performance For the Year

This section focuses on the results and performance of the Group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation.

KEY ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes.

Share Based Payments Estimates

Judgement has been exercised in calculating the value of share based payments. The closing price of share sales on the day of the award of the share based payment is used for calculating the fair value of the payment.

Convertible notes carried at fair value

On initial recognition, the value of the convertible notes was calculated based on the proceeds received. At the reporting date, the fair value of the conversion options within the convertible loan has been assessed to be nil and credit risk has not changed from inception of the loan.

Inventories

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product based on prevailing spot metals process at the reporting date, less estimated costs to complete production and bring the product to sale. Inventory held at 30 June 2023 relates to raw material, work in progress and finished goods and is held at net realisable value.

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of any provision is assessed by considering recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory obsolescence.

2. Segment reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports which are reviewed and used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The existing operating segments are identified by management based on the way the Group's operations were carried out during the financial year. Discrete financial information about each of these operating businesses is reported to the Board on a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the asset base and revenue or income streams, as these are the sources of the Group's major risks and have the most effect on the rates of return. The Group's segment information for the current reporting period is reported based on the following segments:

Graphene production

As the Company expands its graphene production and inventory, the Board monitors the Company based on actual verses budgeted expenditure incurred.

Research and development

As the Company expands its research inhouse and in conjunction with third parties, the Board monitors the Company based on actual verses budgeted expenditure incurred.

Corporate services

This segment reflects the overheads associated with maintaining the ASX listed FGR corporate structure, identification of new assets and general management of an ASX listed entity.

Mining Asset Maintenance

Although the Company has suspended its mineral exploration and development in Sri Lanka the Board monitors the Company based on actual verses budgeted expenditure incurred.

Business Segment	Graphene Production $		Research & Development $		Corporate Services $		Mining Asset Maintenance $		Total $	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Revenue from external customers	**1,003,424**	**723,323**	**-**	**-**			**-**	**-**	**1,003,424**	**723,323**
Point in time	**1,003,424**	**723,323**	**-**	**-**	**-**	**-**	**-**	**-**	**1,003,424**	**723,323**
Interest revenue	**-**	**-**	**-**	**-**	**39,708**	**2,377**	**47**	**-**	**39,755**	**2,377**
Operating Profit/(loss)	**-**	**-**	**(1,317,684)**	**(1,396,222)**	**(3,970,302)**	**(3,537,984)**	**(126,191)**	**(98,902)**	**(5,421,707)**	**(5,033,108)**
Depreciation expense	**597,412**	**381,139**	**31,544**	**31,709**	**54,266**	**45,266**	**-**	**-**	**590,660**	**458,114**
Amortisation expense	**47,485**	**31,657**	**3,126**	**27,550**	**83,446**	**112,930**	**-**	**-**	**134,057**	**172,136**
Segment assets	**4,320,747**	**4,799,332**	**3,630,456**	**3,944,368**	**3,295,164**	**6,670,583**	**29,994**	**4,467**	**11,344,828**	**15,418,751**
Segment liabilities	**(174,210)**	**174,210**	**22,164**	**184,550**	**(4,343,047)**	**6,677,049**	**(1,956)**	**2,822**	**(4,497,047)**	**7,038,631**

The Group recognises revenue under IFRS 15, using the point in time criteria. This is because the customer obtains control of a promised asset and the entity satisfies a performance obligation. Considerations include, but are not limited to:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset to the customer
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset.

Geographical areas

In presenting the information on the basis of geographical areas, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	2023 $		2022 $	
Geographical segments	**Revenue**	**Total Assets**	Revenue	Total Assets
Australia	**1,003,423**	**10,660,464**	723,323	14,856,052
United Kingdom	**-**	**654,370**	-	558,232
Sri Lanka	**-**	**29,994**	-	4,467
Total	**1,003,423**	**11,344,828**	723,323	15,418,751

Reconciliation of segment assets and liabilities to the Statement of financial Position

Reconciliation of segment assets to the Statement of Financial Position

	2023 $	2022 $
Total segments assets	**17,538,197**	**20,787,048**
Inter-segment elimination	**(6,193,369)**	**(5,368,297)**
Total assets per statement of financial position	**11,344,828**	**15,418,751**

Reconciliation of segment liabilities to the Statement of Financial Position

	2023 $	2022 $
Total segments liabilities	**23,050,906**	**23,086,033**
Inter-segment elimination	**(18,553,858)**	**(16,047,402)**
Total liabilities per statement of financial position	**4,497,047**	**7,038,631**

3. Revenue from contracts with customers

Accounting Policy

The Group accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of the consideration is probable.

Revenues from product sales are recognised when an identified performance obligation is satisfied, and the customer obtains and accepts control of the Company's product. Sales of product generally occur at a point in time, typically upon delivery to the customer.

Taxes collected from customers relating to product and service sales and remitted to governmental authorities are excluded from revenues. The Company expenses incremental costs of obtaining a contract as and when incurred because the expected amortisation period of the asset that the Company would have recognised is one year or less.

	Notes	2023 $	2022 $
Types of goods			
Sale of graphene/related services		**1,003,425**	**723,323**
Total revenue from contracts with customers		**1,003,425**	**723,323**

4. Operating expenses and other income

Accounting Policy

All revenue is stated net of the amount of goods and services tax (GST).

Other revenue includes R&D credits received from the Australian & UK tax government.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited against the asset and is released to the Statement of Profit or Loss and Other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to other income in the Statement of Profit or Loss and Other Comprehensive Income in the year of receipt.

Notes to the Consolidated Financial Statements

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Other revenue and expenses from continuing operations:

		Notes	2023 $	2022 $
(a)	Other income			
	R&D and grant income		**934,947**	**1,241,941**
			934,947	**1,241,941**
(b)	Research & development			
	Employee expenses		**658,993**	**535,053**
	Consultant and research programs		**457,140**	**707,202**
	Legal and taxation expenses		**20,426**	**9,531**
	Depreciation		**31,544**	**31,709**
	Amortisation		**3,126**	**27,550**
	Impairment of inventory		**-**	**-**
	Other		**447,356**	**288,770**
			1,598,159	**1,599,816**
(c)	Selling & marketing			
	Employee expenses		**419,862**	**562,780**
	Advertising & promotion		**-**	**139,554**
	Depreciation		**2,880**	**2,437**
	Other		**146,210**	**171,087**
			568,952	**875,857**
(d)	Mining lease maintenance			
	Employee expenses		**36,915**	**32,842**
	Rent of premises		**54,107**	**41,279**
	Other		**35,215**	**24,781**
			126,237	**98,902**
(e)	General & administrative			
	Employee expenses		**1,616,123**	**1,543,352**
	Director, finance & company secretarial fees		**56,698**	**47,189**
	Legal & other professional fees		**301,636**	**505,377**
	ASX listing, share registry and other corporate costs		**108,041**	**148,510**
	Depreciation		**51,386**	**42,830**
	Amortisation		**83,446**	**112,930**
	Rent of premises		**-**	**-**
	Insurances		**51,541**	**79,270**
	Other		**988,405**	**618,817**
			3,264,231	**3,098,274**

5. Finance income and expense

Accounting Policy

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

	Notes	2023 $	2022 $
(a) **Finance income**			
Interest income on bank deposits		**39,755**	**2,377**
		39,755	**2,377**
(b) **Finance expense**			
Interest expense		**(828,360)**	**(296,751)**
Foreign exchange (loss)/gain - unrealised		**25,157**	**(11,662)**
		(803,204)	**(308,413)**

6. Income tax

Accounting Policy

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The major components of income tax expense are:

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Income Tax Expense	2023 $	2022 $
(a) Income tax expense/(benefit)	**-**	-
Current tax	**-**	-
Deferred tax	**-**	-
Under/(over) provision in prior years	**-**	-
Total income tax expense	**-**	-
(b) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited in equity		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-
(c) Reconciliation of income tax expense to prima facie tax payable		
- Loss before income tax from all activities	**(5,409,046)**	**(5,017,488)**
- Prima facie income tax benefit on loss before income tax at 30% (2021:30%)	**(1,352,261)**	**(1,254,372)**
- Entertainment	**2,206**	**4,553**
- Share based payments	**117,581**	**115,960**
- Non-assessable income	**(228,525)**	**(211,978)**
- Other permanent differences	**54,299**	**40,830**
- Deferred tax assets not brought to account	**1,308,164**	**85,518**
Income tax expense/(benefit)	**-**	-
The applicable weighted average effective tax rates	**0%**	0%
(d) Deferred tax liability		
Prepaid expenditure	**-**	-
PPE	**-**	-
Other temporary differences	**-**	-
	-	-
Off-set of deferred tax assets	**-**	-
Net deferred tax liability recognised	**-**	-

Income Tax Expense	2023 $	2022 $
(e) Unrecognised deferred tax asset		
Tax losses	**7,683,730**	**6,734,869**
Capital losses	**7,310,519**	**7,310,519**
PPE & Leases	**(12,124)**	**4,078**
Other temporary differences	**105.997**	**127,569**
	15,088,122	**14,177,034**
Off-set of deferred tax liabilities	**(42,703)**	**(110,890)**
Net deferred tax assets unrecognised	**15,045,419**	**14,066,145**

The Group has Australian revenue losses from previous years for which no deferred tax assets have been recognised. The availability to utilise these losses in future periods is subject to review in the relevant jurisdictions.

7. Loss per share

Accounting Policy

Loss per share ("LPS") is the amount of post-tax profit attributable to each share. The group presents basic and diluted LPS data for ordinary shares. Basic LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted LPS takes into account the dilutive effect of all potential ordinary shares, being unlisted employee share options on issue.

	Number of shares 2023	Number of shares 2022
Weighted average ordinary shares used in calculating basic earnings per share	**565,929,293**	**552,630,533**
Weighted average ordinary shares used in calculating diluted earnings per share	**565,929,293**	**552,630,533**
Basic loss per share - cents per share	**(0.96)**	**(0.91)**
Diluted loss per share - cents per share	**(0.96)**	**(0.91)**

	2023 $	2022 $
Loss attributable to the owners of First Graphene used in calculating basic loss per share	**(5,409,048)**	**(5,017,487)**
Loss attributable to the owners of First Graphene used in calculating diluted loss per share	**(5,409,048)**	**(5,017,487)**

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements which would impact on the above EPS calculations.

8. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at the end of the reporting period:

	2023 $	2022 $
Cash at bank and in hand	**3,225,954**	**7,004,724**
	3,225,954	**7,004,724**

The Group's maximum exposure to financial risk is disclosed in note 15.

OPERATING ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the capital structure and finance costs section on page 41.

9. Inventories

Accounting Policy

Raw material, work in progress, finished goods and consumables are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories expected to be sold (or consumed in the case of stores) within 12 months after the Statement of financial position date are classified as current assets, all other inventories are classified as non-current.

Inventories (continued)

Total Inventories	2023 $	2022 $
Raw materials	**2,057,681**	**1,987,200**
Work in progress	**99,159**	**316,598**
Finished goods	**1,859,532**	**2,411,910**
Inventories Gross	**4,016,371**	**4,715,708**
Less: Provision for impairment	**(42,120)**	**(42,120)**
Carrying amount	**3,974,251**	**4,673,588**
Disclosed as:		
Current	**1,759,014**	**1,821,713**
Non-current	**2,215,237**	**2,851,875**
Total inventory	**3,974,251**	**4,673,588**

10. Other assets

	2023 $	2022 $
Prepayments	**726,064**	225,801
Total other assets	**726,064**	225,801

11. Property, plant and equipment

Accounting Policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure which is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 3-15 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to the profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Property, plant and equipment (continued)

Key estimates and assumptions

Useful Life of Assets

The estimation of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. If they need to be modified, the depreciation and amortisation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

"Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated."

Reconciliations of the carrying value for each class of property, plant and equipment is set out below:

30 June 2023	Capital Work in Progress	Plant and equipment	Office equipment	Motor vehicles	Total
Carrying amount at beginning of year	**625,125**	**2,176,724**	**45,050**	**7,756**	**2,854,655**
Additions	68,467	111,245		-	179,172
Depreciation	-	(453,250)	(16,645)	(1,760)	(471,655))
Transfers	(542,702)	542,702			-
Movement due to foreign exchange	-	(83,112)	72	-	(83,040)
Carrying amount at end of year	**150,890**	**2,294,309**	**28,477**	**5,849**	**2,479,526**

30 June 2022	Capital Work in Progress	Plant and equipment	Office equipment	Motor vehicles	Total
Carrying amount at beginning of year	**-**	**2,600,832**	**56,442**	**9,369**	**2,666,643**
Additions	625,125	17,543	5,031	-	647,699
Depreciation	-	(440,181)	(16,320)	(1,613)	(458,114)
Movement due to foreign exchange	-	(1,471)	(103)	-	(1,573)
Carrying amount at end of year	**625,125**	**2,176,724**	**45,050**	**7,756**	**2,854,655**

12. Trade and other payables

Accounting Policy

Trade and other payables represent the liabilities for goods and services received by the entity which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2023 $	2022 $
Current		
Trade and other payables	**261,622**	**411,492**
Customer deposits	**174,210**	**174,210**
	435,832	**585,702**

13. Financial liabilities

Accounting Policy

Convertible notes were issued by the Group which include embedded derivatives. Convertible notes are initially recognised as financial liabilities at fair value.

On initial recognition the fair value of the convertible notes equated to the proceeds received and subsequently the convertible note is measured at fair value. The movements are recognised in profit and loss as finance costs except to the extent the movement is attributed to changes in the group's own credit risk status in which case, it is recognised in Other Comprehensive Income.

Terms and Conditions

The Company entered into a Share Placement Agreement with Specialty Materials Investments, LLC (the Investor) on the 27th of May 2021.

- Total AUD amount that can be drawn down: $8,000,000
- Initial deposit shares issued: 2,800,000 shares at $0.235 per share
- Fee paid: 1,021,276 shares at $0.235 per share
- Final AUD value of shares to be issued: $8,480,000 ("subscription amount")
- Other Terms:
- The final number of shares to be 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 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 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.

	2023 $	2022 $
Current		
Convertible liabilities	**3,622,000**	**6,135,251**
	3,622,000	**6,135,251**

Closing Balance at 30 June 2022	**6,135,251**
Funds Received	186,749
4,761,905 SHARES @ 10.5c - Reduction in Liability - SMI Placement 4th Drawdown	(500,000)
9,523,810 SHARES @ 10.5c - Reduction in Liability - SMI Placement 5th Drawdown	(1,000,000)
5,000,000 SHARES @ 10c - Reduction in Liability - SMI Placement 6th Drawdown	(500,000)
2,222,222 SHARES @ 9c - Reduction in Liability - SMI Placement 7th Drawdown	(200,000)
6,666,667 SHARES @ 7.5c - Reduction in Liability - SMI Placement 8th Drawdown	(500,000)
Closing Balance at 30 June 2023	**3,622,000**

CAPITAL STRUCTURE, FINANCIAL INSTRUMENTS AND RISK

This section outlines how the Group manages its capital, related financing costs and its exposure to various financial risks. It explains how these risks affect the Group's financial position and performance and what the Group does to manage these risks.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital.

The Board's policy in relation to capital management is to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Group's need for additional funding by way of either share issues or loan funds depending on market conditions at the time. The Board defines working capital in such circumstances as its excess liquid funds over liabilities and defines capital as being the ordinary share capital of the Company, plus retained earnings, reserves and net debt. In order to maintain or adjust the capital structure, the Board may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or reduce debt.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

14. Financial Risk Management

(a) Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, deposits with banks, local money market instruments and short-term investments. The accounting policy with respect to these financial instruments is described in note 1.

Financial risk management structure:

Board of Directors

The Board is ultimately responsible for ensuring there are adequate policies in relation to risk oversight and management and internal control systems. The Group's policies are designed to ensure financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

(b) Financial risks

Credit risk

Credit risk refers to the risk a counterparty will default on its contractual obligation resulting in financial loss to the Group. Credit risk is managed on a group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or group of counterparties. The Group has no significant concentrations of credit risk.

It is the Group's policy to place funds generated internally and from deposits with clients with high quality financial institutions. The Group does not employ a formalised internal ratings system for the assessment of credit exposures. Amounts due from and to clients and dealers represents receivables sold and payables for securities purchased which have been contracted for but not yet settled on the reporting date, respectively. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis.

Exposure to credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position and the notes to the financial statements. The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The Group's maximum exposure to credit risk without taking account of any collateral or other credit enhancements at the reporting date was $3,225,954 (2022: $7,004,724).

The Company banks with Westpac Banking Corporation (Westpac). Westpac's long term credit ratings are A+ (Fitch Ratings), Aa3 (Moody's Investors Service) and AA- (Standard & Poor's).

	Group	
	2023 **$**	2022 $
Cash and cash equivalents	**3,225,954**	**7,004,724**
	3,225,954	**7,004,724**

Impairment of financial assets

The group holds trade receivables that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the AASB 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit losses have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2023 was determined to be nil.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

For the purposes of the Group's disclosures regarding credit quality, its financial assets have been analysed as follows:

	Neither Past Due nor individually impaired $	Past due but not individually impaired $	Individually impaired $	Total $	Impairment allowance $	Total carrying amount $
Consolidated 30 June 2023						
Trade receivables	**346,495**	-	-	**346,495**	**-**	**346,495**
	346,495	**-**	**-**	**346,495**	**-**	**346,495**
Consolidated 30 June 2022						
Trade receivables	**167,744**	-	-	**167,744**	**-**	**167,744**
	167,744	**-**	**-**	**167,744**	**-**	**167,744**

Financial assets past due but not individually impaired

For the purpose of this analysis an asset is considered past due when any payment due under the contractual terms is received one day past the contractual due date. The majority of these transactions are carried out on a delivery versus payment basis, which results in securities and cash being exchanged within a very close timeframe. Settlement balances outside standard terms are monitored on a daily basis. Credit risk is also mitigated as securities held for the counterparty by the Group can ultimately be sold should the counterparty default. There were no renegotiated financial assets during the year.

Collateral pledged or held

There is no collateral held as security by the Group or its controlled entities.

Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring forecast cash requirements and cash flows.

The primary objective of the Group is to manage short-term liquidity requirements in such a way as to minimise financial risk. The Group maintains sufficient cash resources to meet its obligations, cash deposits are repayable on demand.

The tables below present the cash flows receivable and payable by the Group under financial assets and liabilities by remaining contractual maturities at the reporting date. The amounts disclosed are the contractual, undiscounted cash flows.

	Weighted average effective interest rate	Floating interest rate	Fixed interest		Non-interest bearing		
		Within one year	Within one year	1-5 years	Within one year	1-5 years	Total
	%	$	$	$	$	$	$
30 June 2023							
Financial assets							
Cash and cash equivalents	0.01	**3,225,954**	-	-	-	-	**3,225,954**
Total Financial assets at 30 June 2023		**3,225,954**	-	-	-	-	**3,225,954**
Trade and other payables		-	-	-	**68,271**	-	**68,271**
Financial liabilities		-	-	-	**3,622,000**	-	**3,622,000**
Total financial liabilities at 30 June 2023		**-**	**-**	**-**	**3,690,271**	**-**	**3,690,271**
30 June 2022							
Financial assets							
Cash and cash equivalents	0.01	**7,004,724**	-	-	-	-	**7,004,724**
Total Financial assets at 30 June 2022		**7,004,724**	-	-	-	-	**004,724**
Trade and other payables		-	-	-	**585,702**	-	**585,702**
Financial liabilities		-	-	-	**6,135,251**	-	**6,135,251**
Total financial liabilities at 30 June 2022		**-**	**-**	**-**	**6,720,953**	**-**	**6,720,953**

Trade and other payables and borrowings are expected to be paid as follows:

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
30 June 2023				
Trade and other payables (refer note 13)	435,832	-	-	-
Financial liabilities (refer note 14)	3,622,000			
	4,057,832	-	-	-
30 June 2022				
Trade and other payables (refer note 13)	585,702	-	-	-
Financial liabilities (refer note 14)	6,135,251			
	6,720,953	-	-	-

Market Risk

Market risk is the risk the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Foreign exchange risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency which is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's profitability can be significantly affected by movements in the $US/$A exchange rates, and to a lesser degree, though movements in the Sri Lankan Rupee verses the Australian dollar. Through reference to industry standard practices, and open market foreign currency trading patterns within the past 12 months, the group set the level of acceptable foreign exchange risk.

The Group seeks to manage this risk by holding foreign currency in $US GBP£ and Sri Lankan Rupee.

Sensitivity analysis

The following table does not include intra group financial assets and liabilities. It summaries the sensitivity of the Group's financial assets and liabilities to external parties at 30 June 2023 to foreign exchange risk, based on foreign exchange rates as at 30 June 2023 and sensitivity of +/-5%:

	30 June 2023 rate (cents)
US$/A$	0.6655
GBP/A$£	0.5234
LKR/A$	205.01

	Foreign exchange risk	
	2023 $	2022 $
Change in profit/loss due to:		
Improvement in AUD by 5%	**(74,476)**	**(66,017)**
Decline in AUD by 5%	**74,476**	**66,017**
Change in equity due to:		
Improvement in AUD by 5%	**(74,476)**	**(66,017)**
Decline in AUD by 5%	**74,476**	**66,017**

(ii) Interest rate risk

Group

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash position. A change of 10 basis points in interest rates at the reporting date would result in a change of profit or loss by the amounts shown below. This analysis assumes all other factors remain constant.

Profile

At reporting date the interest rate profile of the Group's financial instruments was:

		Interest rate risk			
	2023	-10bps		+10bps	
	$	Profit	Equity	Profit	Equity
Floating rate instruments					
Cash at bank	**3,225,954**	**(2,614)**	**-**	**2,614**	**-**
	3,225,954	**(2,614)**	**-**	**2,614**	**-**
	2022 $				
Floating rate instruments					
Cash at bank	**7,004,724**	**(6,462)**	**-**	**6,462**	**-**
	7,004,724	**(6,462)**	**-**	**6,462**	**-**

(c) Net fair values

Fair value versus carrying amount

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments which are carried in the financial statements.

Methodologies and assumptions

For financial assets and liabilities which are liquid or have short term maturities it is assumed the carrying amounts approximate to their fair value.

	Note	30 June 2023 Carrying amount $	30 June 2023 Net fair value $	30 June 2022 Carrying amount $	30 June 2022 Net fair value $
Assets carried at amortised cost					
Trade and other receivables		**346,495**	**346,495**	**167,744**	**167,744**
Total financial assets		**346,495**	**346,495**	**167,744**	**167,744**
Liabilities carried at amortised cost					
Trade and other payables	13	**435,832**	**435,832**	**585,702**	**585,702**
Financial liabilities	14	**3,622,000**	**3,622,000**	**6,135,251**	**6,135,251**
Total Financial Liabilities		**4,057,832**	**4,057,832**	**6,720,953**	**6,720,953**

Fair value hierarchy

The Group classified the fair value of the financial instruments in the table below according to the fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – values based on prices or valuation techniques that are not based on observable market data.

	Note	Total $	Fair value measurement using: Level 1 $	Level 2 $	Level 3 $
Financial liabilities measured at fair value - 2023					
Convertible liabilities	14	**3,622,000**	**-**	3,622,000	-
Total financial assets		**3,622,000**	**-**	3,622,000	-

There were no transfers between Level 1, Level 2 and Level 3 during 2022.

	Note	Total $	Fair value measurement using: Level 1 $	Level 2 $	Level 3 $
Financial liabilities measured at fair value - 2022					
Convertible liabilities	14	**6,135,251**	**-**	**6,135,251**	-
Total financial assets		**6,135,251**	**-**	**6,135,251**	-

15. Issued capital

Accounting Policy

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of shares or options are recognised as a deduction from equity, net of any related income tax effects.

(a) Ordinary shares	2023 $	2022 $	2023 Number	2022 Number
Issued and fully paid	**102,845,906**	**102,845,906**	**590,205,277**	**539,900,237**
Movements in shares on issue				
At the beginning of the year	**102,845,906**	**98,808,042**	**560,033,776**	**539,900,237**
Exercise of performance rights	**237,646**	**2,210,187**	**1,996,896**	**9,120,749**
Shares issued to employees	**-**	**18,600**	**-**	**120,000**
Entitlement issue(i)	**3,332,381**	**1,500,000**	**28,174,605**	**9,392,790**
Shares issued to third party	**-**	**328,000**	**-**	**1,500,000**
Share issue costs	**(37,803)**	**(18,923)**	**-**	**-**
At the end of the year	**106,378,131**	**102,845,906**	**590,205,277**	**560,033,776**

(i) Repayment of borrowings as per the share placement agreement – Refer Note 13.

(b) Share options

Listed share options	2023 Number	2022 Number
At the beginning of the year	**-**	**100,955,266**
Options issued	**-**	**-**
Options exercised	**-**	**(8,120,749)**
Options expired	**-**	**(92,834,517)**
At the end of the year	**-**	**-**

(c) Share options

Unlisted share options	2023 Number	2022 Number
At the beginning of the year	**15,000,000**	**17,000,000**
Options issued	**-**	**-**
Options exercised	**-**	**(1,000,000)**
Options expired	**-**	**(1,000,000)**

At the end of the year	**15,000,000**	**15,000,000**

	2023 Number	2022 Number
(d) Performance rights		
Unlisted performance rights		
At the beginning of the year	**60,000**	**120,000**
Performance rights issued	**3,682,784**	**60,000**
Performance rights converted	**(1,996,896)**	**(120,000)**
At the end of the year	**1,745,888**	**60,000**

Refer note 16 for further details on performance rights issued.

16. Share based payments

Accounting Policy

The value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (the vesting period), ending on the date on which the relevant employees become fully entitled to the option (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the option;
- The current best estimate of the number of options that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

Until an option has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so.

Share based payment expense

The Group recognised total share-based payment expenses as follows:

	2023 $	2022 $
Shares issued to employees	-	-
Shares issued to Advisors	-	153,000
Options issued to directors	80,911	281,602
Performance rights issued to employees	165,598	29,237
Performance rights issued to KMPs	174,914	-
Performance Rights issued to non-exec directors	56,250	-
Total	477,673	463,839

Share Option Plan

The Company provides directors, certain employees and advisors with share options. The options are exercisable at set prices and the vesting and exercisable terms varied to suit each grant of options.

	2023		2022	
	Number of Options	Weighted average exercise price (cents)	Number of Options	Weighted average exercise price (cents)
Outstanding 1 July	15,000,000	25.0	37,630,904	21.6
Issued	-	-	-	-
Exercised	-	-	(1,000,000)	0.18
Traded / Sold	-	-	-	-
Lapsed	-	-	(21,630,904)	24.8
Outstanding 30 June	15,000,000	25.0	15,000,000	25.0

Notes to the Consolidated Financial Statements

Share-based payments – Options issued

The table below summarises options granted to directors, employees and consultants under the Share Option Plan:

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired/ lapsed during the year	Balance at the end of the year	Vested and exercisable during the year
			Number	Number	Number	Number	Number	Number
Unlisted options:								
8 Nov 2019	8 Nov 2023	$0.25	9,000,000	-	-	-	9,000,000	9,000,000
6 Jan 2020	8 Nov 2023	$0.25	1,000,000	-	-	-	1,000,000	1,000,000
17 Dec 2020	8 Nov 2023	$0.25	5,000,000	-	-	-	5,000,000	5,000,000

The weighted average remaining contractual life of the options is 0.25 years (2022: 1.25 years).

Share-based payments – Performance rights issued

Under the Company's Incentive Award Plan, Performance Rights (PR) are granted to employees following the release of the Company's full financial year results starting October 2022 till December 2024. The employees have an option to convert each right to a fully paid ordinary share in the company, up to 2 years following the allocation. At the time of allotment of the PRs the Company recognises an employee expense, with a corresponding increase in reserves. When the employee chooses to convert the rights to ordinary shares the company recognises an increase in equity with a corresponding decrease in reserves previously recognised. Over financial year ended 30 June 2023, the company has issued 3,682,784 PRs to Directors, employees and Key Management Personnel.

The above includes 1,050,000 Performance Rights issued to its Non-Executive Directors as announced to the ASX in the Company's Notice of Meeting for its 2022 Annual General Meeting. 450,000 of these 1,050,000 PRs have already vested, for which the Company has recognised an employee expense, with a corresponding increase in liability.

Performance rights issued to Non-Executive Directors

Vesting Conditions	Tranche 1 Vested	Tranche 2 Unvested	Tranche 3 Unvested	Total
Share Price[1]	Nil	$0.35	$0.45	
Sales (AUD)[2]	Nil	$2 million	$5 million	
NED Name	Number of Rights	Number of Rights	Number of Rights	Total
Andrew Goodwin	300,000	50,000	100,000	450,000
Michael Quinert	50,000	50,000	100,000	200,000
Warwick Grigor	100,000	100,000	200,000	400,000
Total	**450,000**	**200,000**	**400,000**	**1,050,000**

Notes:

1. 25% of the Performance Rights will be measured against the 20 day VWAP Share price at 30 June of the applicable financial year (Tranche 2: FY23; Tranche 3: FY24). These rights were valued using a hybrid share option pricing model with the following inputs:

	Grant date	Spot price	Expiry date	Volatility	Risk free rate	Value per right
Tranche 2	17/10/22	$0.110	17/10/26	75%	3.35%	$0.021
Tranche 3	17/10/22	$0.110	17/10/27	75%	3.35%	$0.035

2. 40% of the Performance Rights will be measured against the sales revenue received during the applicable financial year (Tranche 2: FY23; Tranche 3: FY24) based on audited accounts. These rights have been valued at the share price on the grant date.

In addition, vesting of each Tranche (excluding Tranche 1) is subject to:

- 10% of the Performance Rights will be subject to the achievement by a Director of their personal KPI for an applicable financial year as determined by the Board; and
- 25% of the Performance Rights will be subject to the Director remaining a director of the Company.

The Performance Rights have expiry dates as follows: Tranche 1: 3 years from grant; Tranche 2: 4 years from grant; Tranche 3: 5 years from grant. Management have determined the probability of the rights vesting to be 100%.

Performance rights issued to Employees & KMP

The following performance rights were granted to employees & KMP:

	Number of Performance Rights	Date of Grant	Share Price A$	Vesting Date
Employees	1,287,294	02/09/2022	0.13	02/09/2022
KMP *	1,345,490	02/09/2022	0.13	02/09/2022
	2,632,784			

*These KMP rights have been converted to shares during the period.

- Michael Bell – 1,029,979

- Aditya Asthana – 315,511

17. Reserves and accumulated losses

Accounting Policy

The share based payments reserve holds the directly attributable cost of services provided pursuant to the options issued to corporate advisors, directors, employees and past directors of the Group.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18. Statement of cash flow reconciliation

	2023 $	2022 $
(a) Reconciliation of net loss after tax to net cash flows from operations		
Net Loss	**(5,422,321)**	**(5,033,108)**
Adjusted for:		
Depreciation	**(473,588)**	**248,480**
Amortisation	**(27,249)**	**22,802**
Impairment of intangible asset	**-**	**-**
Write back/impairment of inventory	**-**	**-**
(Gain)/loss on sale of property, plant and equipment	**-**	**-**
Share based payments expensed	**(477,673)**	**463,839**
Options expensed	**(819,130)**	**-**
Shares issued to employees as payment for deferred salaries	**-**	**-**
Foreign exchange loss/(gains)	**(25,157)**	**(11,662)**
Changes in assets/liabilities		
(Increase)/decrease in trade and other receivables	**178,751**	**(81,729)**
(Increase)/decrease in inventory	**(850,836)**	**382,311**
(Increase)/decrease in prepayments	**110,700**	**(11,690)**
Decrease in other assets	**-**	**-**
(Decrease)/increase in trade and other payables	**364,162**	**(378,652)**
Net cash (used in) operating activities	**(3,402,302)**	**(4,399,409)**

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the reporting period.

19. Commitments

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2023. (2022: Nil)..

20. Results of the parent company

	2023 $	2022 $
Current Assets		
Cash and cash equivalents	**2,559,762**	**6,415,391**
Trade and other receivables	**346,495**	**125,744**
Inventory	**1,759,014**	**1,821,713**
Other current assets	**171,158**	**102,449**
Total current assets	**4,836,429**	**8,465,297**
Non-current assets		
Property, plant and equipment	**2,476,171**	**2,837,379**
Right of use asset	**579,151**	**162,179**
Inventory	**2,215,238**	**2,851,875**
Investment in subsidiaries	**650,000**	**650,000**
Investment	**229,244**	**211,906**
Total non-current assets	**6,149,804**	**6,713,338**
Total assets	**10,986,233**	**15,178,636**
Liabilities		
Current liabilities		
Trade and other payables	**3,807,648**	**6,539,994**
Employee liabilities	**178,953**	**132,776**
Lease Liabilities	**530,656**	**178,489**
Total current liabilities	**4,517,257**	**6,851,259**
Non-current liabilities		
Lease Liabilities	**-**	**-**
Total non-current liabilities	**-**	**-**
Total liabilities	**4,517,257**	**6,851,259**
Net Assets	**6,468,976**	**8,327,377**
Equity		
Issued capital	**106,378,129**	**102,845,906**
Share based payments reserve	**6,171,889**	**5,931,862**
Other reserves	**-**	**-**
Accumulated losses	**(106,081,044)**	**(100,450,391)**
Total equity	**6,468,974**	**8,327,377**
Results of the parent entity:		
Loss for the period	**(5,630,655)**	**(5,338,462)**
	(5,630,655)	**(5,338,462)**

21. Events since the end of the financial year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

22. Related party transactions

Compensation for key management personnel

The key management personnel compensation included in employee benefits expense (note 4) and share-based payments (note 17), is as follows:

	2023 $	2022 $
Short term employee benefits	**871,474**	**963,804**
Share based payments	**312,074**	**290,602**
	1,183,548	**1,254,406**

Transactions with other related parties

There were no loans to/from related parties in 2023 (2022: Nil)

Subsidiaries

The consolidated financial statements include the financial statements of First Graphene Limited and the subsidiaries listed in the following table:

	Principal activity in the year	Proportion of voting rights and shares held		Class of shares held	Place of Incorporation
		2023	2022		
First Graphene (UK) Ltd	Graphene sales and R&D	100%	100%	Ordinary	England & Wales
MRL Investments (Pvt) Ltd	Holding company	100%	100%	Ordinary	Sri Lanka
MRL Graphene (Pvt) Ltd	Graphene Mining and exploration	100%	100%	Ordinary	Sri Lanka
2D Fluidics Pty Ltd	Development and sale of VFD, TTF and other 2D devices and materials	66.67%	66.67%	Ordinary	Australia

23. Right of Use - Asset

30 June 2023	Right of Use Asset	Right of Use Accum Dep	Total Right of Use Asset	Right of Use Liability
Carrying amount at beginning of year	**579,169**	(416,990)	162,179	178,489
Additions	551,029		551,029	551,029
Depreciation	-	(134,057)	(134,057)	(198,863)
Movement due to foreign exchange	-	-		
Carrying amount at end of year	**1,130,199**	**(551,047)**	**579,152**	**530,655**

The addition of 551,029 for both the Right of use asset and liabilities refers to the renewal of lease for the manufacturing plant at 1 Sepia close, Henderson for another 5 years.

Calculation for the lease liability and asset was done in accordance to AASB 16