



**first graphene**

The world's leading graphene company

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1 April 2019

Mr Ben Secrett  
ASX Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

**By Email: [ben.secrett@asx.com.au](mailto:ben.secrett@asx.com.au)**

Dear Ben

**FIRST GRAPHENE LIMITED ("FGR" OR "COMPANY")**

We refer to your letter dated 28 March 2019 and respond to your questions as follows (using defined terms in your letter):

**1. Does FGR consider any of the Comments to be information that a reasonable person would expect to have a material effect on the price or value of its securities? Please respond to each item separately.**

**1.1 Customers Ready to Buy**

No - FGR has and continues to engage with potential customers to develop commercial opportunities, sales agreements and contracts for its graphene products. Some of these potential customers have expressed interest in purchasing product once FGR receives approval under the National Industrial Chemical Notification and Assessment Scheme (**NICNAS**) for the sale of commercial quantities of graphene.

Once NICNAS approval is obtained, FGR will seek to negotiate binding terms with such potential customers.

However, until such time, the commercial terms of potential arrangements remain incomplete and insufficiently definite to warrant disclosure to the market.

FGR considers that, subject to agreeing final binding terms (and the quantitative impact of those terms), future contracts or purchase orders for graphene supply may require



disclosure. The need for future disclosure will be considered by the Board at the requisite time.

This is consistent with FGR's announcement on 28 November 2018 regarding the signing of the purchase order with NewGEN for 2000kg of graphene product.

## **1.2 Breakeven Volume**

No – FGR does not consider such statement to be information that a reasonable person would expect to have a material effect on the price or the value of FGR's securities. Any reference to volume of product has no attributable value without information as to a market or sale price for the targeted volume of products sold. Accordingly, FGR considers that a reasonable investor would not be able to ascribe value without further context in terms of the Breakeven Volume and its financial impact on FGR.

## **1.3 Breakeven Date**

FGR considers that an actual and specific breakeven date may be material to a reasonable investor. However, FGR notes the reference made by Mr Grigor in the Interview was an estimate and refers in broad terms to "... the end of calendar year 2019". No actual or hard breakeven date was mentioned.

## **1.4 EBITDA Forecast**

No - given the broad range of the expected EBITDA Forecast, FGR does not consider this to be information that would be sufficiently certain for a reasonable person to expect it to have a material effect on the value of FGR securities. In the context of the Interview, the statement was not communicated as an official forecast but represents a future objective or aspiration of FGR. Without further information in support of and providing context to the basis of the statement, FGR does not consider that a reasonable person would expect the statement to have a material effect on the price or value of FGR's securities.

## **2. If the answer to any part of question 1 is "no", please advise the basis for that view.**

See above.

## **3. Has FGR previously disclosed any of the Comments to the market before the Interview was conducted? If so, please advise the date of any relevant announcement. Please respond to each item separately.**

In respect of the response to question 3, FGR notes that the Interview was not provided to FGR for its review, editing and approval prior to its release (which from experience, FGR understands is usual practice for interviews of this kind). Accordingly, FGR was not aware that the Interview would be released prior to the Board making its update announcement "Graphene Sales and Marketing Update" on 19 March 2019 (**Sales and Marketing Announcement**).

Notwithstanding the release of the Interview prior to the Sales and Marketing Announcement, FGR notes there was no significant increase in trading volume or price of FGR's shares prior to 19 March 2019.



### **3.1 Customers Ready to Buy**

The signing of the purchase order with NewGEN for 2000kg of product was disclosed to the market on 28 November 2018 and was included in an Investor Presentation released on 6 March 2019 and in the Sales and Marketing Update. Reference is made to ongoing engagements with other potential customers in the Sales and Marketing Announcement and to various other announcements over the previous six months made prior to the interview (refer announcements dated 25 October 2018, 26 October 2018, 29 October 2018, 4 February 2019 and 4 March 2019, the September and December Quarterly Activities Reports and the Chairman's Address and Investor Presentation of 23 November 2018).

### **3.2 Breakeven Volume**

No. However a reference is made to a management sales target in the Sales and Marketing Announcement.

### **3.3 Breakeven Date**

Not specifically. However, an anticipated breakeven date (based on a FGR management model) was subsequently referenced in the Sales and Marketing Announcement.

### **3.4 EBITDA Forecast**

No. Additionally, FGR confirms that the EBITDA Forecast is not an official forward looking statement of the Company. On this basis, the EBITDA Forecast does not require disclosure as the legal requirements for such release cannot presently be met.

### **4. Does FGR have any executed sales agreements that it has not yet disclosed to the market? If the answer to this question is "yes", please provide details of those agreements.**

No

### **5. Did Mr Grigor make the Comments (or any part thereof) with the prior approval of the board of directors of FGR?**

No. Specifically, the comments regarding the broad range of expected EBITDA and the likely Breakeven Date reflected the reasonable belief of Mr Grigor. Notwithstanding the basis of belief, the wide range of the information referred to and lack of specification given as to time, a final anticipated position and decision on likely outcomes had not been resolved by the Board at the time of the Interview. The comments made by Mr Grigor were in a response to a series of direct questions in the Interview.

Mr Grigor is aware and has acknowledged that in the future, he needs to be more considered and qualified with any public response and statements in light of the Company's primary obligation to ASX under Listing Rule 3.1.

Again, FGR notes that the Interview was not provided to FGR for its review, editing and approval prior to its release.



6. Please confirm that FGR is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed

7. Please confirm that FGR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FGR with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed

**For and on behalf of the board**

Nerida Schmidt  
Company Secretary

For further information contact: Nerida Schmidt on 1300 660 448





28 March 2019

Ms Nerida Schmidt  
Company Secretary  
First Graphene Limited  
Suite 3, 9 Hampden Road  
NEDLANDS WA 6009

By email

Dear Ms Schmidt

**First Graphene Limited ('FGR'): Query Letter**

ASX refers to the following:

- A. The interview conducted between Mr Bjorn Junker of GoldInvest.de and FGR's chairman, Mr Warwick Grigor, on 16 March 2019, a video of which has been published on GoldInvest.de's website and on YouTube ('Interview'). In the Interview Mr Grigor makes comments, amongst others, about FGR to the following effect ('Comments').
- That FGR has customers ready to buy product when FGR receives its Australian National Industrial Chemical Notification and Assessment Scheme approval ('Customers Ready to Buy').
  - That FGR expects that its breakeven volume of product sold is 18 tonnes per annum ('Breakeven Volume').
  - That FGR expects that it will achieve breakeven by the end of calendar year 2019 ('Breakeven Date').
  - That FGR expects to be earning EBITDA of between \$2 million and \$10 million by the middle of calendar year 2020 ('EBITDA Forecast').
- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
  - *The information concerns an incomplete proposal or negotiation;*
  - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
  - *The information is generated for the internal management purposes of the entity; or*
  - *The information is a trade secret; and*

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3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

- F. Listing Rule 15.7, which requires that an entity must not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to ASX and received an acknowledgment that ASX has released it to the market.

### **Request for Information**

Having regard to the above, ASX asks FGR to respond separately to each of the following questions and requests for information.

1. Does FGR consider any of the Comments to be information that a reasonable person would expect to have a material effect on the price or value of its securities? Please respond to each item separately.
  - 1.1 Customers Ready to Buy.
  - 1.2 Breakeven Volume.
  - 1.3 Breakeven Date.
  - 1.4 EBITDA Forecast.
2. If the answer to any part of question 1 is "no", please advise the basis for that view.
3. Has FGR previously disclosed any of the Comments to the market before the Interview was conducted? If so, please advise the date of any relevant announcement. Please response to each item separately.
  - 3.1 Customers Ready to Buy.
  - 3.2 Breakeven Volume.
  - 3.3 Breakeven Date.
  - 3.4 EBITDA Forecast.
4. Does FGR have any executed sales agreements that it has not yet disclosed to the market? If the answer to this question is "yes", please provide details of those agreements.
5. Did Mr Grigor make the Comments (or any part thereof) with the prior approval of the board of directors of FGR?
6. Please confirm that FGR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that FGR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FGR with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by no later than 5.00PM AWST on Monday, 1 April 2019.**

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You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FGR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FGR to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

**Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au).** It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to FGR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that FGR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Suspension**

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in FGR's securities under Listing Rule 17.3.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Ben Secrett**  
Principal Adviser, Listings Compliance (Perth)