

5 February 2018

CHINESE DELEGATION COMPLETES SUCCESSFUL TANZANIA VISIT

Graphex Mining Limited ('Graphex' or the 'Company') (ASX: GPX) is pleased to provide an update on the status of financing and offtake discussions with its prospective JV partner CN Docking Joint Investment and Development Co Ltd, a subsidiary of China National Building Materials Group ('CN Docking').

Members of Graphex's Board and Management hosted a delegation led by CN Docking in Tanzania for a final site visit and meetings with Tanzanian Government officials. Both Graphex and CN Docking were impressed by the availability of government officials and the willingness to involve multiple departments at short notice, which is indicative of the underlying government support for the development of Chilalo.

One of the critical meetings was with the Tanzanian Ministry of Minerals to discuss key issues arising out of the legislation introduced in July 2017 and the recently released Mining Regulations governing the mining industry. This meeting was attended by the Permanent Secretary for Minerals, Professor Simon Msanjila and the Commissioner for Minerals, Professor Shukrani Manya, who is also the Acting CEO of the Mining Commission. The Mining Commission is the body responsible for licencing and is expected to play a key role in the negotiation of agreements with mining companies. A photo taken at this meeting is shown below.



Certain of the key issues raised by CN Docking and Graphex have been referred to the President's Office who is expected to prepare guidelines on these issues and make them available in the near future. A process of constructive dialogue with the Ministry of Minerals is continuing on remaining issues, with a view to reaching agreement with the Tanzanian Government. The Mining Commission has now been established with the first meeting being held in Dodoma on 2 February 2018.

A positive meeting was also held with the Export Processing Zones Authority regarding CN Docking's interest in partnering with Graphex to develop downstream processing facilities in Tanzania. Further information on this exciting development will be provided in the near future.

CN Docking is pleased with the progress made on this trip and looks forward to receiving final clarifications from the Tanzanian Government. With Chinese New Year approaching, CN Docking and Graphex expect to meet during March to finalise the joint venture agreement for the development of Chilalo. Whilst that is the timeframe expected to finalise the binding agreement, payment of the equity investment amount by CN Docking will be conditional upon reaching satisfactory agreement with the Tanzanian Government on the issues it has sought further clarification on.

Site Visit

Prior to the meetings in Dar es Salaam, the Chinese delegation conducted a site visit. Key activities undertaken on the site visit included:

- Tour of the Mtwara Port and available warehouse space
- Driving the proposed transportation route for Chilalo product
- Tour of the proposed mine site including inspection of trenches and outcrop
- Meetings with local contractors able to work within the new local content requirements
- Meeting with senior representatives from the Ruangwa District
- Meeting with local village leaders
- Reviewing location and suitability of EPZA sites for establishment of Special Economic Zone

Selected photos from the visit are shown in Appendix 1.

During the site visit, the parties discussed the combination of the feasibility studies previously completed by the Company and by the Suzhou Design and Research Institute for Non-Metallic Minerals ('Suzhou') on behalf of CN Docking. Owing to strong market demand for Chilalo product, the Company expects that the production profile will exceed the 69,000 tonnes per annum in the Company's feasibility study without any increase in capital expenditure.

Managing Director, Phil Hoskins, commented, *"This site visit, which provided CN Docking with great comfort with respect to Graphex's in-country technical capacity, government relations and administrative capability, completes an important step as we move towards finalising a joint venture agreement. We can also now look forward to the preparation of the Joint FS. We expect our market-leading product specifications, Suzhou's design enhancements and increased graphite prices will see Chilalo set a new benchmark for the graphite industry."*



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About Graphex

Graphex Mining Limited is an Australian exploration and development company, dedicated to advancing the world class Chilalo Graphite Project, located in south-east Tanzania. Chilalo is host to a high-grade mineral resource and has demonstrated an ability to produce a premium graphite concentrate with a substantial portion of coarse flake material. Chilalo graphite possesses outstanding expandability characteristics, making it ideally suited to the rapidly growing expandable graphite market.

Graphex has an experienced board and management team with specific skills and extensive experience in African based project development, exploration, mining and processing. The Company has a long and well-established presence in Tanzania.

For more information, visit www.graphexmining.com.au.

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Appendix 1. Site Visit Photos

Site visit party touring the Mtwara Port



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Site visit party in Chilalo trench 2



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Site visit party inspecting Chilalo outcrop



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Site visit party at Nachingwea Airport with Investment Association of China (IAC) banner



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Managing Director Phil Hoskins with Issa Mabala, Nangurugai village leader



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