

16 March 2018

COMPANY UPDATE

Graphex Mining Limited ('**Graphex**' or the '**Company**') (ASX: GPX) is pleased to provide an update on the development of its Chilalo Graphite Project.

Updated feasibility study

The Company has re-engaged BatteryLimits Pty Ltd to update the existing feasibility study (the '**Updated Feasibility Study**') to incorporate technical work previously completed by both BatteryLimits and by the Suzhou Design and Research Institute for Non-Metallic Minerals ('**Suzhou**') that was commissioned as part of the CN Docking partnership process. Suzhou is an independent authority with extensive proprietary technology and processing knowledge acquired over many years of specialising in graphite and other industrial minerals.

The Updated Feasibility Study will reflect a number of positive changes to the project that have occurred since the results of the Company's Pre-Feasibility Study were announced in November 2015. These changes include:

- Testwork completed by Suzhou confirming that Chilalo graphite is amongst the coarsest known flake graphite in the world¹;
- Increases in the price of graphite, in particular coarse flake graphite, over the past 18 months²;
- A significant increase in the Chilalo Mineral Resource³; and
- Design enhancements to the processing facility proposed by Suzhou.

Project finance and offtake discussions

Negotiations with prospective partner, CN Docking Joint Investment and Development Co Ltd ('**CN Docking**'), are continuing. The Company's Managing Director is expected to be in China next week to both further advance negotiations with CN Docking and to meet with Suzhou on the Updated Feasibility Study. This follows a successful visit to Tanzania last month, when members of Graphex's board and management hosted a delegation that included representatives of CN Docking and Suzhou for a site visit and meetings with Tanzanian Government officials.

In addition, the Company has recently received strong interest from credible alternative financiers regarding the provision of funding for the development of its Chilalo Graphite Project. These financiers have stated that Chilalo is their preferred exposure to the graphite sector. Based on this interest, Graphex is now considering how to optimise the development financing for Chilalo, building on the strong relationships it already has in place with CN Docking and Suzhou. Discussions with alternative funding sources are at various stages and may or may not result in committed arrangements, either in the near term or at all.

Managing Director Phil Hoskins commented, "Negotiations on offtake and financing with CN Docking are continuing and I am pleased to report to shareholders that genuine and credible financing alternatives have presented themselves that demand consideration.

"We would also like to confirm that the strong relationships established with potential offtake partners, as well as technical experts, such as the Suzhou Design and Research Institute for Non-Metallic Minerals, are such that these parties remain committed to Chilalo, regardless of the funding source."

Capital raising

The Board has decided to undertake a modest capital raising to ensure the Company is adequately funded to undertake the Updated Feasibility Study and complete a finance structure that maximises value for existing shareholders. Details of the capital raising will be announced not later than 20 March 2018.



PHIL HOSKINS
Managing Director

For further information, please contact:
Phil Hoskins – Managing Director
Tel: +61 8 9200 4960

Stuart McKenzie – Commercial Manager and
Company Secretary
Tel: +61 8 9200 4960

Media
Michael Weir and Richard Glass
Citadel-MAGNUS
Tel: +61 8 6160 4900

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, which is the coarsest fake graphite product in the world. 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.

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

-
1. See ASX announcement 18 September 2017. Graphex confirms that it is not aware of any new information or data that materially affects the information included in that announcement.
 2. See ASX announcements 18 September 2017 and 5 February 2018. Graphex confirms that it is not aware of any new information or data that materially affects the information included in those announcements.
 3. See ASX announcement 2 February 2017. Graphex confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.