



GRAPHEX MINING LIMITED: CODE OF BUSINESS CONDUCT

The Graphex Mining Limited (“**Graphex**” or the “**Company**”) Code of Business Conduct (the “**Code**”) outlines the Company’s expectations of workplace behaviour and performance. Graphex views ethical workplace behaviour as critical to upholding its reputation and ensuring success and has designed this Code as a tool to help guide behaviour. This Code is reflected in and supported by a broad range of Graphex’s policies and procedures.

APPLICATION

The principles contained within this Code apply to everyone at Graphex and its controlled entities regardless of job function or seniority. This includes employees, contractors and consultants (“**staff**”). This Policy may be varied from time to time at Graphex's absolute discretion.

POLICY

At all times, staff are expected to:

- a) Act with integrity and professionalism and be scrupulous in the proper use of Company information, funds, equipment and facilities;
- b) Exercise fairness, equity, courtesy, consideration and sensitivity in interactions with colleagues and stakeholders;
- c) Avoid real or apparent conflicts of interest;
- d) Devote the whole of their time, efforts, attention and skills during the hours of work and other such times as may be reasonably necessary to the performance of their duties to the best of their ability and knowledge;
- e) Use their best endeavours to promote the interests and business of the Company and its related entities;
- f) Comply with all relevant laws, rules and regulations, policies, handbooks/manuals and procedures as communicated from time to time;

- g) Familiarise themselves at regular times with any and all such updates and amendments and comply with any updated, amended or new policies, regulations, rules, laws, handbooks/manuals and procedures;
- h) At all times faithfully and diligently perform duties and exercise powers consistent with their role or as assigned from time to time; and
- i) Contribute to a culture of high ethical and moral standards and must do their part to prevent or correct violations.

Conflicts of Interest

Graphex is committed to managing actual and potential conflicts of interest in its dealings. A potential conflict of interest may exist where the interests of the individual are at odds with the Company's best interests.

Personal interests must not conflict with the Company's best interests.

Where there is any potential conflict of interest, staff must not engage in secondary employment (including holding a Board position other than within a non-trading family owned company) without the consent of the Company. Staff must gain written consent from the Managing Director before commencing any outside employment. The Managing Director must gain written consent from the Chairman of the Board before commencing any outside employment.

Where it is not clear whether something constitutes a conflict of interest, then it is advisable to check with the Company Secretary.

Confidentiality

Staff must not at any time divulge any confidential information of Graphex or its subsidiaries to any other company or person, without the previous consent in writing of the company, nor use or attempt to use any confidential information which may be acquired in the course of employment/engagement with the Company in any manner which may injure or cause loss or be calculated to injure or cause loss to Graphex, its subsidiaries or its clients.

This clause does not apply to the disclosure of any confidential information in the proper performance of duties while employed/engaged by Graphex or as required by law. Where confidential information is required to be disclosed to third parties, a Confidentiality Agreement must be signed and provided to the Company Secretary for inclusion in the Contracts Register.

Upon request made by the company, individuals will deliver to Graphex all copies of confidential information and delete electronic copies of confidential information that they may have in possession or under control.

Obligations under this clause continue after individuals are no longer employed / engaged by the Company.

Trading in Company Shares

At all times, everyone must ensure that all transactions in Graphex shares comply with the law (particularly insider trading provisions) and with Graphex's Securities Trading Policy. Staff must not buy or sell Graphex shares if they are in possession, or think they may be in possession of market sensitive information.

Staff must consult the Company Secretary if they are unsure of the status of a contemplated sale or purchase. Senior Managers and Board members must always consult the Company Secretary before making a sale or purchase of Graphex shares.

Graphex's Securities Trading Policy can be found at the following location: <http://www.graphexmining.com.au> in the Corporate Governance section of the site.

Media

Any approaches from Media outlets or proposed approaches to or from Media for any reason and in any medium whatsoever must be approved by the Managing Director. In the absence of the Managing Director requests should be directed to the Company Secretary.

At no time should staff speak to the media about the Company's activities other than as authorised by the Managing Director or in his/her absence, the Company Secretary.

If staff are invited to participate in any event, and in that capacity will be representing the views of the Company, they must first receive clearance to participate from the Managing Director. In the event that staff do participate in any public forum as a representative of the Company, then the views that they express must be those of the Company, and not their individual views.

At all times staff must comply with the Company's Continuous Disclosure Policy which can also be found in the Corporate Governance section of the Graphex website.

Relationships with governments

Graphex conducts its business internationally. Graphex strives to maintain functional, honest and transparent relationships with the Governments and States of the countries in which it operates.

Graphex will not become involved in the political process of any of its host countries. Nor will it seek special treatment from those Governments, or from individual Government officials.

Graphex is committed to obeying the laws of its host countries, including the laws relating to bribery. It will not break those laws despite any pressure from individual government officials, regardless of the financial incentive or profit opportunities.

Graphex's full policy regarding the payment of bribes and facilitation payments is set out in the Compliance Guide. For more information please refer to Graphex's *Compliance Guide: Anti-Bribery and Corruption*.

Bribery and Corruption

Graphex employees and its representatives must not offer or accept cash or any other incentive, inducement or reward in any form, subject to a limited exception for minor facilitation payments in connection with routine government actions. In particular, payments to win business or to influence a business decision in the Company's favour such as bribes, 'kick-backs', secret commissions and similar payments are strictly prohibited.

All business dealings should be accurately documented to reflect the true nature of the transaction.

Employees should take all practical steps to ensure that agents, contractors, intermediaries or business partners do not engage in conduct on Graphex's behalf that would contravene this Code of Conduct.

Offering or giving bribes and other corrupt payments or benefits not only contravenes this Code but is a criminal offence under the Australian Criminal Code, the criminal laws of Australian States and the laws of most foreign countries. Liability may extend not only to the individuals directly involved in making the payment or giving the benefit, but also to the Company and to Company directors or officers who expressly or impliedly authorised or permitted the payment to be made or the benefit to be given

No staff member will be penalised for any delay or loss of business resulting from his or her refusal to pay a bribe or engage in corrupt practices. To this end, contracts with agents or third parties including joint venture partners, should, to the extent possible, include provisions to mitigate against the risk of potential illicit payments.

Facilitation Payments

The Company recognises that facilitation payments are prohibited under certain international legislation in respect of anti-bribery and corruption and accordingly, strongly discourages employees and contractors from making such payments. The Company does however acknowledge that in some countries it is

customary for lower level government or public utility officials to demand payments or benefits to facilitate the provision of routine services or administrative actions. Graphex opposes these payments and encourages employees, agents and contractors to resist making them if possible.

However, where the alternative is significant disruption to business activities, facilitation payments may be made, but only within the strict limits laid down in the Australian Criminal Code, and in accordance with the procedure referred to below.

The limits are:

- a) The value of the benefit given must be of a minor nature;
- b) The benefit must be given for the sole or dominant purpose of expediting or securing the performance of a routine government action of a minor nature (see examples listed below);
- c) The action must be one that is ordinarily and commonly performed by the relevant official. It must not involve a decision about awarding new business or continuing existing business, or the terms of business; and
- d) The employee who gives the benefit must make a signed record of it (amount, date, to whom, for what) as soon as practicable after giving it, and keep the record.

Routine government actions include:

- a) Granting a permit, licence or other official document that qualifies a person to do business in a foreign country or in a part of a foreign country;
- b) Processing government papers such as a visa or work permit;
- c) Providing police protection or mail collection or delivery;
- d) Scheduling inspections associated with contract performance or related to the transit of goods;
- e) Providing telecommunications services, power or water;
- f) Loading and unloading cargo;
- g) Protecting perishable products, or commodities, from deterioration; or
- h) Any other action of a similar nature.

A routine government action does not include a decision, or encouraging a decision, about awarding new business, continuing existing business or the terms of new or existing business.

Employees may only make payments which are clearly within these limits. If an employee makes a payment, a written record of the payment must be sent to Graphex's Compliance Officer, within the required timeframe. Where it is not clear whether a payment is within the limits, advice must be sought from the Compliance Officer.

Representatives must not make facilitation payments on behalf of Graphex without prior approval from a Graphex employee.

Whistle-blowing

The Company's Whistle-blowing Policy is designed to encourage staff to disclose any alleged malpractice or misconduct ("**whistle-blowing**") of which they become aware and to provide protection for those who in good faith report suspected malpractice or misconduct. Please refer to the Whistle-blowing Policy for further information.

Gifts, Favours and Entertainment

From time to time, during the course of employment/engagement with the Company, staff may be entertained or be required to entertain, and give or receive gifts. To ensure that our business dealings remain compliant and transparent, it is important to follow the below practices:

- a) Gifts must never be offered or accepted in circumstances where the outcome of a transaction may be influenced by the gift, or give rise to the perception that the transaction may be influenced by the gift;
- b) If staff are involved in a tendering process, they must refrain from actions which may give rise to an expectation of some favoured treatment from or by any tendering party;
- c) Under no circumstances may staff offer or accept money;
- d) Gifts and entertainment reasonably estimated to cost in excess of \$150 AUD must be disclosed to the Company Secretary who will advise if they are able to keep the gift / participate in the entertainment;
- e) Under no circumstances may staff accept gifts where travel and accommodation form part of the gift/entertainment; and
- f) Comply with bribery and anti-corruption legislation at all times. If you have any doubt as to the meaning of this requirement please see the Company Secretary.

BREACHES

A significant breach of this Code will be escalated to senior management and to the Board when appropriate. A failure to observe the requirements of this Code may breach the law, Graphex's policies and procedures, or both. Graphex may upon investigation take disciplinary action up to and including dismissal.

QUESTIONS

Any questions with regards to the above should be directed to the Company Secretary.

POLICY APPROVAL and REVIEW

Approved by the Board 30 May 2016