

GRAPHEX MINING LIMITED SECURITIES TRADING POLICY

1. INTRODUCTION

1.1 Purpose

The purpose of this Securities Trading Policy (the “**Policy**” or the “**Trading Policy**”) is to:

- (a) provide a brief summary of the law on insider trading, and other relevant laws;
- (b) set out the restrictions on dealing in securities by people who work for or are associated with Graphex Mining Limited and its associated entities (“**Graphex**” or the “**Company**”); and
- (c) to define the process by which directors, employees and associates of Graphex may trade in Graphex securities
- (d) assist in maintaining market confidence in the integrity of dealings in Graphex securities.

If you do not understand any part of this Policy or how it applies to you, you should discuss the matter with the Company Secretary before dealing in any Graphex securities.

1.2 Statement of policy

Whenever you have inside information which may affect the value of securities, you must not:

- (a) deal in the securities; or
- (b) communicate the information to anyone else.

This prohibition applies, regardless of how you learned of the information. It applies not only to Graphex securities, but also to securities of other companies as defined in section 2.2 below.

The concepts of “**inside information**”, “**securities**”, “**dealings**” and “**communicating information**” are explained below.

2. APPLICATION

2.1 Who is covered by the Trading Policy

This Policy applies to all:

- (a) executive and non-executive directors;
- (b) full-time, part-time and casual employees; and
- (c) contractors and consultants, of Graphex and Graphex group companies (“**Graphex Personnel**”).

To avoid any doubts, any reference in this Policy to a director includes an alternate director.

2.2 A copy of this Policy will be provided to all Graphex Personnel.

2.3 What securities are covered by this Policy?

This Policy applies to the following securities:

- (a) Graphex shares;
- (b) any other securities which may be issued by Graphex such as options, performance rights and convertible notes;
- (c) derivatives (such as exchange-traded options and warrants) and other financial products issued by third parties in relation to Graphex shares and options; and
- (d) securities of any other company or entity that may be affected by inside information (such as a Graphex joint venture partner, another party involved in a corporate transaction with Graphex or a Graphex contractor or shareholder).

2.4 What is dealing?

For the purposes of this Policy, dealing in securities includes:

- (a) trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those things); and
- (b) advising, procuring or encouraging another person (such as for example, a family member, friend, associate, colleague, family company or family trust) to trade in securities.

2.5 What is communicating information?

Communicating information includes passing it on to another person (such as for example, a family member, friend, associate, colleague, broker, financial planner, investment adviser, family company or family trust).

3. CONCEPTS AND PROHIBITED CONDUCT

3.1 What is insider trading?

In broad terms, you will commit insider trading if you:

- (a) deal in Graphex securities or securities of another entity while you have inside information; or
- (b) communicate inside information to another person knowing (or where you should have reasonably known) that the other person would, or would be likely to use that information to deal in, or procure someone else to deal in, securities. This is commonly known as "**tipping**".

Individuals who contravene the insider trading provisions of the Corporations Act are liable to prosecution or to civil penalty action by the Australian Securities and Investments Commission. An offender may be ordered to pay compensation to anyone who suffered loss as a result of the insider trading.

Separately, someone who engages in insider trading may be sued by another party or Graphex in a civil action, for any loss suffered as a result of the insider trading.

3.2 What is inside information?

Inside information is information that:

- (a) is not generally available to people who commonly invest in securities; and
- (b) if it was generally available, would (or would be likely to) influence experienced investors in deciding whether or not to subscribe for, purchase or sell Graphex securities or securities of another entity.

It does not matter how you obtain the inside information - for example, whether you learn it in the course of carrying out your responsibilities, in passing in the corridor, in the lift or at a dinner party.

The financial impact of the information is important, but strategic and other implications can be equally important in determining what amounts to inside information. The definition of

"information" is broad enough to include rumours, matters of supposition, intentions of a person (including Graphex) and information which is not definite enough to warrant public disclosure.

3.3 What are some examples of inside information?

The following list is not definitive and is provided for illustrative purposes only. Inside information about Graphex could include:

- (a) information relating to Graphex drilling exploration results or reserve statements;
- (b) information on the outcome of any economic studies, such as Pre-Feasibility Studies and Definitive Feasibility Studies;
- (c) information on changes in production or production forecasts;
- (d) information relating to Graphex's financial results or forecast results;
- (e) a possible sale or acquisition of assets by Graphex;
- (f) a possible change in Graphex's capital structure (for example, a new issue of capital/equity to raising monies or a buy-back of shares);
- (g) a proposed dividend or change in dividend Policy;
- (h) board or senior management changes;
- (i) an event which could have a material impact (either positively or negatively) on production or profits (for example, disconnection or shut-in of production , a significant safety or environmental incident);
- (j) a proposed change in the nature of Graphex's business;
- (k) a proposed takeover or merger involving Graphex;
- (l) a notification to ASX of a substantial shareholding in Graphex;
- (m) any information required to be disclosed to ASX under its continuous disclosure rules; and
- (n) any possible claim against Graphex or other unexpected liability.

3.4 Securities of other companies

The prohibition on insider trading is not restricted to information affecting Graphex securities. If you possess inside information in relation to securities of another company or entity, you must not deal in those securities. In the course of your duties as an employee, director, adviser, consultant

or contractor of Graphex or a Graphex group company, you may obtain inside information in relation to another company. For example:

- (a) in the course of negotiating a transaction with Graphex, another company might provide confidential information about itself;
- (b) in the course of negotiating a transaction with Graphex, another company might provide confidential information about a third party; or
- (c) information concerning a proposed transaction or other action by Graphex might have a material effect on a third party.

4. WHAT OTHER CONDUCT IS PROHIBITED UNDER THE POLICY?

4.1 Short term dealing

You must not engage in short term or speculative dealing in Graphex securities.

4.2 Hedging

If you are a director or employee of Graphex who participates in a Graphex equity-based incentive plan (for example, a share or option plan), you must not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Graphex securities.

An unvested entitlement is a Graphex share or option which is still subject to time and/or performance hurdles.

4.3 Margin loans

You are not permitted to enter into a margin loan or other financing arrangement where there is a risk that Graphex securities will be traded pursuant to the terms of the margin loan or financing arrangement (together a **Margin Loan**), unless you have obtained prior written consent of the Chairman to enter into the Margin Loan and disclose to the Chairman the following information regarding the Margin Loan (**Loan Information**):

- (a) key terms;
- (b) number of Graphex securities involved;
- (c) the trigger points;
- (d) the right of the lender to sell the securities unilaterally; and

(e) any other material details.

If you are the Chairman of Graphex and you intend to enter into a Margin Loan, you must obtain the prior written consent of the Chairman of the Audit Committee to enter into the Margin Loan and disclose to the Chairman of the Audit Committee, the Loan Information.

4.4 Blackout periods

Unless otherwise approved by the Company's board of directors (the "**Board**") in exceptional circumstances (as defined in Section 4.5 below), you are not permitted to deal in Graphex securities during the following blackout periods:

- (a) a period of fourteen days prior to the release of the half year results;
- (b) a period of seven (7) days prior to the release of the March and September quarterly reports;
- (c) a period of fourteen (14) days prior to the release of the full year results;
- (d) the day of Graphex's annual or other general meeting of shareholders; and
- (e) such other periods advised by the Board and/or Chairman or Managing Director .

Trading during a blackout period is subject to Section 4.5 below.

4.5 Trading under exceptional circumstances

Graphex Personnel, who are not in possession of inside information, may be given prior written clearance to sell or otherwise dispose of the securities of the Company during a prohibited period under the Trading Policy due to the following listed exceptional circumstances:

- (a) the person is in severe financial hardship; or
- (b) the person is required by a court order;

In recognition of the case that exceptional circumstances, by their nature, cannot always be specified in advance, it is envisaged that there may be other circumstances that have not been specified in this Policy. The Chairman, or in his absence the Managing Director, may deem that a circumstance not listed above is exceptional based on evidence presented to them and may grant prior written approval.

It is the responsibility of the Chairman of the Board or in his absence the Managing Director to determine if the situation is sufficient to meet one or more of the exceptional circumstances listed

above. Any request must be accompanied by s Securities Trading Request Notice and must contain adequate details of the exceptional circumstances for consideration. Requests can be made to the Chairman, or in his absence, the Managing Director, through the Company Secretary. Written clearance in the form of an email is acceptable.

At all times consideration must be given to the ASX Listing Rules and any discretion made under this section shall be exercised with caution. Any approval should include details of the duration for which clearance to trade under exceptional circumstances may be given and should not exceed three (3) business days.

5. PERMITTED CONDUCT

5.1 When is dealing permitted if you are an Employee, Contractor or Consultant?

If you are an employee, contractor or consultant of Graphex, the following rules apply:

- (a) subject to the rules of any applicable Graphex equity-based plan (for example, a share or option incentive plan) you can deal in Graphex securities at any time provided:
 - (i) you obtain the prior written consent of the Chairman or Managing Director (Refer to Annexure 1 – Securities Trading Request Notice”);
 - (ii) you confirm to the Chairman or Managing Director that you do not have inside information;
 - (iii) the dealing does not occur during a blackout period (refer to 4.4 above);
 - (iv) you are not involved in short-term or speculative dealing; and
 - (v) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Graphex securities.

- (b) if you subsequently deal in those securities – you must confirm the dealing in writing to the Company Secretary within two business days after the dealing by completing a Confirmation of Trade in Company Securities (refer Annexure 2). The confirmation must include:
 - (i) your name;
 - (ii) the name of any person who dealt on your behalf;
 - (iii) details of your interest (direct or indirect) in the Graphex securities the subject of the dealing;

- (iv) the date of the dealing;
 - (v) the number of Graphex securities subscribed for, bought or sold;
 - (vi) the amount paid or received for those securities; and
 - (vii) the number of Graphex securities held by you (directly or indirectly) before and after the dealing.
- (c) The Company Secretary shall notify the Chairman or Managing Director of any confirmed trades in Graphex securities.

5.2 When is dealing permitted if you are a Director?

If you are a director of Graphex, the following rules apply:

- (a) you can only deal in Graphex securities (or financial products issued by third parties in relation to Graphex securities which operate to limit the economic risk of a vested holding in Graphex securities) provided:
- (i) you obtain the prior written consent of the Chairman (or the Chairman of the Audit Committee in his absence) prior to any trade (Refer to Annexure 1 – Securities Trading Request Notice”);
 - (ii) you confirm that you are not in possession of any inside information;
 - (iii) the dealing does not occur during a blackout period (refer to 4.4 above);
 - (iv) the dealing must occur within three trading days after approval is received;
 - (v) you are not involved in short-term or speculative dealing; and
 - (vi) you are not hedging the risk of any fluctuation in value of any unvested entitlement in Graphex securities.
- (b) if you subsequently deal in those securities – you must confirm the dealing in writing to the Company Secretary within two business days after the dealing. The confirmation must include:
- (i) your name;
 - (ii) the name of any person who dealt on your behalf;
 - (iii) details of your relevant interest (direct or indirect) in the Graphex securities the subject of the dealing;

- (iv) the date of the dealing;
 - (v) the number of Graphex securities subscribed for, bought or sold;
 - (vi) the amount paid or received for those securities;
 - (vii) the number of Graphex securities held by you (directly or indirectly) before and after the dealing, including where the securities are held indirectly, the names of the holder of securities on the Company's share register and the name of any underlying beneficiary; and
 - (viii) sufficient information to enable Graphex to comply with the requirements to notify a change of interests to ASX.
- (c) The Company Secretary shall promptly notify the Chairman or Managing Director on receipt of a Confirmation of Trade in Company Securities.

5.3 Do I have any other obligations to Graphex?

In addition to the insider trading and other restrictions in this Policy, you also owe a duty of confidentiality to Graphex and the Graphex group companies. You must not reveal any confidential information concerning Graphex or any of the Graphex group companies, use that information in any way which may injure or cause loss to Graphex or any of the Graphex group companies, or use that information to gain an advantage for yourself.

Under the Corporations Act, breach of these duties may result in:

- (a) liability for a civil penalty;
- (b) criminal liability, if recklessness or dishonesty is involved; and/or
- (c) liability to compensate Graphex for any damage it suffers as a result of the disclosure.

5.4 Trading excluded from this Policy

This policy recognises that the ASX Listing Rules contemplate that there may be trading that a listed entity excludes from the operation of its trading policy. As a result the following trading situations are not subject to the terms and conditions of this Trading Policy:

- (a) transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary;

- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a restricted person is a trustee, trading in the securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted period;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue;
- (f) a disposal of securities of the entity that is the result of a secured lender exercising their rights. The rules applying to entering into agreements that provide lenders with rights over an interest in the Company's securities is covered by Section 4.3 above; and
- (g) the exercise, but not the sale of securities following exercise, of an option or a right under the Graphex Share and Option Incentive Plan, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the entity has been in an exceptionally long prohibited period or the entity has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so.

6. CONSEQUENCES OF BREACH

6.1 What if I breach this Policy?

Strict compliance with this Policy is mandatory for all Graphex Personnel covered by this Policy.

Contravention of the Corporations Act is a serious matter which may result in criminal or civil liability.

In addition, breaches of this Policy may damage Graphex's reputation in the investment community and undermine confidence in the market for Graphex securities. Accordingly, breaches will be taken very seriously by Graphex and will be subject to disciplinary action, including possible termination of a person's employment or appointment.

7. PUBLICATION

7.1 Where can I find this Policy?

- (a) a copy of this Policy will be available on the Graphex internet website for all persons covered by this Policy.
- (b) a copy of this Policy will be provided to all new directors and employees of Graphex and Graphex group companies as part of Graphex's induction procedures.

7.2 Will I receive any training on this Policy?

If you do not understand this policy or wish to receive guidance on how to comply with this Policy, please contact the Company Secretary.

8. REVIEW

This Policy will be reviewed annually.

9. EXPLANATION OF TERMS

For the purposes of this Policy:

“deal in securities” means buy or sell shares, options or other securities, or enter into transactions in relation to shares, options or other securities, either directly or through a family trust, superannuation fund, company or in any other manner.

“director” means a director of Graphex Resources Limited and its associates and entities includes any related party of the director.

“Insider Trading” includes:-

- dealing in securities whilst in possession of inside information; or
- communicating inside information to another person knowing that the other person would, or would be likely to, use that information to deal in or procure someone else to deal in securities (known as **“tipping”**).

ANNEXURE A

GRAPHEx MINING LIMITED: SECURITIES TRADING REQUEST NOTICE

TO: The [Chairman / Managing Director]

In accordance with the Securities Trading Policy of Graphex Mining Limited (“Graphex” or the “Company”); I, [Insert Name], [Insert Position] of the Company, request approval to trade in the Company’s securities as follows (the “Securities Transaction”):

Name of shareholder	[Insert name of entity in which the Company’s Securities are to be held]
Type of securities to be purchased	[Ordinary Shares / Listed Options] delete as applicable
Number of securities to be purchased	
Approximate total value of securities to be purchased	
Type of securities to be sold	[Ordinary Shares / Listed Options] delete as applicable
Number of securities to be sold	
Approximate total value of securities to be sold	

As at the date of this Securities Trading Request Trading Notice:

1. I confirm that I am not in possession of any inside information (as defined in the Company’s Securities Trading Policy or the *Corporations Act 2001*).
2. I understand that no blackout period in connection with trading in the Company’s securities is currently in place and confirm that the Securities Transaction shall not take place during a blackout period.
3. I confirm that the Securities Transaction is not related to short-term or speculative dealing.
4. I confirm that the Securities Transaction is not related to hedging the risk of any fluctuation in the value of any unvested entitlement in Graphex securities.
5. I understand that if my request is approved, such approval is valid until the earlier of the date on which I become aware of inside information or the date on which the Company imposes a blackout period in trading of the Company’s securities.
6. I understand that if my request is approved, such approval is valid until the earlier of the date on which I become aware of inside information or the date on which the Company imposes a blackout period in trading of the Company’s securities.
7. I understand that the details of any trade must be provided to the Managing Director and the Company Secretary by completing the Confirmation of Trade in Company Securities form within two business days after completion of the Securities Transaction.

Date: _____

Signature: _____

ANNEXURE B

GRAPHEx MINING LIMITED: CONFIRMATION OF TRADE IN COMPANY SECURITIES

TO: The Chief Executive Officer and Company Secretary

In accordance with the Securities Trading Policy of Graphex Mining Limited (“**Graphex**” or the “**Company**”);

I, [**Insert Name**], [**Insert Position**] of the Company, confirm that I have completed a transaction in the Company’s securities as follows (the “**Securities Transaction**”):

Date of Securities Transaction	
Date of approval to trade in the Company’s securities	
Name of shareholder	<i>[Insert name of entity in which the Company’s Securities are held]</i>
Type of securities purchased	<i>[Ordinary Shares / Listed Options]</i> delete as applicable
Number of securities purchased	
Approximate total value of securities purchased	
Type of securities sold	<i>[Ordinary Shares / Listed Options]</i> delete as applicable
Number of securities sold	
Approximate total value of securities sold	
Total number of Company Securities held by you on completion of the Securities Transaction	

Date: _____

Signature: _____