

7 February 2019

SIGNIFICANT PROGRESS WITH TANZANIAN GOVERNMENT

HIGHLIGHTS

- Tanzanian Government permits export of graphite concentrate
- Constructive meeting with new Ministry for Minerals and Ministry officials
- Formal response to the Company's submission to follow

Graphex Mining Limited (ASX: GPX) ('Graphex' or the 'Company') is pleased to report that the Government of Tanzania has released "*The Mining (Mineral Value Addition) Guidelines, 2019*" ('Guidelines') which provide guidelines on the required in-country value addition in relation to mineral processing. With respect to graphite, the Guidelines state that **graphite concentrate with a grade above 65% total graphitic carbon is permitted to be exported after laboratory tests and payment of the applicable royalty.**

Given that product from the Company's Chilalo Project will be well in excess of 65%, the Guidelines provide assurance that graphite produced at Chilalo can be exported. The ability to export Chilalo product is a fundamental requirement for project development and the publication of the Guidelines is an important step forward and removes the previous uncertainty associated with this requirement.

The Company also advises that earlier this week, it met with key officials in the Ministry of Minerals. The primary purpose of the meeting was to discuss the key issues raised in the Company's submission that was lodged with the Ministry in August 2018 ('Submission').

The priority issues included in the Submission relate to the export of graphite, the Government free carried interest, bank account arrangements, local content requirements and the ability for the Company to grant security over the Project.

The Ministry has undertaken to provide the Company with a written response to the Submission. In the meantime, the Company will continue to work closely with the Government on a formal resolution of these issues. Resolution of issues related to Tanzania's mining legislation is a condition precedent to securing the Senior Funding Package for development of Chilalo under the funding arrangements agreed with Castlelake last year. Based on discussions to date, the Company is confident that these issues can be resolved to the satisfaction of Castlelake.

Graphex's Managing Director, Phil Hoskins, commented "*We are delighted that the Government has formally confirmed that graphite produced at Chilalo can be exported. The publication of the Guidelines, together with our continued positive engagement with the Government, gives the Company confidence that an outcome, which strikes a balance between the requirements for the development of Chilalo and the interests of the Tanzanian Government and other stakeholders, can be achieved.*"



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