

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Graphex Mining Limited

ABN

77 610 319 769

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		-
1.1 Receipts from customers	-	
1.2 Payments for		
(a) exploration & evaluation	(1,272)	(1,272)
(b) development	-	-
(c) production	-	-
(d) staff costs	(219)	(219)
(e) administration and corporate costs	(256)	(256)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (marketing, transaction and business development)	(286)	(286)
1.9 Net cash from / (used in) operating activities	(2,032)	(2,032)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(4)	(4)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,500	2,500
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(243)	(243)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	2,257	2,257

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,265	1,265
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,032)	(2,032)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,257	2,257
4.5 Effect of movement in exchange rates on cash held	23	23
4.6 Cash and cash equivalents at end of period	1,509	1,509

* On the 15th July subsequent to the end of the quarter, the Company received subscriptions for \$2.5M of fully paid ordinary shares (before costs) which are not included in the cash and cash equivalents for the quarter.

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	313	1,207
5.2 Call deposits	1,196	22
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,509	1,229

6. Payments to directors of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 122 |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | Nil |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 | |

Non-executive Directors fees and Managing Directors salary (including superannuation).

7. Payments to related entities of the entity and their associates

- | | Current quarter
\$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | 123 |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | Nil |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |

Mr Grant Davey, who was a non-executive Director of the Company up until his resignation on 25 September 2019 is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space to the Company at cost plus 2%, and technical staff to assist with the management of the Definitive Feasibility Study. Payments in 7.1 above relate to payments made during the quarter to Mr Davey up to 25 September 2019.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	7,353	5,882
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The facilities are secured Loan Notes issued to funds managed by private equity firm Castlake L.P. as announced 29 October 2018. The Loan Notes have a term of 2 years with an interest rate of 15% and a commitment fee on undrawn funds of 4%. The loan notes are denominated in USD and as at quarter end, the Company has issued US\$4M of the US\$5M total Loan Notes. The numbers in the table above are presented in AUD translated at the AUD/USD rate as at 30 June 2019 of 0.68.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,291)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(249)
9.5 Administration and corporate costs	(312)
9.6 Other (Marketing and business development)	(214)
9.7 Total estimated cash outflows	(2,066)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 21 October 2019

Print name: Stuart McKenzie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.