

30 April 2020

QUARTERLY ACTIVITIES REPORT

Quarter ended 31 March 2020

Graphex Mining Limited (ASX: GPX) ('Graphex' or the 'Company') provides its Quarterly Activities report for the March Quarter.

DEFINITIVE FEASIBILITY STUDY

During the Quarter, the Company completed a definitive feasibility study on the development of its Chilalo Graphite Project ('DFS'). An announcement setting out the details of the DFS was released on 29 January 2020, with a summary of the DFS included in the Company's December Quarterly Activities Report that was released on 31 January 2020.

CORPORATE

Cash

As at 31 March 2020, the Company had cash of \$0.8 million.

Share capital

During the Quarter, the Company completed a placement of 14,053,847 shares at \$0.065 per share to professional and sophisticated investors (the 'Placement'). Directors subscribed for a further 769,231 shares, the issue of which will be subject to approval of Graphex shareholders at its next general meeting.

As at 31 March 2020, the Company had 115,011,555 shares on issue and 5,939,257 unexercised unquoted options.

Voluntary suspension of trading

On 23 March 2020, the Company's shares were placed in a trading halt pending an announcement by the Company in relation to the financing arrangements associated with the Chilalo Graphite Project. Since 25 March 2020, at the request of the Company, its shares have been in voluntary suspension pending release of the aforementioned announcement.

TENEMENT INTERESTS

Table 1 shows the Company's tenement interests as at 31 March 2020.

Table 1. Tenement interests

Tenement	Ownership	Project	Location
ML 569/2017 - Chilalo	100%	Chilalo	Tanzania
PL 11050/2017 - Chilalo	100%	Chilalo	Tanzania
PL 11034/2017 - Chilalo	100%	Chilalo	Tanzania
PL 9929/2014 - Chikwale	100%	Chilalo	Tanzania
PL 9946/2014 - Machangaja	100%	Chilalo	Tanzania

REFERENCE TO PREVIOUS ASX ANNOUNCEMENTS

In relation to the results of the Definitive Feasibility Study announced on 29 January 2020, the Company confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed.

Authorised by the Managing Director.



PHIL HOSKINS
Managing Director

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Graphex Mining Limited

ABN

77 610 319 769

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(412)	(3,397)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(181)	(567)
	(e) administration and corporate costs	(273)	(756)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	387
1.8	Other (Business development activities)	(81)	(541)
1.9	Net cash from / (used in) operating activities	(947)	(4,872)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(8)	(16)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) 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	(8)	(16)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	952	3,453
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(96)	(338)
3.5 Proceeds from borrowings	-	1,287
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	856	4,402

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	872	1,265
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(947)	(4,872)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(8)	(16)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	856	4,402

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	34	28
4.6	Cash and cash equivalents at end of period	807	807

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	720	846
5.2	Call deposits	87	26
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)	807	872

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
112
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	8,065	8,065
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The facilities are secured Loan Notes issued to funds managed by private equity firm Castllake L.P. as announced 29 October 2018. The Loan Notes have a term of 2 years with an interest rate of 15%. The Loan Notes are denominated in USD and as at quarter end, the Company has issued US\$5M 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 31 March 2020 of 0.62.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(947)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(947)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	807
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	807
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.9

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company intends to reduce its cash outflow significantly during the following quarters. Item 1.2(b) above represents the payment of final invoices associated with the Definitive Feasibility Study which is now complete. The Company has reduced its cash outflow from Corporate and Administration as disclosed in 1.2(d) and 1.2(e) by reducing contractor costs, halving the corporate office lease size, reducing staffing levels and Director fees/salaries. Management is also currently working on bringing further companies into the existing shared office arrangement so that the office costs and Graphex staff costs can be spread over a larger number of companies and further reduce overall costs

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Answer: Graphex intends to raise further capital in the future and is highly confident it will be successful in doing so. It has held discussions with project financiers, brokers and investors in this regard.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. Based on its ability to raise equity capital and on the support of major shareholders.

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.

Date: 30 April 2020

Authorised by: Phil Hoskins, Managing Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.