

21 July 2020

FULLY UNDERWRITTEN ENTITLEMENT OFFER TO RAISE \$2.3 MILLION

Graphex Mining Limited (ASX: GPX) (**Graphex** or the **Company**) is pleased to announce that it will undertake a fully underwritten 1 for 1 non-renounceable *pro rata* entitlement offer at a price of \$0.02 per Graphex share (**Entitlement Offer**).

The Entitlement Offer is being underwritten by Bridge Street Capital Partners and Capital DI Limited. The underwriting fees are summarised in the Annexure which presents a summary of the key terms of the Underwriting Agreements.

Proceeds from the Entitlement Offer will be used to:

- Provide funding for exploration work to enable the Company to earn-in to the Mali Gold Projects¹;
- Conduct a process to sell-down or refinance the Chilalo Project;
- Carry out work to identify opportunities to expand the Company's landholding in Mali; and
- Fund corporate overheads and working capital.

In connection with the Entitlement Offer, a prospectus and Appendix 3B have been lodged with ASX, which together with the release on 20 July 2020 of the results of the general meeting, lifts the voluntary suspension in trading of the Company's shares.

Details of the Entitlement Offer

Pursuant to the Entitlement Offer, the Company will issue 115,011,555 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.02 per New Share, to raise approximately \$2.3 million (before costs).

The New Shares will be offered to eligible shareholders on the basis of 1 New Share for every 1 fully paid ordinary share (**Shares**) held as at 5.00pm (AWST) on 24 July 2020 (the **Record Date**) (**Entitlement**). The right to subscribe for the New Shares in accordance with an Entitlement under the Offer will be non-renounceable.

The New Shares will be fully paid and will rank equally with the Company's existing issued Shares. The Company will make an application to the ASX for official quotation of the New Shares.

¹ See ASX announcements dated 17 June 2020, 2 July 2020 and 16 July 2020 for information on the Mali Gold Projects.

The Entitlement Offer price of \$0.02 per New Share represents a discount of approximately 49% to the share price of \$0.039 at close of trading on Monday 23 March 2020, the last day on which the Company's Shares traded on ASX.

The Entitlement Offer will be made to shareholders with a registered address in Australia, New Zealand, United Kingdom, Hong Kong, Mauritius, Singapore and Germany as at 5:00 pm on the Record Date.

Proposed timetable

It is proposed that the Entitlement Offer be conducted according to the following indicative table:

Event	Date
Announcement of Entitlement Offer lodgement of Prospectus with ASX	21 July 2020
Notice of Entitlement Offer sent to ineligible shareholders	22 July 2020
Shares quoted on an "ex" basis	23 July 2020
Record Date for determining eligibility of Shareholders to participate under the Entitlement Offer	24 July 2020
Prospectus dispatched to Eligible Shareholders and Graphex announces that this has occurred Entitlement Offer Opens	29 July 2020
Last day to extend the Entitlement Offer closing date	7 August 2020
Closing Date for acceptance and payment	12 August 2020
If agreed by ASX, securities quoted on a deferred settlement basis	13 August 2020
Announcement of results of Entitlement Offer	17 August 2020
Allocation of Shares not subscribed for under the Entitlement Offer, if any to underwriters (Underwriter Shares)	17 August 2020
Issue of New Shares and lodgement of Appendix 2A with ASX	19 August 2020
Despatch of holding statements	21 August 2020

This timetable is indicative only and subject to change. Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Directors of the Company reserve the right to vary these dates, including the closing date of the Offer, without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Offer at any time prior to allotment. In that event, application money will be returned without interest.

Eligible Shareholders wishing to participate in the Offer should carefully read the Prospectus and Entitlement and Acceptance Form. Copies of the Prospectus and Entitlement and Acceptance Forms will be despatched to Eligible Shareholders in accordance with the timetable set out above.

If you have any queries in relation to the Offer please contact the Company Secretary on +61 8 9200 4960.

Change of Company name

The change to the Company's name from Graphex Mining Limited to Marvel Gold Limited, as approved by shareholders at the general meeting held on 20 July 2020, took effect with the Australian and Securities Investment Commission on the same day. Please note that the change of name with ASX and new ASX ticker code (MVL) will however only take effect following completion of the Entitlement Offer.



PHIL HOSKINS

Managing Director

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

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ANNEXURE: SUMMARY OF UNDERWRITING AGREEMENTS

The Company has entered into an agreement with Bridge Street Capital Partners dated 13 June 2020 (**BSC Underwriting Agreement**). Under the BSC Underwriting Agreement, Bridge Street Capital Partners has agreed to underwrite 66.41% of the Total Shortfall under the Entitlement Offer, unless Capital DI fails to give the Company an Application in respect of its full Entitlement under the Entitlement Offer, being a subscription for 5,842,067 Shares for \$116,841.34, by the Closing Date, in which case Bridge Street Capital Partners has agreed to underwrite 63% of the Total Shortfall.

By an agreement between Capital DI and the Company dated [16] June 2020 (**CDI Underwriting Agreement**), Capital DI has agreed to underwrite 33.59% of the Total Shortfall under the Entitlement Offer, except in the event that Capital DI fails to give the Company an Application in respect of its full Entitlement under the Entitlement Offer, being a subscription for 5,842,067 Shares for \$116,841.34, by the Closing Date, in which case Capital DI's allocation of the Total Shortfall will be 37%.

Under the CDI Underwriting Agreement, Capital DI is not entitled to an underwriting fee. Under the BSC Underwriting Agreement, Bridge Street Capital Partners is entitled to a fee equal to 6% of \$1,450,000 as consideration for underwriting the Entitlement Offer.

The CDI Underwriting Agreement and the BSC Underwriting Agreement (together, the **Underwriting Agreements**) contain standard conditions precedent including that including implementation and completion of a due diligence process, lodgement of this Prospectus and ASIC and ASX granting the waivers and modifications necessary to enable the Entitlement Offer to proceed. In addition, the Underwriting Agreements are conditional on shareholder approval of all of the resolutions in the Notice of Meeting and on the Castllake Documents having become effective such that the Financier's security is confined to Chilalo Graphite Project related assets.

These conditions will be satisfied upon the Company issuing the Shares under the Placement, which is expected to occur on or around [29] July 2020.

The obligations of Bridge Street Capital Partners and Capital DI (together, the **Underwriters**) are subject to certain events of termination. The Underwriters may terminate its obligations under the Underwriting Agreements if:

- (a) **(Prospectus and offer materials)** a statement in any of the offer materials or Prospectus in relation to the Company or the Entitlement Offer is not true or accurate, or is or becomes misleading or deceptive or likely to mislead or deceive, or contains any omissions, or does not comply in all material respects with the Corporations Act or the Listing Rules or any other applicable law;
- (b) **(listing)** ASX announced that the Company will be removed from the Official List or that any Shares will be delisted;
- (c) **(notification)** any of the following notifications are made in respect of the Entitlement Offer:
 - (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
 - (ii) ASIC holds a hearing under section 739(2) of the Corporations Act;

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- (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Entitlement Offer or any of the offer materials, or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Entitlement Offer or offer materials;
- (iv) any person who has previously consented to the inclusion of its name in any of the offer materials or the lodgement or issuing of the Prospectus withdraws that consent; or
- (v) any person gives a notice under s730 of the Corporations Act in relation to any of the offer materials;
- (d) **(regulatory action)** an order, declaration or other remedy is made by any government agency, or a government agency commences any investigation or hearing, or announces its intention to do so, in each case in connection with the Entitlement Offer or any agreement entered into in respect of the Entitlement Offer;
- (e) **(quotation)** unconditional approval (or conditional approval, provided that the conditions would not, in the reasonable opinion of the Underwriters, have a material adverse effect on the success or settlement of the Entitlement Offer) by ASX for official quotation of the Shares is refused, or not granted, or is withdrawn;
- (f) **(timetable)** an event specified in the timetable is delayed by more than 5 business days without the prior written consent of the Underwriters;
- (g) **(unable to issue the Shares)** the Company is prevented from issuing the New Shares within the time required by the Listing Rules, applicable laws, a government agency or orders of a court;
- (h) **(lodgement)** the Company fails to lodge the Prospectus on the agreed date;
- (i) **(withdrawal)** the Company withdraws the Prospectus or the Entitlement Offer or any circumstance arises after lodgement of the Prospectus that results in the Company either repaying any money received from applicants under the Entitlement Offer or offering applicants under the Entitlement Offer an opportunity to withdraw their application for New Shares and be repaid their application monies;
- (j) **(Supplementary offer document)** the Company issues or, in the reasonable opinion of the Underwriters, is required to issue, a supplementary offer document, in each case, to comply with section 719(1) of the Corporations Act where the disclosure contained in the Prospectus (including by omission) is materially adverse from the point of view of an investor;
- (k) **(certificate)** the Company fails to deliver any certificate required under the Underwriting Agreements or any statement in such certificate is untrue, inaccurate, incomplete or misleading or deceptive in any material respect;
- (l) **(insolvency)** the Company (or any of its subsidiaries) is insolvent or there is an act or omission which is likely to result in the Company becoming insolvent.
- (m) **(ASIC Modifications and ASX Waivers)** the Company does not obtain a waivers or modifications from ASIC or ASX necessary to enable the Entitlement Offer to proceed required to complete the Entitlement Offer or the such waivers or modifications are

subsequently withdrawn, revoked, qualified or amended in a materially adverse particular;

- (n) **(market fall)** the S&P/ASX 200 Index or S&P/ASX Small Ordinaries Index has (as the case may be), at the close of business on any trading day in the period immediately prior to the settlement date, fallen by 12% or more than as at the close of business on the business day immediately before the date of the Underwriting Agreements;
- (o) **(fall in price of gold)** the "ask" price for gold in US dollars or Australian dollars as quoted by the Perth Mint falls by 15% or more below the "ask" price for gold in US dollars or Australian dollars (as applicable);
- (p) **(offences by directors)** other than any proceedings on foot prior to the date of the Underwriting Agreements and previously advised, any of the following occurs:
- (i) a director of the Company is charged with an indictable offence;
 - (ii) any government agency commences any public action against a director of the Company or announces that it intends to take any such action; or
 - (iii) any director of the Company is disqualified from managing a corporation under the Corporations Act;
- (q) **(capital structure)** except in relation any issue of Shares or other securities of the Company contemplated or referred to in the Notice of Meeting, or any issue of securities to employees or consultants, the Company alters its share capital structure or constitution without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed);
- (r) **(Amended LNSA)**
- (i) the Company or any of its subsidiaries breaches or defaults under any provision, undertaking, covenant or ratio of the Amended LNSA; or
 - (ii) an event of default, potential event of default or review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect of the Amended LNSA;
- (s) ***(change in law)** there is an introduction, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of the Underwriting Agreements);
- (t) ***(compliance)** any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules, any other applicable laws or any regulatory approvals;
- (u) ***(disclosures in public information)** the public information includes:
- (i) a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or

- (ii) any forecasts, expressions of opinion, intention or expectation which are not based on reasonable assumptions];
- (v) ***(disclosures)** any information supplied by or on behalf of the Company to the Underwriter is or becomes misleading or deceptive, including by way of omission;
- (w) ***(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, Mali or any of the countries neighbouring Mali or the declaration by any of these countries of a national emergency (other than any national emergency declared in relation to the COVID-19 pandemic) or war or a major terrorist act is perpetrated anywhere in the world;
- (x) ***(breach)** the Company fails, in a material respect, to perform or observe any of its obligations under the Underwriting Agreements;
- (y) ***(misrepresentation)** a representation or warranty made or given by the Company under the Underwriting Agreements proves to be, or has been, or becomes, untrue or incorrect, in a material respect;
- (z) ***(market or trading disruption)** there is:
- (i) a suspension or material limitation in trading in securities generally or any adverse change or disruption to the existing financial markets of Australia, Mali or any of the countries neighbouring Mali; or
- (ii) a general moratorium on commercial banking activities is declared by the relevant central banking authority in Australia or Mali;
- (aa) **(change in management)** a change in the senior management of the Company or in the board of directors of the Company is announced or occurs without the Underwriters' prior written consent (not to be unreasonably withheld)];
- (bb) **(adverse change)** there is an adverse change, or an event occurs which is likely to give rise to an adverse impact of an amount equal to or greater than 20% of the assets, liabilities or operations of the Group when compared to what the assets, liabilities or operations of the Group would have been if not for that adverse change or event; and
- (cc) ***(new circumstances)** in the reasonable opinion of the Underwriters, a new circumstance arises that would have been required to be disclosed in the offer materials had it arisen before the offer materials were lodged with ASX.

The termination events marked with an * are qualified and require the Underwriters to hold the reasonable opinion that the event:

- (dd) has, or is likely to have, a material adverse effect on the success or settlement of the Entitlement Offer, the value of the Shares or the willingness of the investors to subscribe for Shares; or
- (ee) has led, or is likely to lead to:

- (i) the Underwriters to contravene the Corporations Act or any other applicable law; or
- (ii) a liability for the Underwriters (as the case may be) under the Corporations Act or any other applicable law.

In addition, the CDI Underwriting Agreement may be terminated if the BSC Underwriting Agreement is terminated in accordance with its terms.

The respective Underwriting Agreements also contains a number of indemnities, representations and warranties from the Company to Capital DI that are considered standard for an agreement of this type.

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