

13 July 2017

## CHINESE PARTNERS REMAIN COMMITTED TO JOINT VENTURE

### ***CHILALO GRAPHITE PROJECT REMAINS ON TRACK FOR DEVELOPMENT FOLLOWING REVISION TO EQUITY INVESTMENT TERMS***

#### Highlights

- Revised terms provide for the CN Docking-led syndicate to make an equity investment of US\$15-17M (A\$20-23M) for a 42% interest in the Chilalo Project (previously US\$18-20M for 50%)
- The revised terms are in response to recently announced Tanzanian legislative changes and demonstrate the parties' commitment to the development of Chilalo
- All other terms, including provision of debt guarantees and offtake for at least 50% of Chilalo product at market prices, remain unchanged
- Preparation of legal documents is well advanced, with a revised draft joint venture agreement to accommodate these amendments being provided to CN Docking in the coming days

Graphex Mining Limited (ASX: GPX) ('Graphex' or the 'Company') is pleased to announce that the syndicate of investors led by CN Docking Joint Investment & Development Co. Ltd ('CN Docking'), a subsidiary of China National Building Materials Group, has re-committed to the Chilalo Project via a revision to the terms of the proposed joint venture and equity investment previously agreed.

The joint venture will remain a 50/50 joint venture, with each party's interest reduced equally to provide for any interest held by the Tanzanian Government. On the basis of a 16% free carried interest to be held by the Tanzanian Government, under the revised terms, CN Docking will invest US\$15-17 million (A\$20-23 million) ('Equity Investment Amount') for a 42% interest in the Chilalo Project via a project-level incorporated joint venture. An Equity Investment Amount of US\$18-20 million for a 50% interest had been previously agreed (ASX announcement 24 May 2017).

All other terms of the non-binding term sheet (ASX announcement 24 May 2017), which sets out a number of the key commercial terms relating to the proposed joint venture, offtake and prospective financing for the Chilalo Graphite Project, remain unchanged.

Following the recent legislative changes announced in Tanzania, the Company met with senior representatives of CN Docking in China this week, at which time they restated their commitment to working with Graphex to develop Chilalo.

Graphex Managing Director, Phil Hoskins, commented: "This revised agreement is a tremendous vote of confidence in the quality of our Chilalo project and demonstrates how committed our Chinese partners are to concluding the joint venture, offtake and financing arrangements. To have reached this position less than two weeks since the announcement of the proposed legislation changes in Tanzania is testament to the strength

*of the relationship between Graphex and the CN Docking-led syndicate built over the last 2 years. This bodes well for our potential joint venture relationship."*

*We are currently making arrangements for a visit to Tanzania by board and management of the CN Docking-led syndicate as they have requested meetings with senior Government officials and will also tour the Chilalo Project site and supporting infrastructure."*

The Company is well advanced in the preparation of detailed documentation with a revised draft to accommodate the amended terms being provided to CN Docking in the coming days.



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**Managing Director**

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**About Graphex**

Graphex Mining Limited is an Australian exploration and development company, dedicated to advancing the world class Chilalo Graphite Project, located in south-east Tanzania. Chilalo is host to a high-grade mineral resource and has demonstrated an ability to produce a premium graphite concentrate with a substantial portion of large and jumbo flake material. Chilalo graphite possesses outstanding expandability characteristics, making it ideally suited to the rapidly growing expandable graphite market.

Graphex has an experienced board and management team with specific skills and extensive experience in African based project development, exploration, mining and processing. The Company has a long and well-established presence in Tanzania.

For more information, visit [www.graphexmining.com.au](http://www.graphexmining.com.au).