

22 July 2019

ISSUE OF PLACEMENT SHARES

Graphex Mining Limited (**ASX: GPX**) ('**Graphex**' or the '**Company**') is pleased to advise that subsequent to the announcement on 15 July 2019, it has issued a total of 12,500,000 fully paid ordinary shares ('**Placement Shares**') at an issue price of \$0.20 per share ('**Placement**').

The Placement Shares have been issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1, with 4,480,220 shares issued under the Company's issuance capacity pursuant to ASX Listing Rule 7.1 and 8,019,780 shares issued under the Company's issuance capacity pursuant to ASX Listing Rule 7.1A.

A secondary trading notification and Appendix 3B is attached with respect to the issue of the Placement Shares.

Additional disclosure under ASX Listing Rule 3.10.5A

Graphex provides the following additional information as required under ASX Listing Rule 3.10.5A in respect of the shares issued under the Company's 10% placement capacity pursuant to ASX Listing Rule 7.1A:

1. The dilutive effect of the Placement on existing shareholders is as follows:

| | Shares | % |
|---|-------------|--------|
| Number of shares on issue prior to the Placement | 88,145,208 | 87.58 |
| Dilution as a result of issue under ASX LR 7.1A | 8,019,780 | 7.97 |
| Dilution as a result of issue under ASX LR 7.1 | 4,480,220 | 4.45 |
| Number of shares on issue following the Placement | 100,645,208 | 100.00 |

2. The issue of 8,019,780 Placement Shares issued under ASX Listing Rule 7.1A to sophisticated and professional investors was considered to be the most efficient and expedient means for raising capital to advance the Chilalo Graphite Project, in particular to finalise the definitive feasibility study and establish the required regulatory and legislative certainty in Tanzania to meet the conditions precedent for availability of finance for the construction and commissioning of Chilalo.
3. There were no underwriting arrangements entered into.

4. A fee equal to 6% of funds raised from the Placement is payable by the Company to Bridge Street Capital Partners and Patersons Securities Limited who acted as joint lead managers to the Placement. No other costs were incurred in connection with the Placement.



For further information, please contact:
Phil Hoskins – Managing Director
Tel: +61 8 9200 4960

**Stuart McKenzie – Commercial Manager and
Company Secretary**
Tel: +61 8 9200 4960

**SECONDARY TRADING NOTIFICATION - NOTICE PURSUANT TO SECTION 708A(5)(E) OF THE
CORPORATIONS ACT 2001 (the 'Act')**

Re: Issue of 12,500,000 Placement Shares

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708, 708A or 708AA. By Graphex giving this notice, sale of the Placement Shares will fall within the exemption in section 708A(5) of the Act.

Graphex hereby gives notice under Section 708A(5)(e) of the Act that:

- (a) the Placement Shares were issued without disclosure to investors under Part 6D.2 of the Act;
- (b) as at the date of this notice, Graphex has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to Graphex; and
 - (ii) section 674 of the Act; and
- (c) as at the date of this notice:
 - (i) there is no information that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) there is no "excluded information" within the meaning of sections 708A(7) and 708A(8) of the Corporations Act which is required to be disclosed under section 708A(6)(e) of the Corporations Act.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Graphex Mining Limited

ABN

77 610 319 769

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---------------------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 12,500,000 Shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 12,500,000 Fully Paid Ordinary Shares |

+ See chapter 19 for defined terms.

| | | |
|----|---|--|
| 4 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>The Shares rank equally with issued and outstanding fully paid ordinary shares.</p> |
| 5 | Issue price or consideration | \$0.20 per Share. |
| 6 | <p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Shares issued pursuant to the placement announced on 15 July 2019, with proceeds to be used to complete work required to satisfy conditions associated with existing finance arrangements (see ASX announcement 29 October 2018).</p> |
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | <p>Yes</p> |
| 6b | The date the security holder resolution under rule 7.1A was passed | 26 November 2018 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | 4,480,220 |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | 8,019,780 |

| | | | |
|----|---|--|-----------------|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | Nil | |
| 6f | Number of +securities issued under an exception in rule 7.2 | Nil | |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | 8,019,780 shares were issued under LR 7.1A. The issue price of \$0.20 represented a discount of 22.01% to the 15 day VWAP of 0.2564, calculated as at close of trading on 10 July 2019. Data for calculation of the 15 day VWAP was sourced from Bloomberg. | |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A | |
| 6i | Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | See Annexure 1 | |
| 7 | +Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B. | 22 July 2019 | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | Number | +Class |
| | | 100,645,208 | Ordinary Shares |

+ See chapter 19 for defined terms.

Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

| Number | ⁺ Class |
|--|--------------------|
| • 2,034,388, nil exercise price, expiring 9 June 2021, vesting 1 July 2019 | • Unquoted Options |
| • 1,400,745, nil exercise price, expiring 1 July 2022, vesting 1 July 2020 | • Unquoted Options |
| • 721,606, nil exercise price, expiring 1 July 2021, vesting 1 July 2019 | • Unquoted Options |
| • 1,384,122, nil exercise price, expiring 1 July 2023, vesting 1 July 2021 | • Unquoted Options |
| • 104,982 nil exercise price, exercisable to 1 July 2020 | • Unquoted Options |

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

The Entity has not yet established a dividend policy.

Part 2 - Pro rata issue

- 11 Is security holder approval required?

N/A

- 12 Is the issue renounceable or non-renounceable?

N/A

- 13 Ratio in which the ⁺securities will be offered

N/A

- 14 ⁺Class of ⁺securities to which the offer relates

N/A

- 15 ⁺Record date to determine entitlements

N/A

- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

N/A

- 17 Policy for deciding entitlements in relation to fractions

N/A

- 18 Names of countries in which the entity has security holders who will not be sent new offer documents

N/A

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

| | | |
|----|---|-----|
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | N/A |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |

+ See chapter 19 for defined terms.

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

39 ⁺Class of ⁺securities for which quotation is sought

| <p>40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state: the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</p> | | | | | |
|--|---|--------|--------|--|--|
| <p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p> | | | | | |
| <p>42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 60px;"></td> <td></td> </tr> </table> | Number | +Class | | |
| Number | +Class | | | | |
| | | | | | |

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-

+ See chapter 19 for defined terms.

one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 22 July 2019

Print name: Stuart McKenzie
(Company Secretary)

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 78,714,794 |
| Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items | 142,000 fully paid ordinary shares (Appendix 3B, 13 December 2018) 178,572 fully paid ordinary shares (Appendix 3B, 20 December 2018) 683,399 fully paid ordinary shares (Appendix 3B, 26 February 2019) 15,000 fully paid ordinary shares (Appendix 3B, 6 May 2019) 744,671 fully paid ordinary shares (Appendix 3B, 31 May 2019) 65,415 fully paid ordinary shares (Appendix 3B, 10 June 2019) |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 80,543,851 |

| | |
|-------------------------------------|---|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 12,081,577 |

+ See chapter 19 for defined terms.

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used

| | |
|--|--|
| <p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>1,645,000 fully paid ordinary shares (Appendix 3B, 23 November 2018)</p> <p>5,956,357 fully paid ordinary shares (Appendix 3B, 24 January 2019)</p> <p>4,480,220 fully paid ordinary shares (Appendix 3B, 22 July 2019)</p> |
| “C” | 12,081,577 |

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1

| | |
|---|------------|
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 12,081,577 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 12,081,577 |
| Total [“A” x 0.15] – “C” | Nil |

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|--|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 80,543,851 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 8,054,385 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items | 8,019,780 fully paid ordinary shares (Appendix 3B, 22 July 2019) |
| “E” | 8,019,780 |

+ See chapter 19 for defined terms.

| | |
|--|-----------|
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 8,054,385 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | 8,019,780 |
| Total [“A” x 0.10] – “E” | 34,605 |