

31 January 2020

QUARTERLY ACTIVITIES REPORT

Quarter ended 31 December 2019

Graphex Mining Limited (ASX: GPX) ('Graphex' or the 'Company') is pleased to provide its Quarterly Activities report for the December Quarter.

DEFINITIVE FEASIBILITY STUDY

During the Quarter, the Company continued to progress the DFS, the results of which were released on 29 January 2020. The DFS demonstrates that the Chilalo Graphite Project ('Chilalo' or the 'Project') will be a robust project based on a Probable Reserve of 9.2 million tonnes, underpinning an estimated 18-year mine life producing approximately 50,000tpa of high-value graphite products.

The Project demonstrates strong margins and cashflow with substantial opportunities for improvement through exploration, production expansion and continued advancements in the Company's value-added products strategy.

DFS Highlights

Strong project economics

- Post-tax NPV₈ of US\$331M and post-tax IRR of 36% on a capital cost of US\$87.4M (economics include cash flows from value-added products)
- Annual improvements in post-tax cash flow until steady state average from year 5 of US\$58M per annum

Premium product

- Variability testwork and pilot plant production confirm Chilalo continues to produce one of the coarsest flake size distributions in the world
- High value concentrate product with 31% larger than 300 microns, delivering attractive weighted average sales price of US\$1,534 per tonne over the life of mine

Chilalo project

- Annual throughput of 500 ktpa to produce approximately 50,000 tpa over an 18-year mine life
- Feed to the processing plant is derived entirely from the updated Ore Reserve, which has increased by 52% from the previous reserve
- High-conviction opportunities for mine life extensions and reductions in operating costs from near-mine exploration upside

- Documentation associated with environmental and community factors aligns with IFC Performance Standards and the Equator Principles
- Project permitted to commence development in 2020 – progression to construction is subject to financing which is at an advanced stage

Markets-first strategy

- Market is primed for additional coarse flake supply – unfulfilled demand in graphite foil, gaskets, seals and fire-retardants
- Continued advancement of value-added strategy, including signing of expandable graphite processing term sheet with China's leading expandable graphite manufacturer, Yichang Xincheng Graphite Co Ltd

Key Results

Project operations are forecast to commence following a 12-month construction phase. Operations entail open pit mining, with conventional crushing, grinding and flotation processing. Estimated key Project outcomes, including economics from value-added products are shown in Table 1 with Figure 1 showing the anticipated production and sales profile of concentrate and value-added products.

Table 1 – Key project outcomes

Physicals				Unit	Life of mine	
Mine life				Years	18	
Total plant feed				Mt	8.9	
Annual plant feed				ktpa	500	
Average head grade				TGC %	10.1%	
Average graphite concentrate production ¹				ktpa	50	
Steady state expandable graphite sales				ktpa	12	
Steady state micronised graphite sales				ktpa	8	
Project Financials				Unit	Life of mine	
NPV ₈ (Post-tax)				US\$M	331	
NPV ₈ (Post-tax) – Year 4				US\$M	510	
IRR (Post tax)				%	36%	
Post-tax payback period				years	3.5	
Pre-production capital cost (incl. 10% contingency and pre-strip)				US\$M	87.4	
Average annual EBITDA				US\$M	74	
Product Segment Financials		Unit	Concentrate	Expandable Graphite	Micronised Graphite	Consolidated Production ³
Average sales price (FOB)		US\$/t	1,534	5,690	2,802	2,500
C1 operating costs per tonne (FOB) ²		US\$/t	778	512	383	905
Operating margin		US\$/t	756	5,178	2,419	1,595

1. Average graphite concentrate production includes graphite concentrate used as feedstock into both value-added products.

2. Operating costs of expandable graphite and micronised graphite excludes the internal transfer price (purchasing feedstock from Chilalo).

3. Consolidated Production shows the average sales price, operating costs and margin for the consolidated operation (ie. Inclusive of concentrate, expandable graphite and micronised graphite).

Updated Ore Reserve statement

As noted above, feed to the processing plant is derived entirely from the Ore Reserve, which has increased by 52% from the previous reserve (see ASX announcement 29 January 2020). The Company has not included exploration targets or inferred or indicated resources in the forecast financial information set out in the announcement of the results of the DFS (see ASX announcement 29 January 2020).

Table 2: Chilalo Graphite Project Ore Reserve Estimate

Deposit	JORC classification	Tonnes (Mt)	Grade TGC (%)	Contained Graphite (Kt)
Chilalo	Proved	-	-	-
	Probable	9.2	9.9	878
Total		9.2	9.9	878

Vertically integrated ‘markets-first’ graphite strategy

Since discovering the Chilalo Graphite Project in south-east Tanzania, Graphex has adopted a ‘**markets-first**’ approach to its development. In such an opaque market for graphite, potential graphite suppliers have experienced a steep learning curve to address the knowledge asymmetry that exists between developers and existing market participants. Graphex has always believed that sustained success in the graphite industry would be achieved through a detailed understanding of the graphite market and continued engagement with multiple diversified market participants.

The initial focus of this engagement has been in China and, with the assistance of experienced in-country graphite advisors, the Company developed numerous relationships with potential customers in target markets. This sustained marketing effort commenced in early 2015 and soon resulted in the Company focusing on becoming a supplier of coarse flake graphite, a strategy that is underpinned by the high-value coarse flake product that can be produced at Chilalo, the identified shortfall in coarse flake graphite for expandable graphite and other applications, and the overwhelming macro themes expected to drive growth in expandable graphite products.

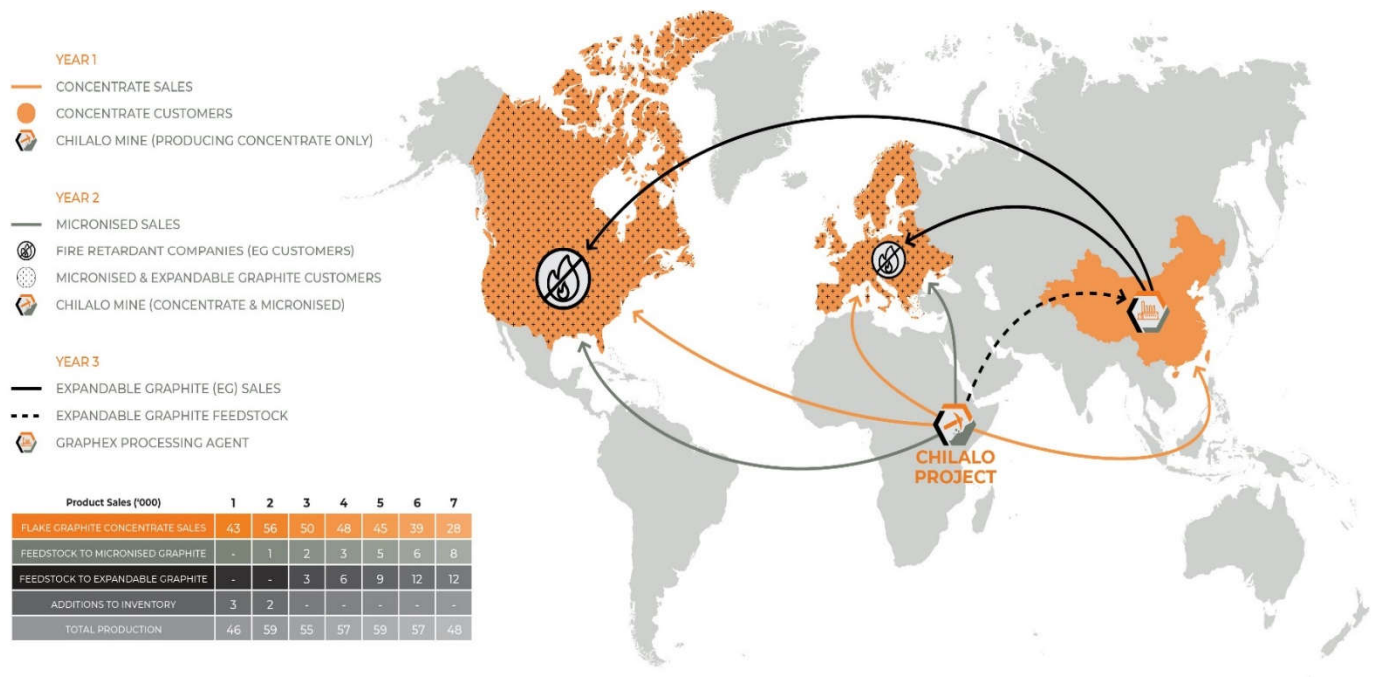
This ‘markets-first’ strategy has evolved to include the manufacturing of value-added graphite products in addition to the sale of Chilalo graphite concentrate. As outlined in the ASX announcement dated 30 October 2019, a key development in the Company’s strategy has been the advancement of a low-risk, low capital-intensive, value-added products strategy to enhance the value of its concentrate sales, including:

- Chinese toll-treatment of Chilalo flake graphite concentrate into expandable graphite for qualification and direct sale to fire-retardant customers identified by Graphex; and
- Installation of fine milling equipment to produce micronised graphite for qualification and sale to customers identified by Graphex.

This strategy has received a significant boost with the signing of a term sheet with China’s largest expandable graphite manufacturer, Yichang Xincheng Graphite Co Ltd, to act as the Company’s processing agent, effectively toll-treating Chilalo graphite concentrate into expandable graphite.

Graphex is positioning itself as a vertically integrated manufacturer of high-value graphite products, as opposed to a graphite mining company. Figure 1 below demonstrates the vertically integrated and geographically diversified nature of the Company's sales and marketing strategy.

Figure 1: Vertically integrated graphite strategy



Product quality

The defining characteristic of the Chilalo project is its product quality and consistency. It is product quality and consistency, combined with the Company's markets-first approach to development, that underpins the opportunity for Graphex to become a supplier of high-value graphite products.

Since 2015, concentrate flotation testwork has occurred at six independent laboratories. Graphex has also conducted downstream testwork and specific analytical tests for target applications at five independent research institutes / laboratories to complement testwork conducted by equipment manufacturers and potential customers in their lab facilities.

Testwork has repeatedly confirmed that Chilalo product:

- Produces a very high proportion of coarse flake graphite at target purity levels;
- Is capable of achieving a purity level of >99% Loss on Ignition (LOI) through standard flotation with no chemical intervention (not commercially available in current global graphite market); and
- Is suitable for a multitude of high-value applications.

Poised to capitalise on value-add opportunities

The product quality has been supported by a strong and sustained commitment to customer engagement which has broadened the market focus to include two value-added products; expandable graphite and micronised graphite. Work carried out over the past 12 months has Graphex strongly positioned to capitalise on the opportunities in the expandable graphite and micronised graphite markets, both of which enable enhanced project revenue, as each command materially higher prices than those paid for graphite concentrate. Table 3 below illustrates how Graphex is poised to capitalise on these highly lucrative markets.

Table 3: Value-added strategy – key boxes have been ticked

	Expandable Graphite	Micronised Graphite
Suitability	Several independent labs confirm suitability for foils and fire-retardants	Suitability confirmed by micronisation equipment supplier
Marketing	Numerous international fire-retardant companies identified including technical specifications required by each	Numerous international micronised graphite customers identified including technical specifications required by each
Technical risk	Expandable graphite processing term sheet signed with China's largest expandable graphite manufacturer – leveraging off existing technology and processing expertise	Micronisation equipment supplier is a respected supplier to the industry
Economics	Substantial value-add with no capital investment	Very low capital cost and substantial value-add (low-value -100 mesh feedstock)
Timing	Sales commence in year 3 following ~24 months qualification timeframe and follow progressive sales ramp-up	Micronisation equipment installed in year 2 with progressive sales ramp-up

The processing and market applications for expandable graphite and micronised graphite are further described in Section 5 and Section 10 below.

Table 4 below shows the DFS production and sales profile assumptions from years 1 to 7 of the various graphite products expected to be produced by Graphex.

Table 4. Graphite sales profile – increasing volumes to high-value applications

Product ('000)	1	2	3	4	5	6	7
Flake graphite concentrate sales	43	56	50	48	45	39	28
Feedstock to Expandable Graphite	-	-	3	6	9	12	12
Feedstock to Micronised Graphite	-	1	2	3	5	6	8
Additions to inventory	3	2	-	-	-	-	-
TOTAL PRODUCTION	46	59	55	57	59	57	48

Due to stringent regulatory requirements, it is conservatively assumed to take up to 24 months to qualify Chilalo's expandable graphite with international fire-retardant customers identified by the Company. These qualification timeframes along with realistic sales ramp-up assumptions have been recommended by the Company's specialist graphite market advisors who have extensive experience and contacts with these markets.

The fine milling equipment required to produce micronised graphite is expected to be installed at Chilalo at the beginning of the second year of operations. Again, the Company has applied realistic qualification timeframes and sales ramp-up parameters, based on the recommendations of its specialist graphite market advisors.

Table 3 also demonstrates that the Company is forecasting to hold inventory of graphite products to service high-value spot shipments and service stock requirements of higher value customers who request stock be held. This is also a more conservative assumption than selling all products as they are produced and is consistent with industry norms.

The improving economics of the Chilalo Graphite Project

As described in Table 5 below, Graphex expects the price it receives for its flake graphite concentrate to increase during the early years of the Project as the product is progressively qualified into higher value markets / applications where a premium is paid for quality and consistency. The increasing price is not dependent on rising graphite prices more broadly.

Table 5. Life of mine flake size distribution and weighted average sales price

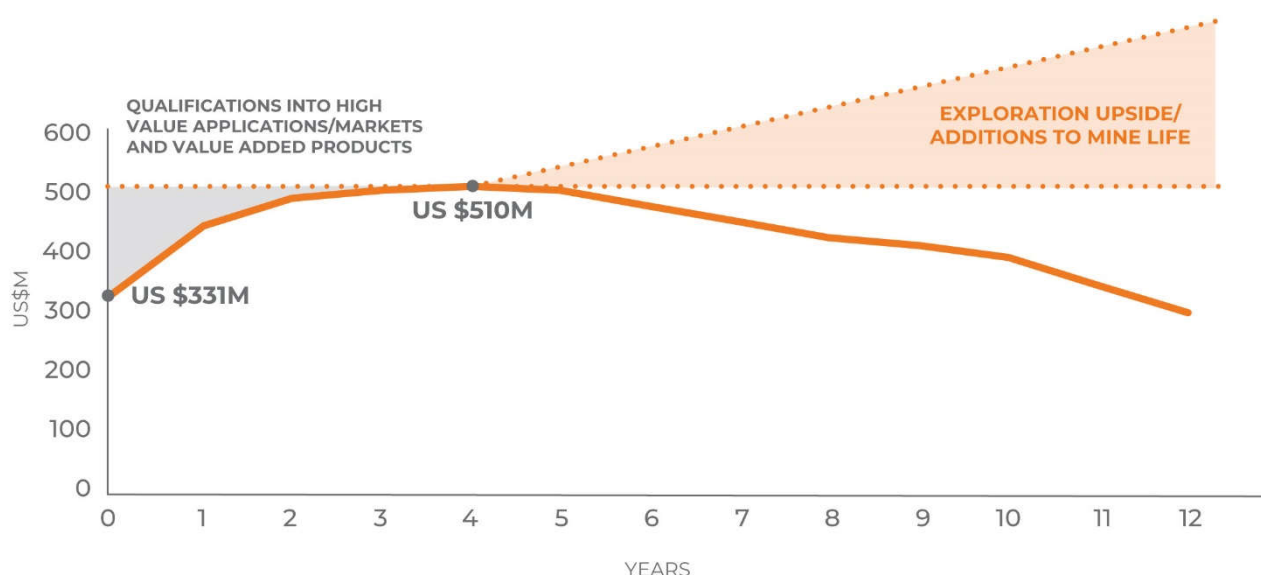
Mesh size	Microns	Mass Dist. %	Price (Yr1)	Price (Yr2)	Price (Yr3)	Price (Yr4)	Average (LOM)
+20	> 850	0.7	5,000	5,000	5,000	5,000	5,000
+32	500 – 850	9.8	2,359	2,582	2,895	3,031	3,017
+50	300 – 500	20.6	1,745	1,935	2,235	2,357	2,242
+80	180 – 300	26.9	1,057	1,133	1,251	1,299	1,270
+100	150 – 180	6.3	794	853	945	983	969
-100	< 150	35.8	631	673	735	761	749
Weighted average sales price (US\$/t) FOB			1,178	1,303	1,475	1,535	1,534

In addition to discussions with potential customers, Graphex has considered pricing data from numerous independent sources including Roskill, Industrial Minerals, Benchmark Mineral Intelligence, RefWin-China as well as its own expert graphite market consultants.

Complementing the expected improving average sales price for Chilalo's flake graphite concentrate will be the qualification and growing sales of the Company's initial value-added products (expandable graphite and micronised graphite). These factors will result in revenue and cash flows increasing during the early years of the Project's life increasing the project value.

Figure 2 below shows the rolling NPV based on forward-looking discounted cashflows at each year for the initial 12 years of the Project's life.

Figure 2 – Chilalo's improving NPV demonstrates the value to be added by exploration



Post-tax cash flow increases to US\$69M by year 5. The NPV of cash flows from year 5 until the end of the 18 year mine life is US\$510M. To maintain the NPV at this level, or potentially improve it through further value-

added product sales or production expansions, the Company will need to increase the economically mineable resource. The Opportunities section below highlights the strong potential for an increased mine life.

Funding

In October 2018, the Company entered into financing agreements that included a term sheet setting out the proposed terms on which the financier and other market participants (subject to the satisfaction of agreed conditions) would provide up to US\$40 million in equity and up to US\$40 million from the issue of senior secured loan notes (**'Senior Funding Package'**). For further information on financing arrangements, please refer to ASX announcement dated 29 October 2018.

The DFS has been completed as a condition to the Senior Funding Package. The Company is confident that the DFS has been prepared to a standard required by project financiers. Financier due diligence on the DFS and other outstanding conditions is ongoing. Graphex is working with the financier on procuring the finance necessary for development of the Project and the financier is open to working with others in this regard.

A key objective in preparing the DFS was to enable it to support a bankable level of due diligence. The Company has worked with specialist consultants and contractors who have experience and demonstrated expertise in graphite mine design, construction and operations. The environmental and social management planning and supporting impact assessments are aligned with applicable Tanzanian legislation, International Finance Corporation Performance Standards and the Equator Principles.

Opportunities

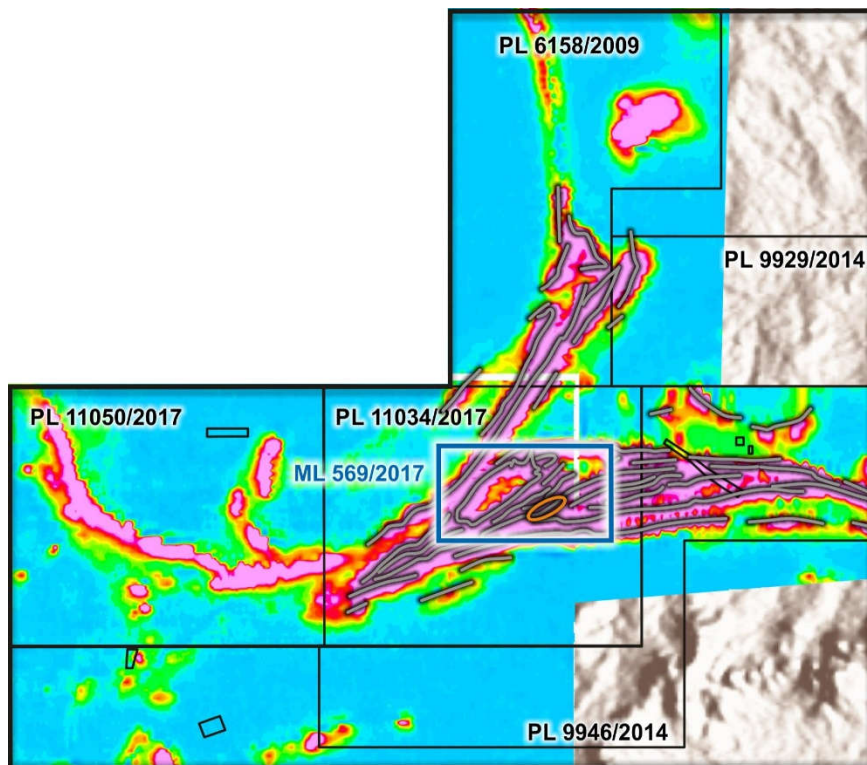
The DFS has identified a number of opportunities that could potentially improve the Project's economics as follows:

- **Exploration upside**

As highlighted further above, the Project's annual cash flows are forecast to increase as the products are qualified into higher value markets/applications. To ensure this translates into a sustainable, higher project valuation, the Company would need to add economically mineable resources during operations. This is achievable via:

- the conversion of additional Indicated and Inferred Resources to Reserves (high-grade Indicated and Inferred Resources of 11.2Mt are not currently included in the mine plan, see ASX announcement 28 August 2019). These require further infill drilling; and
- additional near-mine exploration targets. The Company has drilled only 10% of the strike length indicated by high-conductance anomalies similar to the main deposit. Figure 3 below shows a significant number of high-conductance targets on the Company's tenements see ASX announcement 2 September 2015).

Figure 3: VTEM survey showing near-mine targets



Any additional deposits may also contribute to a reduction in mining operating costs by deferring the need to mine the deepest parts of the main ore body.

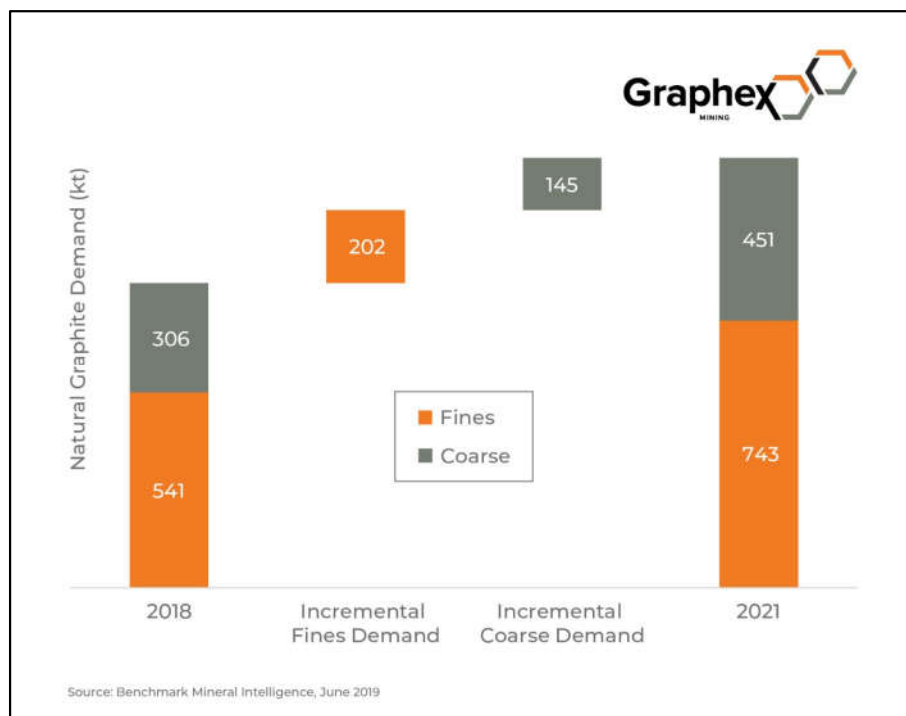
- **Optimisation of flake size distribution**

Graphex has conducted extensive testwork on Chilalo product including variability testwork at two separate world-class independent laboratories. Following release of the DFS, Graphex will continue to conduct optimisation testwork aimed at improving the preservation of coarse flake graphite. Initial results appear encouraging and, if successful, could yield an improved flake size distribution, average sales price and therefore revenue.

- **Future production expansion**

Expansions to production in the future can increase the Project's cash flows and NPV. The DFS assesses a single-stage development whilst the 2018 PFS assessed a two-stage production scenario. Consistent with other assumptions in the DFS, Graphex has chosen a more conservative approach. There remains a clear need for new sources of coarse flake graphite, as highlighted in Figure 4 below. To satisfy the incremental demand of 145,000 tonnes of coarse flake graphite (shown in Figure 4) approximately four mines the size of Chilalo's planned production would be required by 2021.

Figure 4: Estimated coarse and fine flake demand growth from 2018 to 2021



The timing and scale of any expansion will be dictated to by market appetite for product and the availability of funding for the expansion.

- **Qualification timeframes and sales ramp-up assumptions**

Graphex has assumed conservative timeframes for qualifications and sales ramp-up into higher value markets/applications and value-added products. If actual qualification timeframes exceed the DFS assumptions, this can bring forward higher revenues and margins. Graphex has conducted substantial downstream testwork and analytical tests to determine Chilalo product suitability for targeted markets, including graphite foils and fire-retardants. Sales into these applications has great potential to increase the value of the Project.

- **Grid power or lower cost power**

The DFS assumes that power for the Project will be provided by diesel generators at an average cost of US\$0.31/kWh. Power costs represent approximately 10% of the life of mine operating costs of the project (US\$84 per tonne of product). There are potential grid power opportunities in southern Tanzania that if realised, would reduce the average power generation cost to approximately US\$32/t, representing an average annual saving of approximately US\$2.7 million. The Company will also continue to assess alternatives including the use of LPG and heavy fuel oil and solar generation. This saving in operating costs would contribute towards positive, permanent improvements in cash flows.

Next steps

In the coming months, Graphex will focus on finalising the funding arrangements for Project development, advancing discussions with potential customers as part of the progression towards binding sales agreements and obtaining the necessary local approvals.

The Company is aiming for a final investment decision in the second quarter of 2020, which if achieved, would see commissioning at Chilalo in the third quarter of 2021, as shown in Table 6.

Table 6: Project development schedule

Task	2020				2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Project/ Construction						Operations			
1 Final Investment Decision										
2 Relocation and compensation of displaced persons										
3 Engineering and design										
4 Procurement										
5 Enabling Works (Camp, Road, Water supply)										
6 Process plant fabrication and delivery										
7 Bulk Earthworks										
8 Concrete Works										
9 Erection of Steel, Mechanical and Platework										
10 Piping, Electrical and Instrumentation										
11 TSF Construction										
12 Mining (establishment and pre-production only)										
13 Commissioning (pre and water commissioning)										
14 Ramp -up (on ore)										
15 Name Plate Production										

The Company continues to further investigate those opportunities which have the capacity to deliver improved financial outcomes for the Project.

GRAPHITE MARKETING AND SALES STRATEGY

During the Quarter, the Company made substantial progress in enhancing its sales and marketing strategy to include the sale of expandable graphite and the production and sale of micronised graphite, underpinned by the production of a high-quality graphite concentrate.

The identification of the opportunities in the expandable and micronised graphite markets are a direct outcome of a great deal of work undertaken over a long period of time to properly understand the graphite market more broadly and are a result of the Company's persistent focus on application-specification marketing.

Further information on Graphex's value added strategy, including the key assumptions and financial analysis, is provided above in the summary of the DFS and in the Company's ASX announcement dated 29 January 2020.

SIGNIFICANTLY IMPROVING LEGAL AND REGULATORY ENVIRONMENT IN TANZANIA

During the Quarter, the Company maintained constant dialogue with the Government of Tanzania ('GOT') to resolve and clarify certain issues in order to ensure a legal and regulatory environment that is acceptable to its financiers.

The Company has made material progress in addressing such issues and believes that concerns relating to the GOT's 16% free carried interest, the export of graphite concentrate from Chilalo, operation of the local content requirements and lower level issues such as the function of the integrity pledge have been essentially addressed.

During January, the Company met with senior officials of the Mining Commission, the Ministry of Minerals and the Bank of Tanzania to discuss compliance with the local content regulations during the construction phase at Chilalo and bank account arrangements. The meeting was overwhelmingly positive and the

Company is confident that an outcome can be achieved that meets the requirements of both the GOT and financiers.

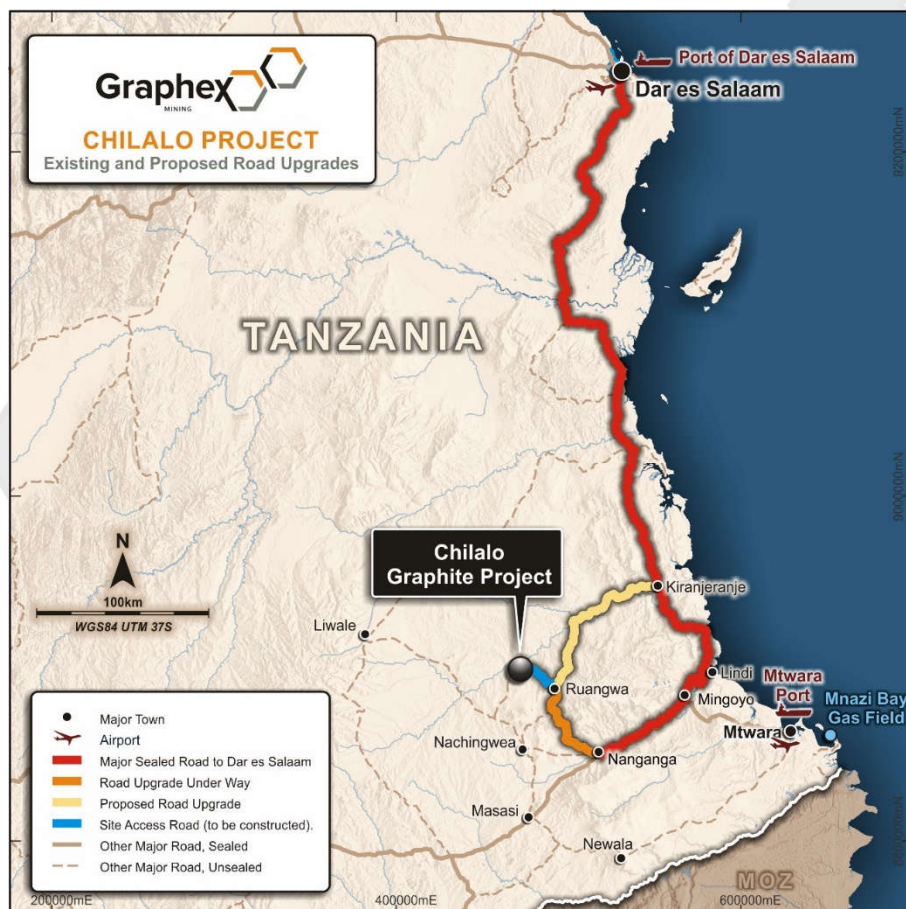
On 24 January 2020, the GOT and Barrick Gold Corporation ('Barrick'), signed a series of agreements that effectively settled the outstanding issues between Barrick and the GOT. The President of the United Republic of Tanzania pledged Barrick the full support of the GOT and ordered the relevant authorities to release the concentrate containers that had been held at the port of Dar es Salaam since March 2017. On the same day, Barrick issued an announcement on the agreement reached with the GOT and also announced a US\$50 million exploration budget during 2020, looking at various opportunities to sustain and expand its operations in Tanzania. This is an important development that has increased investor confidence in Tanzania

IMPROVING INFRASTRUCTURE – ROAD UPGRADES

During the Quarter, sealing of the 60km road from Nanganga to Ruangwa commenced. Ruangwa is an established township located approximately 26km from the Chilalo Project. Graphite products produced at Chilalo will be transported by truck to the international port of Dar es Salaam, a distance of approximately 640km. Following completion of the sealing of the Nanganga-Ruangwa road, all but 26km of this trip will be by sealed bitumen road, which is expected to improve transport costs.

In addition, the Government is considering upgrading the road from Ruangwa to Kiranjeranje, which would allow for Chilalo product to be trucked from site to Dar es Salaam via Kiranjeranje. This would reduce the distance from Chilalo to the Dar es Salaam Port to approximately 400km and result in material savings in both trucking time and cost. The existing and proposed road upgrades are shown below in Figure 5.

Figure 5. Chilalo Graphite Project: Existing and proposed road upgrades



CORPORATE

Cash

As at 31 December 2019, the Company had cash of \$0.9 million. The Interim Loan Note Facility of US\$5 million (see ASX announcement 29 October 2018) was fully drawn at Quarter end.

With the DFS completed, the Company's cash burn rate is expected to significantly reduce, and efforts are now focused primarily on securing the funding for development of Chilalo. The Company has an office and staff cost-sharing arrangement with other listed companies which helps to reduce administration costs.

Share capital

As at 31 December 2019, the Company had 100,957,708 shares on issue and 5,939,257 unexercised unquoted options.

TENEMENT INTERESTS

Table 7 shows the Company's tenement interests as at 31 December 2019.

Table 7. 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

Owing to its location and lack of prospectivity, during the Quarter the Company elected to surrender prospecting licence PL 8628/2012. There was no change to the Company's tenement interests.

REFERENCE TO PREVIOUS ASX ANNOUNCEMENTS

In relation to the Mineral Resource estimate previously reported on 28 August 2019, Graphex confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 28 August 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 28 August 2019 continue to apply and have not materially changed.

In relation to the Ore Reserve estimate previously reported on 29 January 2020, Graphex confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 29 January 2020 and that all material assumptions and technical parameters underpinning the Ore Reserve estimate in the announcement of 29 January 2020 continue to apply and have not materially changed.

In relation to the results of the Bankable 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.

The information in this announcement that relates to exploration results was announced on 2 September 2015. Graphex confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 2 September 2015.

By order of the Board.



PHIL HOSKINS
Managing Director

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Company Secretary**
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ABOUT GRAPHEX MINING

Graphex Mining Limited (ASX:GPX) is an Australian resources company listed on the Australian Securities Exchange. Graphex owns the world-class Chilalo Graphite Project, located in south-east Tanzania (Figure 1).

Since the initial discovery of Chilalo in 2014, Graphex has adopted a clear and differentiated strategy of understanding end markets and seeking to partner with strategic investors to enable delivery of the Chilalo Project. Underpinned by a high proportion of large flake material with exceptional expansion characteristics, the Company has targeted the expandable graphite market, which among many applications, is ideally suited to the manufacture of high-value graphite foils and flame-retardant materials.

Graphex has strategically targeted these expandable graphite applications based on their attractive growth and value characteristics. The size and growth expectations of the expandable graphite market applications, the premium prices for large flake graphite in general and the suitability of Chilalo graphite for the production of expandable graphite applications has meant that the Company has prioritised supplying the expandable graphite market as the primary focus.

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

Chilalo Large Flake Graphite Project, Located in Tanzania



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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,513)	(2,985)
(b) development	-	-
(c) production	-	-
(d) staff costs	(167)	(386)
(e) administration and corporate costs	(228)	(483)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	387	387
1.8 Other (marketing, transaction and business development)	(174)	(461)
1.9 Net cash from / (used in) operating activities	(1,694)	(3,926)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(8)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	(8)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	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	(2)	(245)
3.5	Proceeds from borrowings	1,287	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	1,285	3,543

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)	(1,694)	(3,926)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,285	3,543
4.5	Effect of movement in exchange rates on cash held	20	(2)
4.6	Cash and cash equivalents at end of period	872	872

* 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	846	313
5.2 Call deposits	26	1,196
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)	872	1,509

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

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

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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	7,143	7,143
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 0.70.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(139)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(212)
9.5 Administration and corporate costs	(184)
9.6 Other (Marketing and business development)	(153)
9.7 Total estimated cash outflows	(688)

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	PL 8628/2012 Tanzania	Prospecting License	100%	Nil
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:
(Director/Company secretary)

Date: 31 January 2020

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.