



**GRAPHEX MINING LIMITED (TO BE RENAMED MARVEL GOLD
LIMITED)
ACN 610 319 769**

NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at Emerald
House, 1202 Hay Street, West Perth on 20 July 2020 at
10.00am (WST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 9200 4960.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

GRAPHEX MINING LIMITED

ACN 610 319 769

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Graphex Mining Limited (**Graphex** or **Company**) will be held at 10:00 am (WST) on 20 July 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 10:00 am (WST) on 18 July 2020.

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined either where first used or in Schedule 1.

AGENDA

1. Resolution 1 - Change to nature and scale of activities

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities by acquiring an interest in the Mali Projects as described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any of the following persons:

- (a) a counterparty to the transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the Company's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 - Issue of the Castl lake Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given to the Company to issue 7,500,000 Shares (Castl lake Shares) to funds managed by Castl lake, L.P. (Castl lake) (or its nominee) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any of the following persons:

- (a) Castl lake, or its nominee; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 - Issue of the Glomin Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given to the Company to issue up to 35,000,000 Shares (**Glomin Shares**) to Glomin Services Ltd (**Glomin**), a wholly owned subsidiary of Capital DI Limited (**Capital DI**), (or its nominee) on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any of the following persons:

- (a) Capital DI, Glomin or their nominees; or
- (b) An associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 - Issue of the Placement Shares to sophisticated and professional investors

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given to the Company to issue up to 137,500,000 Shares (**Placement Shares**) to the persons and on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf any of the following persons:

- (a) any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 - Ratification of the issue of the LR 7.1 2020 Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolutions as **ordinary resolutions**:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 13,581,314 Shares at \$0.065 per Share (LR 7.1 2020 Placement Shares), which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1 (LR 7.1 2020 Placement)."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf any of the following persons:

- (a) any person who participated in the LR 7.1 2020 Placement or any of their associates; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 - Ratification of the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify:

- (a) *the prior issue of 472,533 Shares at \$0.065 per Share on 20 March 2020 (**2020 LR 7.1A Placement Shares**), which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A (**2020 LR 7.1A Placement**); and*
- (b) *the prior issue of 8,019,780 Shares at \$0.20 per Share on 19 July 2019 (**LR 7.1A 2019 Placement Shares**), which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A (**LR 7.1A 2019 Placement**)."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of any of the following persons:

- (a) any person who participated in the LR 7.1A 2020 Placement; or
- (b) an associate of that person or those persons; and
- (c) any person who participated in the LR 7.1A 2019 Placement; or
- (d) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 7 - Issue of Shares to Mr Phil Hoskins

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve:

- (a) *the issue of up to 769,231 Shares to Mr Phil Hoskins (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum; and*
- (b) *the issue of up to 2,206,641 Shares to Mr Phil Hoskins (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum."*
- (c) *The issue of 2,500,000 Shares to Mr Phil Hoskins (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Phil Hoskins or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 - Issue of Options to Mr Phil Hoskins

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.14 and sections 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve:

- (a) *the grant of 5,125,000 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Hoskins in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice;*
- (b) *the grant of 2,562,500 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Hoskins in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice; and*
- (c) *the grant of 2,562,500 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Hoskins in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of Mr Phil Hoskins, or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who

is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 9 - Issue of Options to Mr Stephen Dennis

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.14 and sections 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve:

- (a) *the grant of 1,150,000 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Dennis in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice;*
- (b) *the grant of 575,000 Options and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Dennis in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice; and*
- (c) *the grant of 575,000 Options and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Dennis in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Mr Stephen Dennis, or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote

if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 10 - Issue of Options to Mr Chris van Wijk

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.14 and sections 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve:

- (a) *the grant of 4,375,000 Options and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr van Wijk in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice;*
- (b) *the grant of 2,187,500 Options and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr van Wijk in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice; and*
- (c) *the grant of 2,187,500 Options and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr van Wijk in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice."*

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Mr Chris van Wijk, or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely

Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. Resolution 11 - Issue of Options to Mr Andrew Pardey

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 10.14 and sections 195(4), 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve:

- (a) *the grant of 2,250,000 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Andrew Pardey in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice;*
- (b) *the grant of 1,125,000 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Andrew Pardey in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice; and*
- (c) *the grant of 1,125,000 Options, and any benefits under the grant of such Options (including the issue of Shares on the exercise of those Options) that may be given to Mr Andrew Pardey in connection with any future retirement from his office or employment with the Company, on the terms and conditions described in the Explanatory Memorandum to this Notice."*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Andrew Pardey, or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution 12 - Issue of Shares to Mr Andrew Pardey

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares to Mr Andrew Pardey (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 12 by or on behalf of Mr Andrew Pardey or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 13 - Issue of Shares to Mr Stephen Dennis

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,500,000 Shares to Mr Stephen Dennis (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of Mr Stephen Dennis or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. Resolution 14 - Issue of Shares to Mr Chris van Wijk

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 250,000 Shares to Mr Chris van Wijk (and/or his nominee(s)), on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 14 by or on behalf of Mr Chris van Wijk or any of his associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the Company need not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. Resolution 15 - Change of Company name

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to ‘Marvel Gold Limited’ with effect from the date that ASIC alters the details of the Company’s registration.”

BY ORDER OF THE BOARD

Stuart McKenzie
Company Secretary

Dated: 17 June 2020

GRAPHEx MINING LIMITED

ACN 610 319 769

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10:00 am (WST) on 20 July 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the resolutions:

Section	Information item
Section 1:	Introduction
Section 2:	Action to be taken by Shareholders
Section 3:	Background to the Essential Resolutions (Resolutions 1-4)
Section 4:	Resolution 1 - Change to nature and scale of activities
Section 5:	Resolution 2 - Issue of the Castlake Shares
Section 6:	Resolution 3 - Issue of the Glomin Shares
Section 7:	Resolution 4 - Issue of the Placement Shares to sophisticated and professional investors
Section 8:	Resolution 5- Ratification of the issue of the LR 7.1 2020 Placement Shares
Section 9:	Resolution 6 - Ratification of the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares
Section 10:	Resolution 7 - Issue of Shares to Mr Phil Hoskins
Section 11:	Resolution 8 - Issue of Options to Mr Phil Hoskins
Section 12:	Resolution 9 - Issue of Options to Mr Stephen Dennis
Section 13:	Resolution 10 - Issue of Options to Mr Chris van Wijk
Section 14:	Resolution 11 - Issue of Options to Mr Andrew Pardey

Section	Information item
Section 15:	Resolution 12 - Issue of Shares to Mr Andrew Pardey
Section 16:	Resolution 13 - Issue of Shares to Mr Stephen Dennis
Section 17:	Resolution 14 - Issue of Shares to Mr Chris van Wijk
Section 18:	Resolution 15 - Change of Company name
Schedule 1:	Definitions
Schedule 2:	Summary of Key Terms of Option Plan
Schedule 3:	Pro Forma balance sheet

1.1 Time and place of Meeting

Notice is given that the Meeting will be held at 10:00 am on 20 July 2020 at Emerald House, 1202 Hay Street, West Perth, Western Australia.

1.2 Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

1.3 Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am WST on 18 July 2020.

1.4 Defined terms

Capitalised terms in this Notice of Meeting and Explanatory Memorandum are defined either in Schedule 1 or where the relevant term is first used.

1.5 Responsibility

This Notice of Meeting and Explanatory Memorandum have been prepared by the Company under the direction and oversight of its Directors.

1.6 ASX

A final copy of this Notice of Meeting and Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this document.

1.7 No internet site is part of this document

No internet site is part of this Notice of Meeting and Explanatory Memorandum. The Company maintains an internet site (www.graphexmining.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the resolutions.

2.1 Voting in person

A shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the enclosed proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the Meeting to facilitate this registration process.

2.2 Voting by corporate representative

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the *Corporations Act 2001* (Cth). The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the Meeting. This form may be obtained from the Company's share registry.

2.3 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited to attend the Meeting or, if they are unable to attend in person, they are encouraged to sign and return the Proxy Form to the Company in accordance with the instructions on the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the *Corporations Act* provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
 - (iii) if the proxy is the chair of the Meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a Meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the Meeting;
- (iii) at the Meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the Meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all resolutions unless the Shareholder has expressly indicated a different voting intention.

2.5 Lodgement of proxy documents

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:00 am (WST) on 18 July 2020. Any proxy form received after that time will not be valid for the scheduled Meeting. Proxies should be returned as follows:

Online	At www.investorvote.com.au
By mail	Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.6 Voting exclusions

Pursuant to the requirements of the ASX Listing Rules, certain voting exclusions apply in relation to the resolutions. Please refer to the Notice and to discussion of the relevant resolutions below for details of the applicable voting exclusions.

3. Background to the Essential Resolutions (Resolutions 1-4)

3.1 General background

Graphex Mining Limited (ACN 610 319 769) (ASX:GPX) (the **Company** or **Graphex**) is an Australian public company which has been listed on the Official List of the ASX since 9 June 2016. The Company's activities have been focused on developing the Chilalo Graphite Project in south-east Tanzania.

The Company announced on or around the date of this Notice that it had entered into binding agreements pursuant to which:

- (a) its financing arrangements with funds managed by global private investment firm Castlake L.P (**Castlake**) would be restructured (the **Debt Restructuring**); and
- (b) it will indirectly acquire the right to earn-in to two gold exploration projects in Mali, known as the Lakanfla and Tabakorole projects (**Mali Projects**) (the **JV Interest Acquisition**).

The Debt Restructuring and JV Interest Acquisition are conditional on (amongst other things) the Company obtaining all necessary Shareholder approvals.

The Company also announced that in connection with the Debt Restructuring and the JV Interest Acquisition:

- (a) it had raised \$2.75 million through a placement to professional and sophisticated investors, subject to Shareholder approval (the **Placement**); and
- (b) subject to receiving Shareholder approval for the Essential Resolutions, it intends to undertake an underwritten non-renounceable entitlement offer to raise a further \$2.3 million (the **Entitlement Offer**).

3.2 Summary of Resolutions

This Notice sets out the Essential Resolutions necessary to complete the Debt Restructuring, the JV Interest Acquisition and associated transactions, being Resolutions 1 to 4. Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, none of the Essential Resolutions will have any effect, completion of the Debt Restructuring will not occur, the JV Interest Acquisition will not occur and the Placement will not occur. Furthermore, the Company does not intend to proceed with the Entitlement Offer unless all Essential Resolutions are approved by Shareholders.

A summary of the Essential Resolutions is as follows:

- (a) ASX has advised that the JV Interest Acquisition will represent a significant change in the nature and scale of the Company's activities, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) in connection with the Debt Restructuring, the Company is required to issue 7,500,000 Shares to Castlake or its nominee, which issue of Shares requires Shareholder approval under ASX Listing Rule 7.1 (Resolution 2);
- (c) the Company is required to issue 35,000,000 Shares to Glomin as consideration for the JV Interest Acquisition, which issue of Shares requires Shareholder approval under ASX Listing Rule 7.1 (Resolution 3); and
- (d) to meet funding commitments given in connection with the JV Interest Acquisition and the Debt Restructuring, the Company is proposing to issue up to 137,500,000 Shares to sophisticated and professional investors. This issue of Shares requires Shareholder approval under ASX Listing Rule 7.1 (Resolution 4).

In addition, the Company is seeking Shareholder approval for various other Resolutions.

Resolution 15 (which relates to the change of the Company's name) is conditional upon and subject to the Essential Resolutions but is not itself an Essential Resolution.

3.3 Castlake Debt Restructuring

On 29 October 2018, the Company entered into certain agreements with funds managed by global private investment firm Castlake L.P (**Castlake**). The agreements included:

- a Loan Note Subscription Agreement (**LNSA**) under which USD 5,000,000 was provided to the Company from Company issuing an interim loan note (**Interim Loan Note**). Proceeds from the Interim Loan Note was used to advance the Chilalo Project including finalising a definitive feasibility study, the completion of which was announced on 29 January 2020; and
- a term sheet setting out the proposed terms on which Castlake and others would provide up to US\$40m in equity and up to US\$40m from the issue by the Company of senior secured loan notes subject to the satisfaction of certain agreed conditions and entry into definitive transaction documents (**Senior Funding Package**).

The amount outstanding under the Interim Loan Note is due to become immediately repayable on the earlier of 29 October 2020 or the date of first disbursement under the Senior Funding Package. As at 10 June 2020 there was approximately USD 6.2 million (including capitalised interest and fees)] outstanding under the Interim Loan Note.

As noted in the Company's ASX announcement dated on or around the date of this Notice, Castlake has notified the Company that, owing to the economic uncertainty caused by COVID-19, it will not be proceeding with the Senior Funding Package. Since 23 March 2020, the Company's securities have been in trading halt and suspension from trading on ASX while it has been negotiating a restructure of the Interim Loan Note.

The Company has reached agreement with Castlake on certain amendments to the LNSA governing the terms of the Interim Loan Note (**Amended LNSA**). The key features of the Amended LNSA include:

- The repayment date on the Interim Loan Note has been extended for two years to 29 October 2022. During this period, Graphex has contractually agreed to pursue a process that will lead to the repayment of the Interim Loan Note, including consideration of a sell-down or refinance of the Chilalo Project (**Chilalo Process**) or the shares in Graphex' subsidiaries, Graphex Mining UK No1 Limited and Ngwena Tanzania Limited (the **Subsidiaries**). The Chilalo Process will consider multiple transaction forms, including a refinancing for project development, offtake related financing, earn-in or joint venture arrangements and a sale (full or partial). The Company anticipates that the Chilalo Process will take some time to complete, particularly in light of current travel restrictions, and notes that it has until 29 October 2022 to repay the Interim Loan Note.
- An amendment to Castllake's security package such that its legal recourse to Graphex will be removed, and its security will be restricted to shares in Subsidiaries through which the Chilalo Project is held and any intercompany loans owed by the Subsidiaries to Graphex (the **Intercompany Loans**). Security over Graphex's cash (other than the Intercompany Loans) and any non-Chilalo Project subsidiaries will be removed from the Castllake security package. As a result, Graphex is free to bring in other assets and raise capital as required without the existing Castllake security attaching to the new assets or capital. In particular, the interests in the Mali Projects that Graphex is proposing to acquire pursuant to the JV Interest Acquisition and the funding the Company is proposing to raise under the Placement and Entitlement Offer will not be subject to Castllake's security package.

The Amended LNSA is subject to certain conditions precedent including (among others) Graphex completing a capital raising and receiving at least A\$1 million from that capital raising. The Company intends to satisfy this condition precedent through the Placement (which is the subject of Resolution 4). If Shareholders approve all of the Essential Resolutions, it is expected that all of the conditions precedent will be satisfied and the Amended LNSA will become effective upon Graphex issuing the Placement Shares, which is expected to occur on or around 29 July 2020.

In exchange for the removal of Castllake's legal recourse to some of its securities, Graphex has agreed to pay Castllake an extension fee of 7.5%, which will be capitalised to the outstanding debt balance. In addition, on the date that the Amended LNSA becomes effective Graphex must:

- pay Castllake US\$100k cash as security release fee; and
- issue 7.5 million Shares (**Castllake Shares**) to Castllake or its nominees, subject to Shareholder approval. The Castllake Shares will be subject to a 12 month voluntary escrow.

Failure by the Company to issue the Castllake Shares (which is the subject of Resolution 2) will constitute an event of default under the Amended LNSA, which will give Castllake the right to:

- cancel its total commitments under the LNSA;
- declare all or part of the Interim Loan Note (including accrued and capitalised interest, fees and all other amounts) to be immediately due and redeemable. Upon this declaration being made, such amounts become due and redeemable;
- declare that all or part of the Interim Loan Note with accrued and capitalised interest, fees and all other amounts, be payable on demand. Upon this declaration being made, such amounts become payable on demand; and/or

- exercise any or all of its rights, remedies, powers or discretions under Castlake's security package.

If all the Essential Resolutions are approved, it is anticipated that the Castlake Shares will be issued on or around 29 July 2020, which will be after the record date for the proposed Entitlement Offer.

Issuing the Castlake Shares and satisfying all other conditions precedent to the Amended LNSA are fundamental to the Company's capacity to continue to operate as a going concern. Should Shareholders not approve the issue of the Castlake Shares, the Board considers that it would materially prejudice the Company's ability to obtain the funding required to support its activities. Shareholders are strongly encouraged to vote in favour of all of the Essential Resolutions, including Resolution 2.

3.4 JV Interest Acquisition and Capital DI interests

(a) JV Interest Acquisition Agreement with Glomin

In late 2019, Capital DI Ltd (**Capital DI**), through its wholly-owned subsidiary Glomin Services Ltd (**Glomin**), signed the Existing Mali JVA with Altus and Legend Mali (BVI) II Inc. (**Mali JV Company**) and the Existing Royalty Deed with the Mali JV Company and LGN Holdings (BVI) Inc.

Pursuant to the Existing Mali JVA, Glomin has a right to earn-in to the Mali Projects (**JV Interest**) by way of earning an equity interest in the Mali JV Company. The Mali JV Company owns all of the shares in Legend Gold Mali SARL (**Licence Holder**), which holds the licences in respect of the Mali Projects.

As noted in the Company's ASX announcement dated on or around the date of this Notice, the Company has signed the JV Interest Acquisition Agreement with Glomin under which the Company will acquire Glomin's JV Interest. That acquisition will be effected through:

- the termination of the Existing Mali JVA and the Existing Royalty Deed; and
- the operative provisions of the Mali JVA and the New Royalty Deed coming into effect.

Graphex will reimburse Glomin for US\$450,000 of earn-in expenditure already incurred by Glomin in connection with the Mali Projects under the Existing Mali JVA. This reimbursement will be paid by Graphex through the issue of the 35,000,000 Shares at an issue price of A\$0.02 per Shares (**Glomin Shares**).

In addition:

- Capital DI will subscribe for 750,000 Shares in the Placement (subject to Shareholders approving Resolution 4 and all other Essential Resolutions);
- Capital DI has committed to taking up all of its entitlements in the Entitlement Offer, which will result in the issue to Capital DI of 5,842,067 Shares; and

- Capital DI has agreed to underwrite \$850,231.10 of the Entitlement Offer.

Capital DI currently holds approximately 5.1% of the Company's presently issued Share capital. Following the Placement and the Entitlement Offer, and taking account of the issue of the Glomin Shares if Resolution 3 is approved, Capital DI will hold (through its wholly-owned subsidiaries) between 14.3% (if there are no acceptances, other than from Capital DI, under the Entitlement Offer) and 16.1% (if there are 100% acceptances under the Entitlement Offer) of the Company's issued Share capital following completion of the transactions contemplated in this Notice.

The JV Interest Acquisition Agreement is conditional on the Amended LNSA (referred to in section 3.3 above) becoming effective, which in turn is dependent on Shareholders having passed all of the Essential Resolutions. This will ensure that Graphex's interest in the Mali Project is not subject to the Castllake security package.

(b) **Mali JVA with Altus**

Marvel Gold Australia Pty Ltd (**Marvel Gold Australia**), a wholly owned subsidiary of the Company, has entered into the Mali JVA with Altus and the Mali JV Company. The Company is also a party to the Mali JVA as guarantor, guaranteeing to Altus the due and punctual performance and observance by Marvel Gold Australia of all of its obligations under or pursuant to the Mali JVA.

The operative provisions of the Mali JVA become effective upon the date on which completion occurs under the JV Interest Acquisition Agreement (**Effective Date**).

The key terms of the Mali JVA include:

- (i) Marvel Gold Australia will have the right to earn an equity interest in the Mali JV Company in the following stages, upon Marvel Gold Australia having made the following payments and the Mali JV Company having achieved the following drilling and expenditure milestones:

Stage	Time period	Lakanfla	Tabakorole
Stage 1 - Exploration	Within 12 months from the effective date	33% interest earned by Marvel Gold Australia	
		3,500m of drilling in respect of the Lakanfla licence	1,500m of drilling and within 60 days of completing the drilling activities, publishing a JORC and NI43-101 compliant resource in respect of the Tabakorole licence
Stage 2 - Resource definition	Within 18 months of Graphex having given a Stage 2 election notice	Further 18% interest earned (giving Marvel Gold Australia a 51% interest)	
		Payment to Altus of either: <ul style="list-style-type: none"> • Option 1: US\$200,000 in cash; or 	

Stage	Time period	Lakanfla	Tabakorole
		<ul style="list-style-type: none"> Option 2: US\$100,000 in cash and US\$200,000 worth of Shares 	
		9,000 m of drilling in respect of the Lakanfla licence (including any metres drilled during JV Stage 1 in excess of 3,500 metres on the Lakanfla licence (up to a maximum of 350 metres))	2,500m of drilling in respect of the Tabakorole licence (including any metres drilled during JV Stage 1 in excess of 1,500 metres on the Tabakorole licence (up to a maximum of 150 metres))
			Not less than US\$250,000 of non-drilling expenditure in aggregate during Stage 1 and Stage 2
Stage 3 - Additional expenditure	42 months from the effective date	Further 19% interest earned (giving Marvel Gold Australia a 70% interest)	
		Payment to Altus of either: <ul style="list-style-type: none"> Option 1: US\$150,000 in cash; or Option 2: US\$75,000 in cash and US\$150,000 worth of Shares 	
		US\$3 million in expenditure in respect of the Lakanfla licence during Stage 3	US\$3 million in expenditure in respect of the Tabakorole licence during Stage 3 (including any non-drilling expenditure incurred in respect of the Tabakorole licence during Stage 1 and Stage 2 in excess of US\$250,000)
Stage 4 - Definitive Feasibility Study	Within 24 months of Graphex having given a Stage 4 election notice	Further 10% interest earned (giving Marvel Gold Australia an 80% interest)	
		Payment to Altus of either: <ul style="list-style-type: none"> Option 1: US\$100,000 in cash; or Option 2: US\$50,000 in cash and US\$100,000 worth of Shares 	
		Completion of a definitive feasibility study in respect of the Lakanfla licence	Completion of a definitive feasibility study in respect of the Tabakorole licence

- (ii) From the Effective Date until the completion of Stage 4 (or earlier where Marvel Gold Australia ceases earning in) Marvel Gold Australia will exclusively fund all of the joint venture's activities. After this sole funding period, the Mali JV Company board will determine the funding needs of the Mali JV Company.

- (iii) Altus will remain the manager of the Mali Projects during Stage 1, but following the completion of Stage 1, Marvel Gold Australia will be the manager. The manager will prepare the budgets and work programmes for approval by the Mali JV Company board and will have the right to carry out (as agent for and on behalf of the Mali JV Company) the joint venture activities in accordance with the work programmes and budgets as approved by the Mali JV Company board.
- (iv) During Stage 1, the Mali JV Company board will consist of two non-executive directors nominated by Altus. During Stage 2, the Mali JV Company board will consist of two non-executive directors nominated by Altus and one non-executive director nominated by Marvel Gold Australia. Following the completion of Stage 2, the Mali JV Company board will consist of 2 non-executive directors nominated by Altus and three non-executive directors nominated by Marvel Gold Australia. Should the interest of Marvel Gold Australia fall:
 - (A) below 50%, then the composition of the Mali JV Company board will be three non-executive Directors nominated by the Altus and two non-executive Directors nominated by Marvel Gold Australia; or
 - (B) below 25%, then Marvel Gold Australia will have no right to appoint a director to the Mali JV Company board.
- (v) Board resolutions generally may be passed by a simple majority vote, however certain matters require a special majority approval, being the approval of directors nominated by shareholders holding (in aggregate) more than 80% of the shares on issue. Matters requiring a special majority approval include, among other things, the issue of new shares in the Mali JV Company, the entry into arrangement for the sale, disposal or marketing of any product derived by the Mali JV Company or the Licence Holder from the licence area, the acquisition or disposal of any securities in another entity or of any material assets in excess of a specified level (outside an approved work programme or budget), the incurring of any financial indebtedness in excess of a specified level (outside an approved work programme or budget) and the incurring of any capital expenditure in excess of a specified level (outside an approved work programme or budget).
- (vi) Marvel Gold Australia may, at any time prior to completion of Stage 4, elect to no longer sole fund expenditure by giving 30 days' written notice to Altus. Marvel Gold Australia is also deemed to have given such notice where it fails to satisfy any earning obligations and does not remedy such failure within a prescribed remedy period. If Marvel Gold Australia gives (or is deemed to have given) such a notice prior to the completion of Stage 1, the Mali JVA shall terminate. If Marvel Gold Australia gives (or is deemed to have given) such a notice at any stage after the completion of Stage 1, it will no longer be required to sole fund, but its right to earn any further interest in the Mali JV Company will terminate. In these circumstances, Marvel Gold Australia may elect (and may be required to elect) to sell its shares in the Mali JV Company or transfer its shares in the Mali JV Company to Altus in exchange for a 0.75% net smelter royalty on future gold production from the Mali Projects.

- (vii) At any time where Altus holds 10% or less of the issued shares in the Mali JV Company, Marvel Gold Australia has the right to acquire all of the Altus' remaining shares for fair market value, subject to Altus receiving any outstanding indebtedness owed to it by the Mali JV Company, the Licence Holder and/or Marvel Gold Australia.
- (viii) Customary pre-emptive rights in relation to an issue of new shares by the Mali JV Company.
- (ix) Customary restrictions on transfer of shares in the Mali JV Company and pre-emptive rights on a transfer of shares.
- (x) Drag rights if a shareholder is transferring 80% or more of the shares in the Mali JV Company to a third party and tag rights if 51% or more of the shares in the Mali JV Company are being transferred to a third party.
- (xi) An "area of mutual interest" provision restricting Marvel Gold Australia and Altus and their affiliates from directly or indirectly acquiring any right, title or interest in or to a mineral title located within 3km of the boundaries of the licence area without first offering it to the Mali JV Company.

(c) **New Royalty Deed**

The Company, Altus and the Licence Holder have entered into the New Royalty Deed, pursuant to which the Licence Holder agrees to pay to Altus a 2.5% net smelter return royalty in respect of the Mali Projects.

The operative provisions of the Royalty Deed become effective upon the Effective Date.

The Licence Holder may, at any time after completion of Stage 3, reduce the royalty payable on each Licence by repurchasing up to 1.5% of the royalty.

For any period during which the Company owns (directly or indirectly) at least 80% of the shares in the capital of the Licence Holder, Graphex guarantees the payment of the royalty by the Licence Holder to Altus.

(d) **Mali Projects**

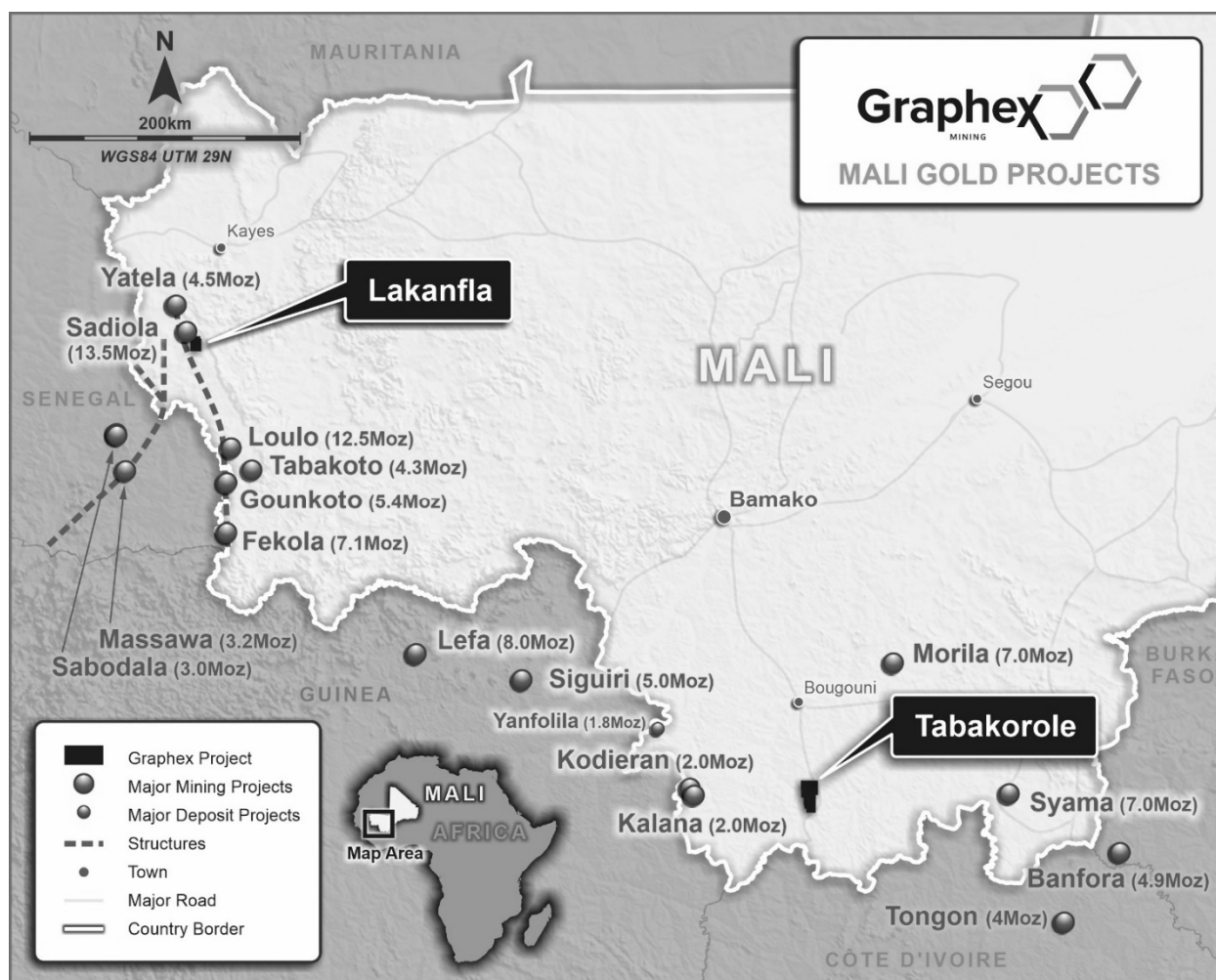
The Mali Projects consist of two exploration permits (PR) - Lakanfla and Tabakorole.

Both the Tabakorole and Lakanfla exploration permits were granted by Ministerial Orders in accordance with the 2012 Mining Code. In accordance with the 2012 Mining Code, an exploration permit is valid for a first term of three years, which is renewable twice, each time for a maximum term of two years.

The Lakanfla PR (PR18/950), which covers an area of 24km² was granted on 27 March 2018 and is due for its first renewal at the end of its initial 3-year term, on 27 March 2021. The Tabakorole PR (PR15/758), which covers an area of 100km² was originally granted on 25 June 2015, validly renewed a first time from 25 June 2018 and it is due for its second renewal on 25 June 2020. Documentation for the second renewal of the Tabakorole PR were lodged with the Nationale de la Géologie et des Mines on 17 February 2020.

The location of the Lakanfla and Tabakorole PRs is shown in Image 1 below.

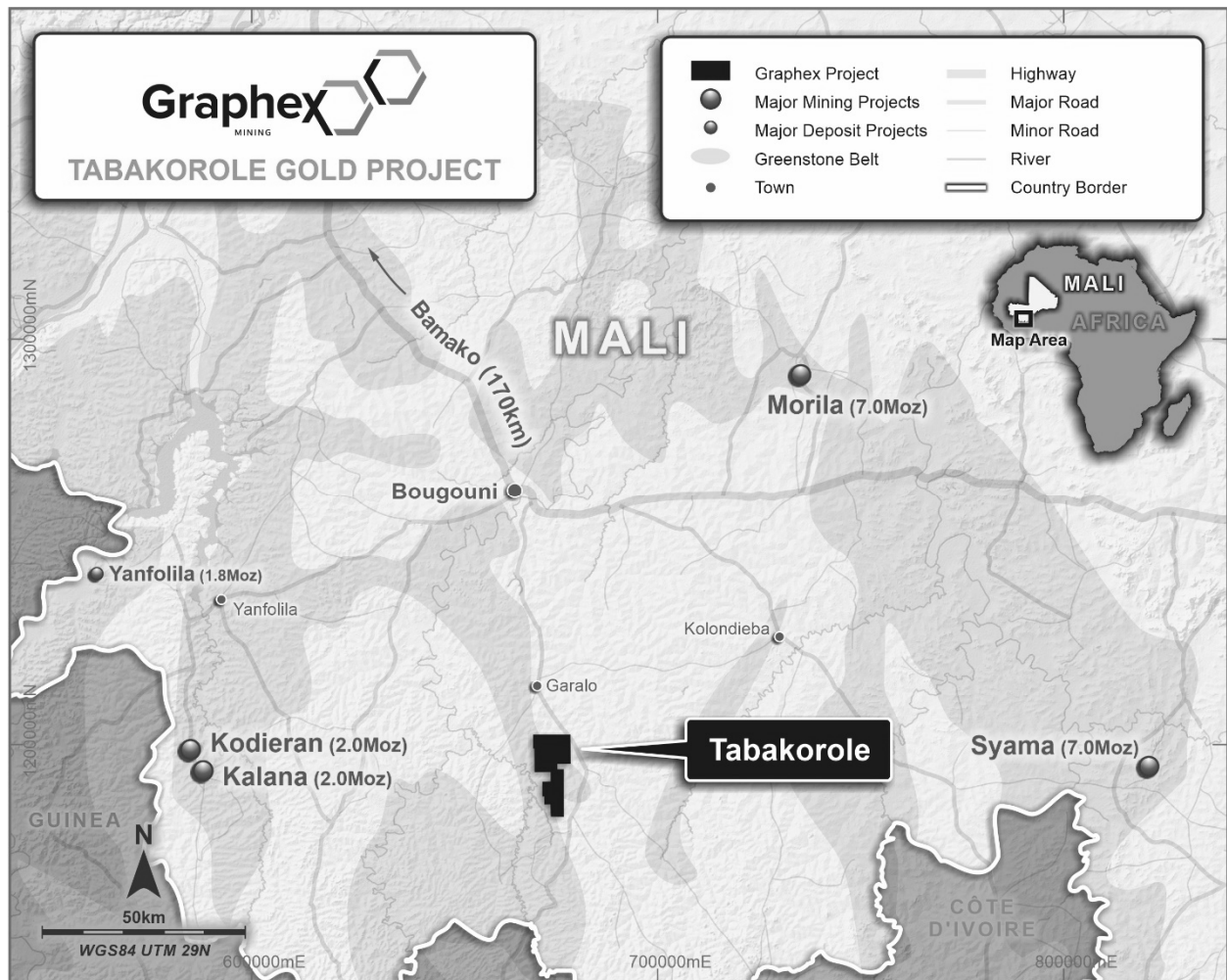
Image 1. Location of the Mali Gold Projects



Tabakorole project

The Tabakorole project is located in southern Mali, approximately 280km south of the capital city of Bamako. The project is located on the Massigui Belt which hosts the Tier 1 Morila gold mine (operated by Barrick Gold), located approximately 100 km to the north-east. To the west is the 2moz Kalana deposit, previously owned by Avnel and acquired by Endeavour in 2017.

Image 2. Location of the Tabakorole project, southern Mali



The Tabakorole orebody is hosted on a 3.0 km long shear zone which is up to 200m wide, hosted in the Birimian aged Bougouni Basin of the Man Shield of southern Mali. The geology is dominated by clastic sediments, which have been intruded by mafic rocks and granitic plutons. The Birimian rocks are intersected by northwest trending deformation zones which host gold mineralisation.

The Project was discovered by BHP in the early 1990s. Since 2003, extensive programmes of auger and air core drilling were undertaken by North Atlantic Resources (which became Legend Gold and acquired by Altus in 2018). Historically over 50,000m of RC and diamond drilling has been completed.

Historical results of diamond and Reverse Circulation ('RC') drilling at Tabakorole include:¹

- 44m @ 3.3 g/t Au from 24m in hole 05TKRC-18;
- 60m @ 2.9 g/t Au from 14m in hole 05FLRC-11; and
- 16m @ 9.3 g/t Au from 80m in hole 05FLRC-51.

¹ ASX announcement 17 June 2020. Graphex confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

In 2007, a historical mineral resource estimate was reported ('2007 Tabakorole MRE') as follows:

Table 1. 2007 Tabakorole MRE²

	Indicated Resources			Inferred Resources		
	Tonnes	Au (g/t)	Oz (Au)	Tonnes	Au (g/t)	Oz (Au)
Oxide	1,040,000	1.01	34,000	960,000	1.13	35,000
Sulphide	6,840,000	0.94	207,000	9,590,000	1.04	318,000
Total	7,880,000	0.95	241,000	10,550,000	1.05	353,000

The 2007 Tabakorole MRE is a historical estimate prepared under Canadian national instrument NI 43-101. A competent person has not done sufficient work to classify the 2007 Tabakorole MRE in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('2012 JORC Code') and it is uncertain that following further evaluation and further exploration that the 2007 Tabakorole MRE will be able to be reported as a mineral resource in accordance with the 2012 JORC Code.

The Company has significantly advanced its conceptual understanding on the Tabakorole Gold Project following detailed analysis of the post-2007 exploration data (not previously included in the 2007 Tabakorole MRE), on-site technical review of core and drillhole information (2019 and May 2020), a review of the structural controls on mineralisation and an updated 3D model of the mineralised system.

Based on this analysis, the Company believes that there is an immediate opportunity to increase the resource size and ore grade at Tabakorole:

- Since the 2007 Tabakorole MRE, three campaigns of drilling have been completed; in 2010, 2011 and 2014, which returned high-grade intersections including:³
 - 18m at 6.0 g/t Au from 12m (hole 10FLRC-12A);
 - 14m at 9.8 g/t Au from 10m (hole 10FLSRC-02);
 - 26m at 2.9 g/t Au from 46m (hole 10FLRC-06A);
- These drillholes are not included in the 2007 Tabakorole MRE and together with the Stage 1 drill program already underway, will underpin a maiden 2012 JORC Code resource estimate;
- The deposit displays a high degree of long strike continuity and there are a number of untested gaps along the 3km strike length of the deposit, which represent immediate drill targets;
- Much of the drilling has been within the top 130m of the deposit, with higher grade trends inadequately drill tested below this depth; and
- The 2007 Tabakorole MRE was estimated using a 0.2g/t cut-off grade which has effectively diluted higher grades resulting in a lower global resource grade than would be expected if modelled using a higher cut-off grade.
- Opportunity for a higher modelled grade through modelling of the mineralisation at a nominal 0.5g/t Au cut-off grade (the 2007 Tabakorole MRE used a broad 0.2g/t

² ASX announcement 17 June 2020. Graphex confirms that it is not in possession of any new information or data relating to the 2007 Tabakorole MRE that materially impacts on the reliability of the estimates or Graphex's ability to verify the 2007 Tabakorole MRE as mineral resources in accordance with the JORC Code 2012.

³ ASX announcement 17 June 2020. Graphex confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Au halo which incorporated significant dilution between well-defined and coherent lodes); and

- Testing for high-grade underground potential (eg. around the open intercept of 9m @ 11.2 g/t Au from 307m downhole, hole 05 FLDDDH-14).

Graphex is undertaking a 1,600m Stage 1 diamond drilling program to follow up some of these opportunities, after which it will produce a Mineral Resource Estimate in accordance with the 2012 JORC Code. Owing to the advanced state of negotiations, Graphex exercised full control over the design of the drill program that is currently underway.

On completion of Stage 1, the Company proposes to complete an updated mineral resource estimate that includes historical exploration results and the results of its own Stage 1 drilling.

Lakanfla project

The Lakanfla gold project is located in the Kenieba inlier of western Mali, adjacent to the northern section of the gold-rich northern section of the Senegal Mali Shear Zone (SMSZ). The project lies just to the SE of the tier 1 Sadiola gold mine (13.5Moz production historically) and 35km SE of the Yatela mine (4.5Moz production historically).

The Lakanfla project hosts a significant number of active and historic artisanal gold workings which are coincident with major geochemical and gravity anomalies. These workings surround the Kantela granodiorite intrusion and cover an area of approximately 900m x 500m. Significantly, there is evidence of ground collapse at surface, indicative of karst (or cave-like) voids at depth within carbonate rock units. This is geologically analogous to the 4.5moz Yatela deposit some 35km to the north-west and also the Sadiola FE3 and FE4 pits which are around 3km to the north-west of the Lakanfla PR boundary.

Historic drilling has returned encouraging intersections including **26m at 5.1 g/t Au from 32m (hole 04KRC-02) and 18m at 4.31 g/t Au from 34m (hole 04KDD-06).**⁴ In addition, several drillholes have intersected voids and unconsolidated sand at depths of up to 150m below surface. However, none of the priority gravity low targets appear to have been systematically drill tested. Of the historical drilling that has been undertaken at Lakanfla, 35 holes coincide with the priority targets, however, the majority of these holes were drilled no deeper than 75m vertical depth and the exploration target is expected to be below this stratigraphic level at the bedrock-weathering interface. In comparison with the nearby large scale Yatela deposit, which is a direct exploration analogue, mineralisation was encountered at depths up to 220m below surface and as such, the Company believes that a valid exploration target of this style exists at Lakanfla.

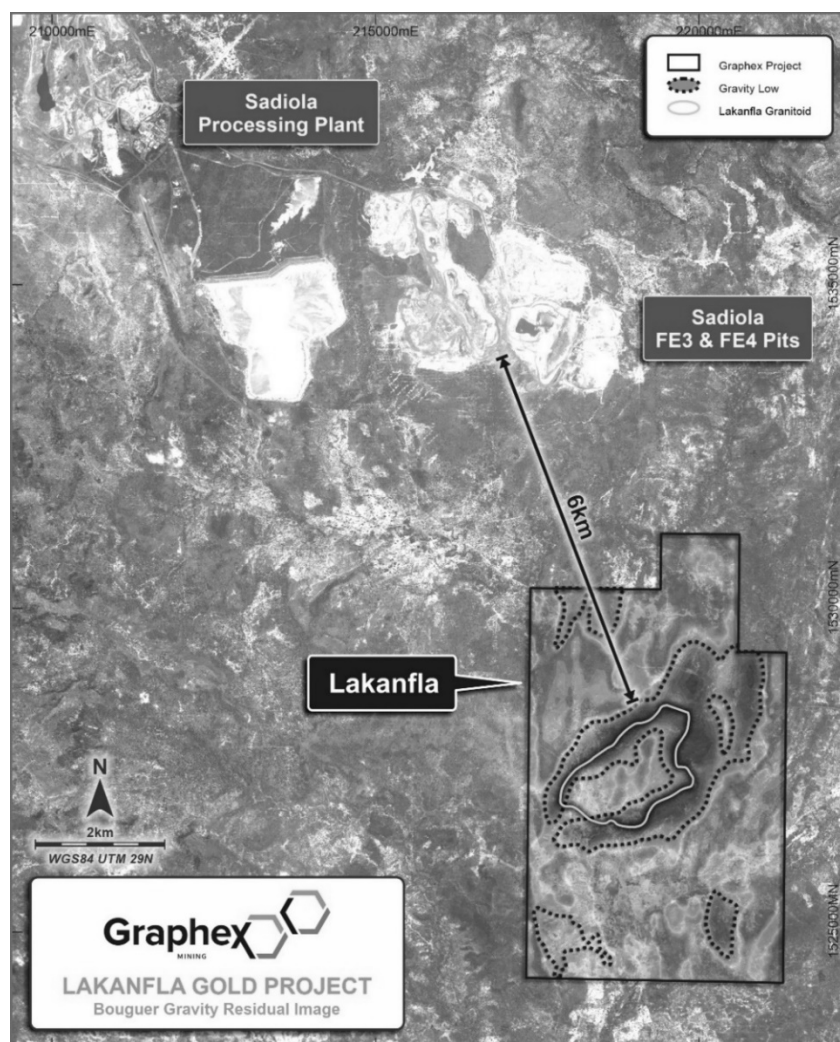
One hole has potentially been drilled deep enough to test the karst potential, attaining a vertical depth of 161m. Critically, this drill hole (04KDD-08) was located on the margin of a gravity low and terminated in loosely consolidated sand (from 165m to 171m), having also passed through voids and unconsolidated material. Although the hole failed to reach bedrock, the logged lithologies are considered diagnostic and the Company considers that this hole provides a proof of concept for the exploration targeting model; a

⁴ ASX announcement 17 June 2020. Graphex confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

karst style system similar to the nearby FE3 and FE4 pits at Sadiola or the Yatela deposit to the north.

The Company is of the view that the major karst target identified by a 2014 gravity survey has not been drill tested and with the project showing geological and geophysical similarities to the Yatela deposit, an opportunity exists to carry out a structured drilling program to test these anomalies.

Image 3. Gravity low at Lakanfla



Previous owners Legend Gold reported an internal near-surface mineral resource estimate (**Historical Lakanfla MRE**), which is not compliant with the JORC Code 2012. Owing to reliability issues with the Historical Lakanfla MRE, it cannot be reported by the Company and investors who become aware of the Historical Lakanfla MRE are therefore cautioned not to rely on it until the Company confirms their reliability and compliance with the JORC Code 2012. Should the Company be able to define an MRE, reserves at the nearby Sadiola mine are largely refractory sulphides and as a result, any mineable oxide deposit at Lakanfla may be sought after for processing at Sadiola.

The Company is of the view that encouraging geophysics and geochemical anomalies have not been adequately drill tested and with the project showing geological similarities to the nearby large scale, Yatela deposit, an opportunity to undertake a structured drilling program to test these anomalies.

3.5 Business model

Following the completion of the JV Interest Acquisition, the Company's business model will be to:

- conduct exploration at the Mali Projects in order to meet the Company's earn-in rights obligations under the Mali JVA with Altus;
- undertake a process with a view to completing a transaction to sell down the Chilalo Project or otherwise refinance the Interim Loan Note; and
- identify opportunities to expand the Company's strategic landholding in Mali.

3.6 Use of funds

Following completion of the acquisition of the Mali JVA, and assuming all of the Essential Resolutions are approved, for the 12 months to 30 June 2021, the Company expects to have consolidated annual cash expenditure of \$3,478,104, of which \$1,078,637 is forecast for the Chilalo Project and \$2,399,467 is forecast for the Mali Projects.

3.7 Pro forma balance sheet

An unaudited pro forma balance sheet showing the effect of the JV Acquisition, the Debt Restructure and the issue of Shares contemplated by this notice is set out in Schedule 3. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

3.8 Effect on capital structure

The table below shows the effect of the JV Interest Acquisition, the Debt Restructuring, the Placement, the Entitlement Offer and the other securities issues which are the subject of Resolutions in this Notice on the capital structure of the Company:

Current Shares on issue as at the date of this Notice	115,011,555
Options on issue as at the date of this Notice	Nil
Shares to be issued under Entitlement Offer	115,011,555
Castlake Shares (Resolution 2) ¹	7,500,000
Glomin Shares (Resolution 3) ¹	35,000,000
Shares to be issued under the Placement (Resolution 4) ^{1,2}	137,500,000
Shares to be issued to Phil Hoskins (Resolution 7)*	2,975,872
Options to be issued to Directors (Resolutions 8,9, 10 and 11)	25,800,000

Total Shares on issue if all Resolutions approved and after completion of the Entitlement Offer	413,644,058 (includes an additional 645,076 shares to be issued to management in exchange for cancellation of annual leave entitlement in excess of 4 years)
Total Option on issue if all Resolutions approved	32,100,000 (includes an additional 6,300,000 Options to be issued to management)

1. If approved by Shareholders, these Shares will be issued after the record date for the Entitlement Offer and will not participate in the Entitlement Offer.

2. Includes Shares issued to directors pursuant to Resolutions 7 (other than 2,975,872 Shares), 12, 13 and 14.

3.9 Changes to Board of Directors and management of Graphex

The board of directors and management of the Company will not change as a result of the JV Interest Acquisition or the other transactions referred to in this Notice.

However, in order to align the Board capability with the Company's new strategic direction, Mr Daniel Saint Don will resign from the Board and Mr Chris van Wijk and Mr Andrew Pardey will join the Board. Please refer to the Company's announcement dated on or around the date of this Notice for details of the background of the two new Directors.

3.10 Indicative timetable

An indicative timetable for the completion of the transactions set out in this Notice is set out below:

Event	Date
Announcement of Debt Restructuring, JV Interest Acquisition and Placement	17 June 2020
Date of this Notice	17 June 2020
Despatch of Notice	19 June 2020
Date of Shareholders' Meeting	20 July 2020
Announcement of Entitlement Offer and lodgement of Prospectus with ASIC and ASX (if all Essential Resolutions receive Shareholder approval)	20 July 2020
Record date for determining eligibility to participate in Entitlement offer	23 July 2020
Entitlement Offer opens	28 July 2020
Issue of Castlake Shares, Glomin Shares, Placement Shares	29 July 2020
Closing of Entitlement Offer	11 August 2020

4. Resolution 1 - Change to nature and scale of activities

4.1 General

Resolution 1 seeks Shareholder approval for the change to the nature and scale of the activities of the Company resulting from the JV Interest Acquisition.

Resolution 1 is an ordinary resolution.

If the JV Interest Acquisition proceeds, Graphex's near-term focus would shift to exploration activities on the Mali Projects so as to allow Graphex to earn-in to the joint venture with Altus.

Graphex has no immediate intention to divest the Chilalo Project and Graphex will continue to explore options for the development and construction of that project. However, under the terms of the Amended LNSA, Graphex has committed to pursue a process in respect of the Chilalo Project for the purpose of repaying the Interim Loan Notes, which may ultimately result in Graphex monetizing some or all of the Chilalo Project.

A detailed description of the JV Interest Acquisition, the Mali Projects and the Debt Restructuring is set out in section 3.

4.2 Listing Rule 11.1.2

Listing Rule 11.1 provides that where an entity proposed to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission on the official list of the ASX.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of JV Interest Acquisition requires the Company to obtain Shareholder approval in accordance with ASX Listing Rule 11.1.2.

If Resolution 1 and all other Essential Resolutions are passed, Graphex will be able to proceed with the JV Interest Acquisition. If Resolution 1 and all other Essential Resolutions are not passed, the Company will not be able to proceed with the JV Interest Acquisition and trading in Graphex's shares may remain suspended.

4.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

5. Resolution 2 - Issue of the Castl lake Shares

5.1 General

Resolution 2 seeks Shareholder approval for the issue of the Castl lake Shares to Castl lake (or its nominees).

Resolution 2 is an ordinary resolution.

The Castl lake Shares are being issued in connection with the Debt Restructuring, a detailed description of which is set out in section 3.

Failure by the Company's shareholders to approve the issue of the Castl lake Shares will constitute an event of default under the Amended LNSA, which will give Castl lake the right to:

- cancel its total commitments under the LNSA;
- declare all or part of the Interim Loan Note (including accrued and capitalised interest, fees and all other amounts) to be immediately due and redeemable. Upon this declaration being made, such amounts become due and redeemable;
- declare that all or part of the Interim Loan Note with accrued and capitalised interest, fees and all other amounts, be payable on demand. Upon this declaration being made, such amounts become payable on demand; and/or
- exercise any or all of its rights, remedies, powers or discretions under Castl lake's security package.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Castl lake Shares to Castl lake (or its nominees) during the period of 3 months after the date of the Meeting (or longer a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity.

5.2 Specific information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Castl lake Shares will be issued to Castl lake or its nominees;
- (b) the maximum number of Castl lake Shares is 7,500,000;
- (c) the Castl lake Shares will be issued for no cash as they are being issued as part consideration for Castl lake agreeing to the terms of the Amended LNSA;
- (d) the Castl lake Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares;

- (e) it is anticipated that Castlake Shares will be issued on or around 29 July 2020 or otherwise shortly after the Entitlement Offer opens, and in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules). The Castlake Shares will be issued after the record date for the Entitlement Offer and, as such, will not be entitled to participate in the Entitlement Offer;
- (f) the Castlake Shares are being issued as part consideration for Castlake agreeing to the terms of the Amended LNSA;
- (g) the Castlake Shares are being issued under the Amended LNSA. A summary of the material terms of the Amended LNSA is set out in section 3.3; and
- (h) a voting exclusion statement is included in the Notice for Resolution 2.

5.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

6. Resolution 3 - Issue of the Glomin Shares

6.1 General

Resolution 3 seeks Shareholder approval for the issue of the Glomin Shares to Glomin (or its nominee).

Resolution 3 is an ordinary resolution.

The Glomin Shares are being issued in connection with the JV Interest Acquisition, a detailed description of which is set out in section 3.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Glomin Shares to Glomin (or its nominee) during the period of 3 months after the date of the Meeting (or longer a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity.

6.2 Specific information required by ASX Listing Rule 7.3 in relation to Glomin Shares

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Glomin Shares will be issued to Glomin or its nominee;
- (b) the maximum number of Glomin Shares is 35,000,000;
- (c) the issue price will be \$0.02 per Glomin Share, however no cash consideration will be received by the Company as the Glomin Shares are being issued as consideration for the JV Interest Acquisition;

- (d) the Glomin Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares;
- (e) the Glomin Shares will be issued on or around 29 July 2020 or otherwise shortly after the Entitlement Offer opens, and in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules). The Glomin Shares will be issued after the record date for the Entitlement Offer and, as such, will not be entitled to participate in the Entitlement Offer;
- (f) the Glomin Shares are being issued as consideration for the JV Interest Acquisition;
- (g) the Glomin Shares are being issued under the JV Interest Acquisition Agreement. Summaries of the material terms of the JV Interest Acquisition Agreement and the associated Mali JVA and New Royalty Agreement are set out in section 3.4; and
- (h) a voting exclusion statement is included in the Notice for Resolution 3.

6.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

7. Resolution 4 - Issue of the Placement Shares to sophisticated and professional investors

7.1 General

As part of its funding strategy to provide funding for the earn-in to the Mali Projects, and to satisfy the capital raising commitment under the Amended LNSA, subject to Shareholders approving the Essential Resolutions, Graphex will undertake:

- (a) a placement of up to 137,500,000 Shares (**Placement Shares**) to sophisticated and professional investors to raise up to \$2,750,000 at \$0.02 per Share (the **Placement**); and
- (b) an underwritten non-renounceable 1 for 1 entitlement offer at \$0.02 to raise approximately \$2.3m before costs (**Entitlement Offer**).

If the Essential Resolutions are passed, Graphex intends to announce the Entitlement Offer shortly following the Meeting. Graphex has appointed Bridge Street Capital Partners Pty Ltd (**Bridge Street Capital**) and Capital DI to act as underwriters to the Entitlement Offer (the **Underwriter**).

Resolution 4 seeks Shareholder approval for the issue of the Placement Shares.

Resolution 4 is an ordinary resolution.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Placement Shares during the period of 3 months after the date of the Meeting (or a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity.

7.2 Specific information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Placement Shares will be issued to sophisticated and professional investors, none of whom are related parties of the Company. The sophisticated and professional investors are clients of Bridge Street Capital Partners Pty Ltd and sophisticated investors introduced by the Board, none of whom are related parties of the Company (other than Andrew Pardey, Stephen Dennis and Chris van Wijk whose participation in the Placement is the subject of Resolutions 12 to 14 respectively);
- (b) the maximum number of Placement Shares is 137,500,000;
- (c) the issue price will be \$0.02 per Placement Share;
- (d) the Placement Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares;
- (e) the Placement Shares will be issued on or around 29 July 2020 or otherwise shortly after the Entitlement Offer opens, and in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date. The Placement Shares will be issued after the record date for the Entitlement Offer and, as such, will not be entitled to participate in the Entitlement Offer;
- (f) the purpose of the issue of the Placement Shares is:
 - (i) to satisfy the capital raising requirements which the Company is required to undertake under the terms of the Amended LNSA (as detailed in section 3.3);
 - (ii) to provide funding for the Company's earn-in to the Mali JV (as detailed in section 3.4(b)); and
 - (iii) to fund the Company's working capital needs; and
- (g) a voting exclusion statement is included in the Notice for Resolution 4.

7.3 Director Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

8. Resolution 5 - Ratification of the issue of the LR 7.1 2020 Placement Shares

8.1 Background to the 2020 LR 7.1 Placement

On 20 March 2020, the Company completed the placement of 14,053,847 fully paid ordinary shares at \$0.065 cents per Share (**2020 Placement Shares**) to sophisticated and professional investors to raise \$0.91 million (before costs) (**March 2020 Placement**). A total of 13,581,314 2020 Placement Shares have been issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1 (**LR 7.1 2020 Placement Shares**) and a total of 472,533 of the 2020 Placement Shares were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A (**LR 7.1A 2020 Placement Shares**) (the ratification of which is the subject of Resolution 6). In addition, Mr Phil Hoskins, a director of the Company, agreed to subscribe for a further 769,231 Shares, the issue of which is subject to approval of Shareholders (see Resolution 7).

None of the parties who participated in the March 2020 Placement are related parties of the Company. Refer to the Company's ASX announcements of 13 March 2020 and 20 March 2020 for further details of the March 2020 Placement.

Resolution 5 seeks Shareholder approval for the ratification of the LR 7.1 2020 Placement Shares.

Resolution 5 is an ordinary resolution.

8.2 ASX Listing Rules 7.1 and 7.4

In accordance with ASX Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of Equity Securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1. To this end, Resolution 5 seeks Shareholder approval for the ratification of the issue of the LR 7.1 2020 Placement Shares for the purposes of ASX Listing Rule 7.4.

If Resolution 5 is passed, the issue of the LR 7.1 2020 Placement Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue.

If Resolution 5 is not passed, the issue of the LR 7.1 2020 Placement Shares will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue.

8.3 Specific information required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the LR 7.1 2020 Placement Shares:

- (a) The LR 7.1 2020 Placement Shares were issued to sophisticated and professional investors who were clients of Bridge Street Capital and to sophisticated investors introduced by the Board, none of whom were related parties of the Company.
- (b) The LR 7.1 2020 Placement Shares consist of 13,581,314 fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as the Company's existing Shares.
- (c) The LR 7.1 2020 Placement Shares were issued on 13 March 2020.
- (d) The LR 7.1 2020 Placement Shares were issued at a price of \$0.065 per Share.
- (e) The purpose of the issue of the LR 7.1 2020 Placement Shares was to provide proceeds to support the Company in securing funding for development of the Chilalo Graphite Project, for general corporate purposes and working capital.
- (f) A voting exclusion statement is included in the Notice for Resolution 5.

8.4 Director Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

9. Resolution 6 - Ratification of the issue of the LR7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares

9.1 Background

Resolution 6 seeks Shareholder approval for:

- (a) the ratification of the issue of 472,533 Shares at \$0.065 per Share (**LR 7.1A 2020 Placement Shares**), which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A; and
- (b) the ratification of the issue of 8,019,780 Shares at \$0.20 per Share on 19 July 2019 (**LR 7.1A 2019 Placement Shares**), which were issued in accordance with the Company's placement capacity under ASX Listing Rule 7.1A.

Resolution 6 an ordinary resolution.

9.2 ASX Listing Rules 7.1A and 7.4

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

On 14 November 2019, Shareholders approved the Company having the additional capacity to issue Equity Securities in an amount up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1A) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1A. To this end, Resolution 6 seeks Shareholder approval to the ratification of the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares for purposes of ASX Listing Rule 7.4.

If Resolution 6 is passed, the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares will be excluded in calculating the Company's 10% limit in ASX Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue.

If Resolution 6 is not passed, the issue of the LR 7.1A 2020 Placement Shares and LR 7.1A 2019 Placement Shares will be included in calculating the Company's 10% limit in ASX Listing Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue.

9.3 Specific information required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Share:

- (a) The LR 7.1A 2020 Placement Shares were issued to sophisticated and professional investors who were clients of Bridge Street Capital Pty Ltd and to sophisticated investors introduced by the Board, none of whom were related parties of the Company. The LR 7.1A 2019 Placement Shares were issued to sophisticated and professional investors who were clients of Bridge Street Capital Partners Pty Ltd and Patersons Securities Limited and to sophisticated investors introduced by the Board, none of whom were related parties of the Company.
- (b) The LR 7.1A 2020 Placement Shares consist of 472,533 fully paid ordinary shares in the capital of the Company and the LR 7.1A 2019 Placement Shares consist of 8,019,780 fully paid ordinary shares in the capital of the Company, in each case the Shares were issued on the same terms and conditions as the Company's existing Shares.
- (c) The LR 7.1A 2020 Placement Shares were issued on 20 March 2020 and the LR 7.1A 2019 Placement Shares were issued on 19 July 2019.
- (d) The LR 7.1A 2020 Placement Shares were issued at a price of \$0.065 per Share and LR 7.1A 2019 Placement Shares were issued at a price of \$0.20 per Share.
- (e) The purpose of the issue of the LR 7.1A 2020 Placement Shares was to provide proceeds to support the Company in securing funding for development of the Chilalo Graphite Project, for general corporate purposes and working capital. The funds raised from the issue of the LR 7.1A 2019 Placement Shares were

applied towards completing key work streams associated with satisfying the conditions to the senior funding package for the construction and commissioning of the Chilalo Graphite Project.

- (f) A voting exclusion statement is included in the Notice for Resolution 6.

9.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

10. Resolution 7 - Issue of Shares to Mr Phil Hoskins

10.1 Background

Resolution 7 seeks Shareholder approval in accordance with ASX Listing Rule 10.11 for the issue of 5,475,872 Shares to Director Mr Phil Hoskins (and/or his nominee(s)) (**Hoskins Shares**). The Hoskins Shares are comprised of:

- (a) 769,231 Shares which the company agreed to issue to Mr Hoskins (subject to Shareholder approval) at the time of the March 2020 Placement;
- (b) 2,206,641 Shares issued pursuant to Mr Hoskins agreeing to accept Shares in lieu of annual leave that has been accrued by Mr Hoskins in excess of four weeks. The Board had sought to reduce outstanding employee leave entitlements ahead of pursuing the Mali JV. As at 30 April 2020, Mr Hoskins had an annual leave entitlement in excess of 4 weeks of approximately 88 days, with a value of \$44,133 after deducting PAYG tax, which equates to 2,206,641 Shares based on a price of \$0.02 per Share, being the price at which the Company proposes to undertake the Placement, as described in section 7; and
- (c) 2,500,000 Shares issued pursuant to the Placement.

For information on the March 2020 Placement, please refer to sections 8 and 9.

Resolution 7 is an ordinary resolution.

10.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. A total of 769,231 Shares will be issued to Mr Hoskins on the same terms as non-related party participants in the March 2020 Placement and as such the giving of the financial benefit to Mr Hoskins will be on arm's length terms. Mr Hoskins has already paid \$50,000 to the Company in connection with his subscription for 769,231 Shares and should Shareholders fail to approve the issue of those Shares, those funds shall be returned to Mr Hoskins.

A further 2,206,641 Shares will be issued to Mr Hoskins, as described in section 10.1(b) such number of Shares determined by reference to the price at which shares will be

issued under the Placement (see Resolution 4) and the Entitlement Offer which the Company intends to undertake if Shareholders approve the Essential Resolutions (see ASX announcement dated on or around the date of this Notice), being \$0.02 per Share. Accordingly, the issue of 2,206,641 Shares represents a financial benefit that is on arm's length terms.

A total of 2,500,000 Shares will be issued to Mr Hoskins on the same terms as Shares issued under the Placement (see Resolution 4) and the Entitlement Offer which the Company intends to undertake if Shareholders approve the Essential Resolutions (see ASX announcement dated on or around the date of this Notice). Accordingly, the issue of 2,500,000 Shares to Mr Hoskins represents a financial benefit that is on arm's length terms.

10.3 ASX Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listing company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.2; or
- (e) a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The proposed issue of the Hoskins Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. Mr Hoskins is a related party of the Company as he is a Director. Therefore, the issue of the Hoskins Shares requires the approval of the Company's shareholders under ASX Listing Rule 10.11.

Resolution 7 seeks Shareholder approval for the purposes of ASX Listing Rule 7.4.

If Resolution 7 is passed, the Company will issue the Hoskins Shares to Mr Hoskins (and/or his nominee(s)) and pursuant to ASX Listing Rule 7.2, exception 14, the issue of the Hoskins Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue. If Resolution 7 is not passed, the Company will not issue the Hoskins Shares to Mr Hoskins (and/or his nominee(s)).

10.4 Specific information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, information regarding the issue of the Hoskins Shares to Mr Hoskins (and/or his nominee(s)) is provided as follows:

- (a) The Hoskins Shares will be issued to Mr Phil Hoskins (and/or his nominees).

- (b) Mr Hoskins falls within ASX Listing Rule 10.11.1 - Mr Hoskins is a related party of the Company because he is a Director.
- (c) The maximum number of Shares to be issued to Mr Hoskins is 5,475,872.
- (d) The Hoskins Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) Subject to Shareholders approving Resolution 7, the Company will issue the Hoskins Shares to Mr Hoskins on a date to be determined, being after the record date for the Entitlement Offer and no later than one month after the date of the Meeting.
- (f) 769,231 of the Hoskins Shares will be issued at a price of \$0.065 per Share and 4,706,641 of the Hoskins Shares will be issued at a deemed issue price of \$0.02 per Share.
- (g) The Hoskins Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (h) Proceeds from the Hoskins Shares will be used for the refinancing of the Chilalo Graphite Project, for general corporate purposes and working capital.
- (i) The issue is not intended to remunerate or incentivise the director.
- (j) A voting exclusion statement is included in the Notice for Resolution 7.

10.5 Director Recommendation

The Directors (excluding Mr Hoskins) recommend that Shareholders vote in favour of Resolution 7.

Mr Hoskins does not make a recommendation in relation to Resolution 7 as he has an interest in the outcome of the Resolution

11. Resolution 8 - Issue of Options to Mr Phil Hoskins

11.1 General

Resolution 8 seeks Shareholder approval in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, to issue a total of 10,250,000 Options (**Hoskins Options**) to Mr Hoskins as part of the incentive component of his remuneration as Managing Director of the Company. The Hoskins Options are proposed to be granted to Mr Hoskins as follows:

- (a) 5,125,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
- (b) 2,562,500 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
- (c) 2,562,500 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.

In the Company's present circumstances, the Board considers that the grant of the Hoskins Options to Mr Hoskins is a cost effective and efficient reward for the Company

to make to appropriately incentivise the performance of Mr Hoskins as the Managing Director and is consistent with the strategic goals and targets of the Company. There are no specific performance criteria on the Hoskins Options as, given the speculative nature of the Company's activities and the small management team responsible for the running of the Company's business, it is considered the performance of Mr Hoskins and the performance and value of the Company are closely related. As such, the Hoskins Options will generally only be of benefit if Mr Hoskins performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Hoskins Options.

Resolution 8 is an ordinary resolution.

11.2 ASX Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under ASX Listing Rule 10.14 to issue the Hoskins Options because Mr Hoskins is a Director. Furthermore, if Shareholders approve Resolution 8, ASX Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those Hoskins Options will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 and separate approval under this Resolution 8 is not required for the purposes of ASX Listing Rule 7.1.

11.3 Information required by ASX Listing Rule 10.15

The following information is provided as required by ASX Listing Rule 10.15:

- (a) The Hoskins Options will be issued to Mr Phil Hoskins (and/or his nominees).
- (b) Mr Hoskins falls within ASX Listing Rule 10.14.1 - Mr Hoskins is a Director.
- (c) The maximum number of Hoskins Options that may be issued to Mr Hoskins is 10,250,000 Options as follows:
 - (i) 5,125,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
 - (ii) 2,562,500 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
 - (iii) 2,562,500 options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.
- (d) Mr Hoskins' current remuneration (excluding superannuation and the Hoskins Options) is \$260,000 per annum.
- (e) Mr Hoskins has been issued the following securities under the Option Plan since it was implemented:
 - (i) 350,000 Options exercisable at \$0.20 each and expiring 9 June 2019 (a cashless exercise of these Options was completed on 26 February 2019, under which Mr Hoskins received 79,730 Shares);

- (ii) 520,000 Options with a nil exercise price, expiring 9 June 2019 (260,000 lapsed due to failure to meet vesting criteria, 260,000 exercised);
 - (iii) 715,000 Options with a nil exercise price, expiring 9 June 2021 (715,000 Options lapsed due to failure to meet vesting criteria);
 - (iv) 596,261 Options with a nil exercise price, expiring 1 July 2022, vesting on 1 July 2020 subject to achievement of Board approved performance milestones;
 - (v) 433,644 Options with a nil exercise price, expiring 1 July 2020 (433,644 Options lapsed due to failure to meet vesting criteria);
 - (vi) 421,818 Options with a nil exercise price, expiring 1 July 2021 (316,363 Options lapsed due to failure to meet vesting criteria);
 - (vii) 580,000 Options with a nil exercise price, expiring 1 July 2023, vesting 1 July 2021 (Options cancelled);
 - (viii) 130,093 Options with a nil exercise price, exercisable on or before 1 July 2020 (Options exercised);
 - (ix) 549,647 Options with a nil exercise price, expiring 1 July 2022, vesting 1 July 2020 (Options cancelled); and
 - (x) 755,764 Options with a nil exercise price, expiring 1 July 2024, vesting 1 July 2022 (Options cancelled).
- (f) The offer of Hoskins Options to Mr Hoskins forms part of the Company's long-term incentive plan to encourage Mr Hoskins to achieve the Company's objectives and to provide an incentive to strive to that end. The grant of the Hoskins Options is viewed as a cost effective and efficient reward and incentive as opposed to alternative forms of incentives, such as the payment of additional cash compensation.
- (g) The Hoskins Options to be issued to Mr Hoskins have been valued by the Company using a Black & Scholes option model and based on the assumptions set out below.

	Share price of \$0.02	
Exercise price	Black & Scholes valuation	Value of Hoskins Options
\$0.035	\$0.010	\$51,250
\$0.06	\$0.008	\$20,500
\$0.10	\$0.006	\$15,375
Total		\$87,125

Assumptions underpinning valuation of Hoskins Options	
Valuation Date	14 May 2020
Price of Shares (price of Shares to be issued under the Entitlement Offer and the Placement)	\$0.02
Exercise Prices	\$0.035, \$0.06 and \$0.10
Expiry date (4 years from date of grant)	29 July 2024
Risk free interest rate	0.25%
Volatility	88%

Note: The valuation noted above is not necessarily the market price that the Hoskins Options could be traded at and is not automatically the market price for taxation purposes.

- (h) The Hoskins Options will be issued for nil consideration. Details of the exercise prices of the Hoskins Options are set out above.
- (i) Details of the Option Plan were included in the Notice of Meeting dated 10 October 2019. A summary of the key terms of the Option Plan is available at Schedule 2 and a copy of the Option Plan, as approved by Shareholders at the 2019 AGM, is available with the materials for the 2019 AGM that were lodged with ASX on 14 October 2019.
- (j) No loan is made in relation to the issue of the Hoskins Options to Mr Hoskins.
- (k) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under ASX Listing Rule 10.14.
- (l) Any additional persons (to whom ASX Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 8 and who are not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- (m) The Company will issue the Hoskins Options to Mr Hoskins as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (n) A voting exclusion statement is included with Resolution 8 in the Notice.

11.4 Information required for sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act, the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share-based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr Hoskins may become entitled to accelerated vesting or automatic vesting of the Hoskins Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment or retirement from office. Approval is sought for Mr Hoskins to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr Hoskins by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Hoskins Options held by Mr Hoskins prior to the cessation of his employment;
- (b) reasons for the cessation of employment and Mr Hoskins' length of service;
- (c) the term of the Hoskins Options remaining; and

- (d) the exercise of the Board's discretion at the relevant time.

11.5 Directors' recommendation

The Directors (excluding Mr Hoskins) believe that the issue of the Hoskins Options to Mr Hoskins and the issue of Shares to settle such Hoskins Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 8.

Mr Hoskins does not make a recommendation in relation to Resolution 8 as he has an interest in the outcome of the Resolution.

12. Resolution 9 - Issue of Options to Mr Stephen Dennis

12.1 General

Resolution 9 seeks Shareholder approval in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, to issue 2,300,000 Options to Mr Stephen Dennis (**Dennis Options**) as Chairman of the Company. The Options are proposed to be granted to Mr Dennis as follows:

- (a) 1,150,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
- (b) 575,000 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
- (c) 575,000 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.

In the Company's present circumstances, the Board considers that the grant of the Dennis Options to Mr Dennis is a cost effective and efficient reward for the Company to make and is consistent with the strategic goals and targets of the Company. There are no specific performance criteria on the Dennis Options as the Dennis Options granted will generally only be of benefit if the value of the Company increases sufficiently to warrant exercising the Dennis Options.

Resolution 9 is an ordinary resolution.

12.2 ASX Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under ASX Listing Rule 10.14 to issue the Dennis Options because Mr Dennis is a Director. Furthermore, if Shareholders approve Resolution 9, ASX Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of the Dennis Options will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 and separate approval under this Resolution 9 is not required for the purposes of ASX Listing Rule 7.1.

12.3 Information required by ASX Listing Rule 10.15

The following information is provided as required by Listing Rule 10.15A:

- (a) The Dennis Options will be issued to Mr Stephen Dennis (and/or his nominees).
- (b) Mr Dennis falls within ASX Listing Rule 10.14.1 - Mr Dennis is a Director.
- (c) The maximum number of Dennis Options that may be issued to Mr Dennis is 2,300,000 Options as follows:
 - (i) 1,150,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
 - (ii) 575,000 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
 - (iii) 575,000 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.
- (d) Mr Dennis' current remuneration (excluding superannuation and the Dennis Options) is \$60,000.
- (e) Mr Dennis has been issued with the following securities under the Option Plan since it was implemented:
 - (i) 1,000,000 Options exercisable at \$0.20 each and expiring 9 June 2019 (a cashless exercise of these Options was completed on 26 February 2019, under which Mr Dennis received 227,799 Shares);
- (f) The offer of Dennis Options to Mr Dennis forms part of the Company's approach to the remuneration of Non-Executive Directors. The grant of the Dennis Options is viewed as a cost effective and efficient reward as opposed to alternative forms of remuneration, such as the payment of additional cash compensation.
- (g) The Dennis Options have been valued by the Company using a Black & Scholes option model and based on the assumptions set out below.

	Share price of \$0.02	
Exercise price	Black & Scholes valuation	Value of Dennis Options
\$0.035	\$0.010	\$11,500
\$0.06	\$0.008	\$4,600
\$0.10	\$0.006	\$3,450
Total		\$19,550

Assumptions underpinning valuation of the Dennis Options	
Valuation Date	14 May 2020
Price of Shares (price of Shares to be issued under the Entitlement Offer and the Placement)	\$0.02
Exercise Prices	\$0.035, \$0.06, \$0.10
Expiry date (4 years from date of grant)	29 July 2024
Risk free interest rate	0.25%
Volatility	88%

Note: The valuation noted above is not necessarily the market price that the Dennis Options could be traded at and is not automatically the market price for taxation purposes.

- (h) The Dennis Options will be issued for nil consideration. Details of the exercise prices of the Dennis Options are set out above.
- (i) Details of the Option Plan were included in the Notice of Meeting dated 10 October 2019. A summary of the key terms of the Option Plan is available at Schedule 2 and a copy of the Option Plan, as approved by Shareholders at the 2019 AGM, is available with the materials for the 2019 AGM that were lodged with ASX on 14 October 2019.
- (j) No loan is made in relation to the issue of the Dennis Options.
- (k) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under ASX Listing Rule 10.14.
- (l) Any additional persons (to whom ASX Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 9 and who are not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- (m) The Company will issue the Dennis Options as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (n) A voting exclusion statement is included with Resolution 9 in the Notice.

12.4 Information required for sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act, the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share-based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr Dennis may become entitled to accelerated vesting or automatic vesting of the Dennis Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment or retirement from office. Approval is sought for Mr Dennis to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr Dennis by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Dennis Options held by Mr Dennis prior to the cessation of his employment;
- (b) reasons for the cessation of employment and Mr Dennis' length of service;
- (c) the term of the Dennis Options remaining; and

- (d) the exercise of the Board's discretion at the relevant time.

12.5 Directors' recommendation

The Directors (excluding Mr Dennis) believe that the issue of the Dennis Options to Mr Dennis and the issue of Shares to settle such Dennis Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 9.

Mr Dennis does not make a recommendation in relation to Resolution 9 as he has an interest in the outcome of the resolution.

13. Resolution 10 - Issue of Options to Mr Chris van Wijk

13.1 General

Resolution 10 seeks Shareholder approval in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, to issue 8,750,000 Options (the **van Wijk Options**) to Mr Chris van Wijk as part of the incentive component of his remuneration as an Executive Director of the Company. The van Wijk Options are proposed to be granted to Mr van Wijk as follows:

- (a) 4,375,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
- (b) 2,187,500 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
- (c) 2,187,500 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.

In the Company's present circumstances, the Board considers that the grant of the van Wijk Options to Mr van Wijk is a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of Mr van Wijk as an Executive Director and is consistent with the strategic goals and targets of the Company. There are no specific performance criteria on the van Wijk Options as, given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of Mr van Wijk and the performance and value of the Company are closely related. As such, the van Wijk Options granted will generally only be of benefit if Mr van Wijk performs to the level whereby the value of the Company increases sufficiently to warrant exercising the van Wijk Options.

Resolution 10 is an ordinary resolution.

13.2 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under ASX Listing Rule 10.14 to issue the van Wijk Options because Mr van Wijk is a Director. Furthermore, if Shareholders approve Resolution 10, ASX Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon conversion of those van Wijk Options will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 and separate approval under this Resolution 10 is not required for the purposes of ASX Listing Rule 7.1.

13.3 Information required by ASX Listing Rule 10.15

The following information is provided as required by ASX Listing Rule 10.15:

- (a) The van Wijk Options will be issued to Mr Chris van Wijk (and/or his nominees).
- (b) Mr van Wijk falls within ASX Listing Rule 10.14.1 - Mr van Wijk is a Director.
- (c) The maximum number of van Wijk Options that may be issued to Mr van Wijk is 8,750,000 options as follows:
 - (i) 4,375,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
 - (ii) 2,187,500 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
 - (iii) 2,187,500 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.
- (d) Mr van Wijk is expected to spend approximately 50% of his time working for Graphex and his current remuneration (excluding superannuation and the van Wijk Options) is \$120,000 per annum.
- (e) Mr van Wijk has not been issued any securities under the Option Plan since it was implemented.
- (f) The offer of the van Wijk Options to Mr van Wijk forms part of the Company's long-term incentive plan to encourage Mr van Wijk to achieve the Company's objectives and to provide an incentive to strive to that end. The grant of the van Wijk Options is viewed as a cost effective and efficient reward and incentive as opposed to alternative forms of incentives, such as the payment of additional cash compensation.
- (g) The van Wijk Options have been valued by the Company using a Black & Scholes option model and based on the assumptions set out below.

	Share price of \$0.02	
Exercise price	Black & Scholes valuation	Value of van Wijk Options
\$0.035	\$0.010	\$43,750
\$0.06	\$0.008	\$17,500
\$0.10	\$0.006	\$13,125
Total		\$74,375

Assumptions underpinning valuation of the van Wijk Options	
Valuation Date	14 May 2020
Price of Shares (price of Shares to be issued under the Entitlement Offer and the Placement)	\$0.02
Exercise Prices	\$0.035, \$0.06 and \$0.10
Expiry date (4 years from date of grant)	29 July 2024

Assumptions underpinning valuation of the van Wijk Options	
Risk free interest rate	0.25%
Volatility	88%

Note: The valuation noted above is not necessarily the market price that the van Wijk Options could be traded at and is not automatically the market price for taxation purposes.

- (h) The van Wijk Options will be issued for nil consideration. Details of the exercise price of the van Wijk Options are set out above.
- (i) Details of the Option Plan were included in the Notice of Meeting dated 10 October 2019. A summary of the key terms of the Option Plan is available at Schedule 2 and a copy of the Option Plan, as approved by Shareholders at the 2019 AGM, is available with the materials for the 2019 AGM that were lodged with ASX on 14 October 2019.
- (j) No loan is made in relation to the issue of the van Wijk Options to Mr van Wijk.
- (k) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under ASX Listing Rule 10.14.
- (l) Any additional persons (to whom ASX Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 10 and who are not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- (m) The Company will issue the van Wijk Options as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (n) A voting exclusion statement is included with Resolution 10 in the Notice.

13.4 Information required for sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act, the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share-based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr van Wijk may become entitled to accelerated vesting or automatic vesting of Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr van Wijk to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr van Wijk by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Options held by Mr van Wijk prior to the cessation of his employment;

- (b) reasons for the cessation of employment and Mr van Wijk's length of service;
- (c) the term of the Options remaining; and
- (d) the exercise of the Board's discretion at the relevant time.

13.5 Directors' recommendation

The Directors (excluding Mr van Wijk) believe that the issue of the van Wijk Options to Mr van Wijk and the issue of Shares to settle such Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 10.

Mr van Wijk does not make a recommendation in relation to Resolution 10 as he has an interest in the outcome of the resolution.

14. Resolution 11 - Issue of Options to Mr Andrew Pardey

14.1 General

Resolution 11 seeks Shareholder approval in accordance with ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, to issue 4,500,000 Options (the **Pardey Options**) to Mr Andrew Pardey as part of his remuneration as a Non-Executive Director of the Company. The Pardey Options are proposed to be granted to Mr Pardey as follows:

- (a) 2,250,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
- (b) 1,125,000 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
- (c) 1,125,000 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024 .

In the Company's present circumstances, the Board considers that the grant of the Pardey Options to Mr Pardey is a cost effective and efficient form of remuneration for the Company to make to Mr Pardey as a Non-Executive Director and is consistent with the strategic goals and targets of the Company. There are no specific performance criteria on the Pardey Options as it is considered the performance of Mr Pardey and the performance and value of the Company are closely related. As such, the Pardey Options granted will generally only be of benefit if Mr Pardey performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Pardey Options.

Resolution 11 is an ordinary resolution.

14.2 ASX Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity, a director or an associate of a director is, in ASX's opinion, such that approval should be obtained. Shareholder approval is required under ASX Listing Rule 10.14 to issue the Pardey Options because Mr Pardey is a Director. Furthermore, if Shareholders approve Resolution 11, ASX Listing Rule 7.2 (Exception 14) provides that an issue of Shares upon

conversion of the Pardey Options will not reduce the Company's 15% placement capacity under ASX Listing Rule 7.1 and separate approval under this Resolution 11 is not required for the purposes of ASX Listing Rule 7.1.

14.3 Information required by ASX Listing Rule 10.15

The following information is provided as required by ASX Listing Rule 10.15:

- (a) The Pardey Options will be issued to Mr Pardey (and/or his nominees).
- (b) Mr Pardey falls within ASX Listing Rule 10.14.1 - Mr Pardey is a Director.
- (c) The maximum number of Pardey Options that may be issued to Mr Pardey is 4,500,000 options as follows:
 - (i) 2,250,000 Options will have an exercise price of \$0.035 and will be exercisable on or before 29 July 2024;
 - (ii) 1,125,000 Options will have an exercise price of \$0.06 and will be exercisable on or before 29 July 2024; and
 - (iii) 1,125,000 Options will have an exercise price of \$0.10 and will be exercisable on or before 29 July 2024.
- (d) Mr Pardey current remuneration is \$40,000 per year (excluding superannuation and the Pardey Options).
- (e) Mr Pardey has not been issued any securities under the Option Plan since it was implemented.
- (f) The offer of the Pardey Options to Mr Pardey forms part of the Company's approach to effectively remunerating Mr Pardey. The grant of the Pardey Options is viewed as a cost effective and efficient form of remuneration as opposed to alternative forms of remuneration, such as the payment of additional cash compensation.
- (g) The Pardey Options have been valued by the Company using a Black & Scholes option model and based on the assumptions set out below.

	Share price of \$0.02	
Exercise price	Black & Scholes valuation	Value of the Pardey Options
\$0.035	\$0.010	\$22,500
\$0.06	\$0.008	\$9,000
\$0.10	\$0.006	\$6,750
Total		\$38,250

Assumptions underpinning valuation of Pardey Options	
Valuation Date	14 May 2020
Price of Shares (price of Shares to be issued under the Entitlement Offer and the Placement)	\$0.02
Exercise Prices	\$0.035, \$0.06 and \$0.10
Expiry date (4 years from date of grant)	29 July 2024

Assumptions underpinning valuation of Pardey Options	
Risk free interest rate	0.25%
Volatility	88%

Note: The valuation noted above is not necessarily the market price that the Pardey Options could be traded at and is not automatically the market price for taxation purposes.

- (h) The Pardey Options will be issued for nil consideration. Details of the exercise price of the Pardey Options are set out above.
- (i) Details of the Option Plan were included in the Notice of Meeting dated 10 October 2019. A summary of the key terms of the Option Plan is available at Schedule 2 and a copy of the Option Plan, as approved by Shareholders at the 2019 AGM, is available with the materials for the 2019 AGM that were lodged with ASX on 14 October 2019.
- (j) No loan is made in relation to the issue of the Pardey Options.
- (k) Details of any securities issued under the Option Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under ASX Listing Rule 10.14.
- (l) Any additional persons (to whom ASX Listing Rule 10.14 applies) who become entitled to participate in the Option Plan after approval of Resolution 11 and who are not named in this Notice will not participate until approval is obtained under ASX Listing Rule 10.14.
- (m) The Company will issue the Pardey Options as soon as reasonably practicable after the Meeting, and in any event within three years after the Meeting.
- (n) A voting exclusion statement is included with Resolution 11 in the Notice.

14.4 Information required for sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act, the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share-based payments may in some cases be a benefit of this kind.

As a participant in the Option Plan, Mr Pardey may become entitled to accelerated vesting or automatic vesting of Options if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr Pardey to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit that might be given to Mr Pardey by the exercise of the Board's discretion under the Option Plan will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Options held by Mr Pardey prior to the cessation of his employment;

- (b) reasons for the cessation of employment and Mr Pardey's length of service;
- (c) the term of the Options remaining; and
- (d) the exercise of the Board's discretion at the relevant time.

14.5 Directors' recommendation

The Directors (excluding Mr Pardey) believe that the issue of the Pardey Options and the issue of Shares to settle such Options is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 11.

Mr Pardey does not make a recommendation in relation to Resolution 11 as he has an interest in the outcome of the resolution.

15. Resolution 12 - Issue of Shares to Mr Andrew Pardey

15.1 Background

Resolution 12 seeks Shareholder approval in accordance with ASX Listing Rule 10.11 for the issue of 2,000,000 Shares to Director Mr Andrew Pardey (and/or his nominee(s)) (**Pardey Shares**) under the Placement.

For information on the Placement, please refer to section 7.

Resolution 12 is an ordinary resolution.

15.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

A total of 2,000,000 Shares will be issued to Mr Pardey on the same terms as Shares issued under the Placement (see Resolution 4) and the Entitlement Offer which the Company intends to undertake if Shareholders approve the Essential Resolutions (see ASX announcement dated on or around the date of this Notice). Accordingly, the issue of 2,000,000 Shares to Mr Pardey represents a financial benefit that is on arm's length terms.

15.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listing company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

- (d) an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.2; or
- (e) a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The proposed issue of the Pardey Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. Mr Pardey is a related party of the Company as he is a Director. Therefore, the issue of the Pardey Shares requires the approval of the Company's shareholders under ASX Listing Rule 10.11.

Resolution 12 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11.

If Resolution 12 is passed, the Company will issue the Pardey Shares to Mr Pardey (and/or his nominee(s)) and pursuant to ASX Listing Rule 7.2, exception 14, the issue of the Pardey Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue. If Resolution 12 is not passed, the Company will not issue the Pardey Shares to Mr Pardey (and/or his nominee(s)).

15.4 Specific information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, information regarding the issue of the Pardey Shares to Mr Pardey (and/or his nominee(s)) is provided as follows:

- (a) The Pardey Shares will be issued to Mr Andrew Pardey (and/or his nominees).
- (b) Mr Pardey falls within ASX Listing Rule 10.11.1 - Mr Pardey is a related party of the Company because he is a Director.
- (c) The maximum number of Shares, being fully paid ordinary shares, to be issued to Mr Pardey is 2,000,000.
- (d) The Pardey Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) Subject to Shareholders approving Resolution 12, the Company will issue the Pardey Shares to Mr Pardey on a date to be determined, being after the record date for the Entitlement Offer and no later than one month after the date of the Meeting.
- (f) The Pardey Shares will be issued at a price of \$0.02 per Share.
- (g) The Pardey Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (h) Proceeds from the Pardey Shares will be used for the same purpose as the other Placement Shares (refer to section 7).
- (i) The issue is not intended to remunerate or incentivise the director.
- (j) A voting exclusion statement is included in the Notice for Resolution 12.

15.5 Director Recommendation

The Directors (excluding Mr Pardey) recommend that Shareholders vote in favour of Resolution 12.

Mr Pardey does not make a recommendation in relation to Resolution 12 as he has an interest in the outcome of the resolution.

16. Resolution 13 - Issue of Shares to Mr Stephen Dennis

16.1 Background

Resolution 13 seeks Shareholder approval in accordance with ASX Listing Rule 10.11 for the issue of 2,500,000 Shares to Director Mr Stephen Dennis (and/or his nominee(s)) under the Placement (**Dennis Shares**).

For information on the Placement, please refer to section 7.

Resolution 13 is an ordinary resolution.

16.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

A total of 2,500,000 Shares will be issued to Mr Dennis on the same terms as Shares issued under the Placement (see Resolution 4) and the Entitlement Offer which the Company intends to undertake if Shareholders approve the Essential Resolutions (see ASX announcement dated on or around the date of this Notice). Accordingly, the issue of 2,500,000 Shares to Mr Dennis represents a financial benefit that is on arm's length terms.

16.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listing company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.2; or
- (e) a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The proposed issue of the Dennis Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. Mr Dennis is a related party of the Company as he is a Director. Therefore, the issue of the Dennis Shares requires the approval of the Company's shareholders under ASX Listing Rule 10.11.

Resolution 13 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11.

If Resolution 13 is passed, the Company will issue the Dennis Shares to Mr Dennis (and/or his nominee(s)) and pursuant to ASX Listing Rule 7.2, exception 14, the issue of the Dennis Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue. If Resolution 13 is not passed, the Company will not issue the Dennis Shares to Mr Dennis (and/or his nominee(s)).

16.4 Specific information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, information regarding the issue of the Dennis Shares to Mr Dennis (and/or his nominee(s)) is provided as follows:

- (a) The Dennis Shares will be issued to Mr Stephen Dennis (and/or his nominees).
- (b) Mr Dennis falls within ASX Listing Rule 10.11.1 - Mr Dennis is a related party of the Company because he is a Director.
- (c) The maximum number of Shares, being fully paid ordinary shares, to be issued to Mr Dennis is 2,500,000.
- (d) The Dennis Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) Subject to Shareholders approving Resolution 13, the Company will issue the Dennis Shares to Mr Dennis on a date to be determined, being after the record date for the Entitlement Offer and no later than one month after the date of the Meeting.
- (f) The Dennis Shares will be issued at a price of \$0.02 per Share.
- (g) The Dennis Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (h) Proceeds from the Dennis Shares will be used for the same purpose as the other Placement Shares (refer to section 7).
- (i) The issue is not intended to remunerate or incentivise the director.
- (j) A voting exclusion statement is included in the Notice for Resolution 13.

16.5 Director Recommendation

The Directors (excluding Mr Dennis) recommend that Shareholders vote in favour of Resolution 13.

Mr Dennis does not make a recommendation in relation to Resolution 13 as he has an interest in the outcome of the resolution.

17. Resolution 14 - Issue of Shares to Mr Chris van Wijk

17.1 Background

Resolution 14 seeks Shareholder approval in accordance with ASX Listing Rule 10.11 for the issue of 250,000 Shares to Director Mr Chris van Wijk (and/or his nominee(s)) under the Placement (**van Wijk Shares**).

For information on the Placement, please refer to section 7.

Resolution 14 is an ordinary resolution.

17.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

A total of 250,000 Shares will be issued to Mr van Wijk on the same terms as Shares issued under the Placement (see Resolution 4) and the Entitlement Offer which the Company intends to undertake if Shareholders approve the Essential Resolutions (see ASX announcement dated on or around the date of this Notice). Accordingly, the issue of 250,000 Shares to Mr van Wijk represents a financial benefit that is on arm's length terms.

17.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, a listing company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.2; or
- (e) a person whose relationship with the company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The proposed issue of the van Wijk Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. Mr van Wijk is a related party of the Company as he is a Director. Therefore, the issue of the van Wijk Shares requires the approval of the Company's shareholders under ASX Listing Rule 10.11.

Resolution 14 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11.

If Resolution 14 is passed, the Company will issue the van Wijk Shares to Mr van Wijk (and/or his nominee(s)) and pursuant to ASX Listing Rule 7.2, exception 14, the issue of the van Wijk Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without shareholder approval over the 12 month period following the issue. If Resolution 14 is not passed, the Company will not issue the van Wijk Shares to Mr van Wijk (and/or his nominee(s)).

17.4 Specific information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, information regarding the issue of the van Wijk Shares to Mr van Wijk (and/or his nominee(s)) is provided as follows:

- (a) The van Wijk Shares will be issued to Mr Chris van Wijk (and/or his nominees).
- (b) Mr van Wijk falls within ASX Listing Rule 10.11.1 - Mr van Wijk is a related party of the Company because he is a Director.
- (c) The maximum number of Shares, being fully paid ordinary shares, to be issued to Mr van Wijk is 250,000.
- (d) The van Wijk Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) Subject to Shareholders approving Resolution 14, the Company will issue the van Wijk Shares to Mr van Wijk on a date to be determined, being after the record date for the Entitlement Offer and no later than one month after the date of the Meeting.
- (f) The van Wijk Shares will be issued at a price of \$0.02 per Share.
- (g) The van Wijk Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (h) Proceeds from the van Wijk Shares will be used for the same purpose as the other Placement Shares (refer to section 7).
- (i) The issue is not intended to remunerate or incentivise the director.
- (j) A voting exclusion statement is included in the Notice for Resolution 14.

17.5 Director Recommendation

The Directors (excluding Mr van Wijk) recommend that Shareholders vote in favour of Resolution 14.

Mr van Wijk does not make a recommendation in relation to Resolution 14 as he has an interest in the outcome of the resolution.

18. Resolution 15 - Change of Company name

Section 157(1) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 15 seeks the approval of Shareholders for the Company to change its name to Marvel Gold Limited. With the proposed expansion of the Company's activities to include involving the development of two gold projects in Mali in connection with the Mali JV, it is appropriate that the Company adopt a name that is more suited to its business activities.

If Resolution 15 is passed, the change of name will take effect when ASIC alters the details of the Company's registration details.

The proposed name has been reserved by the Company.

Resolution 15 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

19. Enquiries

Shareholders are requested to contact Graphex's company secretary, Mr Stuart McKenzie on +61 8 9200 4960 if they have any queries in respect of the matters set out in this Notice.

Schedule 1 - Definitions

\$ means Australian dollars.

Amended LNSA has the meaning set out in section 3.3.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Castlelake means funds managed by Castlelake, L.P.

Castlelake Shares means the 7,500,000 Shares to be issued to Castlelake or its nominee(s).

Chair means the chair of the Meeting.

Chilalo Graphite Project means the Company's flake graphite project located in south-east Tanzania.

Closely Related Party means a party related to Key Management Personnel as:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Graphex** means Graphex Mining Limited (ACN 610 319 769).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Restructuring has the meaning set out in section 3.1 and is detailed in section 3.3.

Directors means the current directors of the Company.

Entitlement Offer means the proposed underwritten non-renounceable 1 for 1 entitlement offer that the Company intends to undertake if the Essential Resolutions are passed.

Equity Security has the meaning given in the ASX Listing Rules.

Essential Resolutions means Resolution 1, Resolution 2, Resolution 3 and Resolution 4.

Executive means the Managing Director, Chief Financial Officer and the Commercial Manager / Company Secretary.

Existing Mali JVA means the Incorporated Joint Venture and Earn-in Agreement dated 29 November 2019 between Glomin, Altus and the Mali JV Company.

Existing Royalty Deed means the royalty deed dated 29 November 2019 between Glomin, the Mali JV Company and LGN Holdings (BVI) Inc.

Explanatory Memorandum means the explanatory statement accompanying the Notice.

Glomin means Glomin Services Ltd.

Glomin Shares means the 35,000,000 Shares to be issued to Glomin or its nominee.

Interim Loan Note has the meaning set out in section 3.3.

JORC Code 2012 means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition).

JV Interest Acquisition has the meaning set out in section 3.1 and is detailed in section 3.4.

JV Interest Acquisition Agreement means the JV Interest Acquisition Agreement dated on or around the date of this Notice between the Company and Glomin.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the rules of the ASX that apply with respect to the Company's Equity Securities and the Company's conduct.

LR 7.1 2020 Placement Shares has the meaning set out in section 8.1.

Mali JVA means the Incorporated Joint Venture and Earn-in Agreement dated on or around the date of this Notice between Marvel Gold Australia, the Company, Altus and the Mali JV Company.

Mali Projects has the meaning set out in section 3.4.

Meeting means the meeting convened by the Notice

New Royalty Deed means the Royalty Deed dated on or around the date of this Notice between Graphex, Altus and the Licence Holder.

Notice or **Notice of Meeting** means this notice of Meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option to acquire a Share.

Option Plan means the Graphex Mining Limited Option Plan, the key terms of which are set out in Schedule 2.

Placement Shares means the 137,500,000 to be issued to the sophisticated and professional investors outlined in section 7.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date set by Directors in accordance with section 1.3 of the Explanatory Memorandum.

Resolutions means the resolutions set out in the Notice.

Securities mean all Equity Securities of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

USD means United States dollar.

WST means Western Standard Time as observed in Perth, Western Australia.

Schedule 2- Summary of Key Terms of Option Plan

The Company has adopted the Graphex Mining Limited Option Plan (**Option Plan**). A summary of the Option Plan is set out below:

(a) Eligible Participant

Eligible Participant means a person that:

- (i) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (ii) has been determined by the Board to be eligible to participate in the Option Plan from time to time.

(b) Purpose

The purpose of the Option Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Options.

(c) Option Plan administration

The Option Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Option Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(d) Eligibility, invitation and application

- (i) The Board may from time to time determine that an Eligible Participant may participate in the Option Plan and make an invitation to that Eligible Participant to apply for Options on such terms and conditions as the Board decides.
- (ii) On receipt of an Invitation, an Eligible Participant may apply for the Options the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.
- (iii) If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(e) Grant of Options

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Options, subject to the terms and conditions set out in the invitation, the Option Plan rules and any ancillary documentation required.

(f) **Terms of Options**

Each Option represents a right to acquire one or more Shares, subject to the terms and conditions of the Option Plan.

Prior to an Option being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Option by virtue of holding the Option. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with an Option that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to an Option that has been granted to them.

(g) **Vesting**

Any vesting conditions applicable to the grant of Options will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Options have vested. Unless and until the vesting notice is issued by the Company, the Options will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to an Option are not satisfied and/or otherwise waived by the Board, that Option will lapse.

(h) **Exercise of Options and cashless exercise**

To exercise an Option, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of options (see below), pay the Option exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Options, the Participant may elect not to be required to provide payment of the Option exercise price for the number of Options specified in a notice of exercise, but that on exercise of those Options the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the Option exercise price that would otherwise be payable to exercise those Options.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

An Option may not be exercised unless and until that Option has vested in accordance with the Option Plan rules, or such earlier date as set out in the Option Plan rules.

(i) **Delivery of Shares on exercise of Options**

As soon as practicable after the valid exercise of an Option by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Option Plan rules and issue a substitute certificate for any remaining unexercised Options held by that Participant.

(j) **Forfeiture of Options**

Where a Participant who holds Options ceases to be an Eligible Participant or becomes insolvent, all unvested Options will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Options held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Option Plan rules:

- (i) any Options which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Options which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

(k) **Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Options will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

(l) **Rights attaching to Plan Shares**

All Shares issued or transferred to a Participant upon the valid exercise of an Option (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(m) **Disposal restrictions on Plan Shares**

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Option Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(n) Adjustment of Options

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Options will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Options is entitled, upon exercise of the Options, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Options are exercised.

Unless otherwise determined by the Board, a holder of Options does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(o) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Options without exercising the Options.

(p) Amendment of Option Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Option Plan rules, including (without limitation) the terms and conditions upon which any Options have been granted under the Option Plan and determine that any amendments to the Option Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Option Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(q) Option Plan duration

The Option Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Option Plan for a fixed period or indefinitely, and may end any suspension. If the Option Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Options granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Options may be cancelled in the manner agreed between the Company and the Participant.

31/12/2019

Schedule 3- Pro Forma Balance Sheet

	2020	Transaction costs	Castlake costs	Issue of Glomin shares	Issue of placement shares	Issue of rights shares	Issue of shares to Mr Hoskins to extinguish AL	Ratification of issue of shares to P Hoskins	ESS issue of options to Directors	Pro-forma 2020 post transaction
ASSETS	\$'000									
Current Assets										
Cash and cash equivalents	872,430	(235,000)	(100,000)		2,585,000	2,162,217				5,284,647
Trade and other receivables	195,394									195,394
Total current assets	1,067,824	(235,000)	(100,000)	-	2,585,000	2,162,217	-	-	-	5,480,041
Non-current assets										
Property, plant and equipment	93,780			700,000						93,780
Exploration and evaluation asset	5,000,000									5,700,000
Total non-current assets	5,093,780	-	-	700,000	-	-	-	-	-	5,793,780
Total assets	6,161,604	(235,000)	(100,000)	700,000	2,585,000	2,162,217	-	-	-	11,273,821
LIABILITIES										
Current liabilities										
Trade and other payables	(411,035)						44,133			(411,035)
Provisions	(274,202)									(230,070)
Share subscriptions received but not issued	-							50,000		50,000
Loan notes	(7,977,318)		(598,299)							(8,575,617)
Total non-current liabilities	(8,662,556)	-	(598,299)	-	-	-	44,133	50,000	-	(9,166,722)
Non-current liabilities										
Total non-current liabilities		-	-	-	-	-	-	-	-	-
Total liabilities	(8,662,556)	-	(598,299)	-	-	-	44,133	50,000	-	(9,166,722)
Net assets	(2,500,951)	(235,000)	(698,299)	700,000	2,585,000	2,162,217	44,133	50,000	-	2,107,100
EQUITY										
Share capital	(19,087,485)		(150,000)	(700,000)	(2,585,000)	(2,162,217)	(44,133)	(50,000)	(219,300)	(24,778,835)
Other reserves	(1,478,001)									(1,697,301)
Current year earnings	4,988,343	235,000	848,299						219,300	6,290,942
Retained earnings	18,078,094									18,078,094
Total equity	2,500,951	235,000	698,299	(700,000)	(2,585,000)	(2,162,217)	(44,133)	(50,000)	-	(2,107,100)



GPX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (WST)** **Saturday, 18 July 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Graphex Mining Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Graphex Mining Limited to be held at Emerald House, 1202 Hay Street, West Perth, Western Australia on Monday, 20 July 2020 at 10:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 8 - 11 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 8 - 11 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 8 - 11 by marking the appropriate box in step 2.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
1 Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Options to Mr Stephen Dennis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of the Castllake Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Options to Mr Chris van Wijk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of the Glomin Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of Options to Mr Andrew Pardey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of the Placement Shares to sophisticated and professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Issue of Shares to Mr Andrew Pardey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of the issue of the LR 7.1 2020 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Issue of Shares to Mr Stephen Dennis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of the issue of the LR 7.1A 2020 Placement Shares and the LR 7.1A 2019 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Issue of Shares to Mr Chris van Wijk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Shares to Mr Phil Hoskins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Options to Mr Phil Hoskins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

GPX

2 6 4 8 6 8 A



Computershare +