

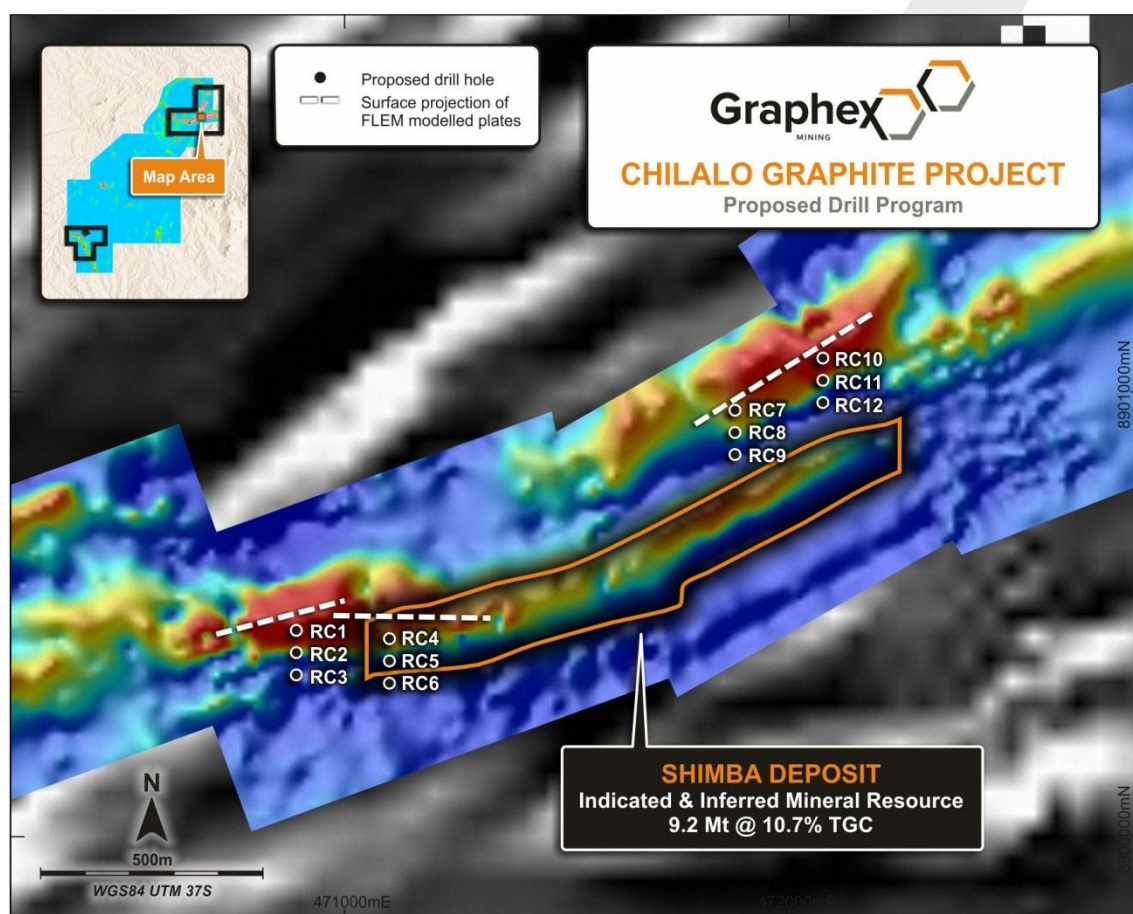
5 September 2016

RESOURCE EXPANSION DRILLING PROGRAM UNDER WAY

Graphex Mining Limited (ASX: GPX) ('Graphex' or the 'Company') is pleased to report that a reverse circulation drilling program aimed at increasing the high-grade resource at its Chilalo Graphite Project in Tanzania has commenced.

The drilling program of approximately 1,200m will test two key targets that outcrop at surface and are located within 200m from the existing high-grade Shimba deposit (Figure 1). Geophysical surveys have shown that the two targets are stronger conductors than Shimba which indicate that they are potentially higher grade and/or thicker than Shimba. Both target areas remain within the proposed Mining Licence area which is currently being processed by the Tanzanian Ministry of Energy and Minerals.

Figure 1. Location of drilling program



The existing Shimba deposit is capable of supporting a 10-year mine life producing 69,000 tonnes of graphite concentrate per year¹. Should the drilling program be successful, it is expected to enhance the project's economics through mine life extensions or production expansions.



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1. Graphex confirms that all material assumptions underpinning the production targets and forecast financial information in the Replacement Prospectus lodged on 10 May 2016 continue to apply and have not materially changed.