



Letter from the Managing Director

Dear Shareholder,

On 6 March 2020, Graphex Mining Limited (ACN 610 319 769) (**Graphex** or the **Company**) announced its intention to offer shareholders the chance to participate in a share purchase plan to subscribe for additional fully paid shares (**New Shares**) in the Company (**SPP** or the **Plan** or the **Offer**) at \$0.065 per Share, to raise up to \$0.25 million.

The Board of Directors is now pleased to make that offer to eligible shareholders on the terms and conditions enclosed in this letter (**Terms and Conditions**).

New Shares will be issued under the Plan without the need for shareholders to pay brokerage costs and without the need for the Company to issue a prospectus. The Plan is governed upon such terms and conditions as the board of directors of the Company, in its absolute discretion, sees fit.

Details of the Company's current activities are set out in announcements made by the Company to the ASX and are available from the ASX, or the Company's website at www.graphexmining.com.au.

Funds raised under the Plan, together with the \$0.8m placement announced on 6 March 2020, will be used to support engagement with Castlake on financing development of the Chilalo Graphite Project, general corporate purposes and working capital.

Details of the SPP, including its terms and conditions, are set out in this SPP Offer Booklet. Please read this SPP Offer Booklet carefully and in full. The SPP Offer is open until 5.00pm (Perth time) on Tuesday, 31 March 2020, unless otherwise extended or withdrawn. To accept the SPP Offer and apply for SPP Shares, please follow the instructions in this SPP Offer Booklet and on the enclosed Application Form. If you have any questions about the Offer, please call the Company Secretary on +61 8 9200 4960 between 8.30am and 6.00pm AWST Monday to Friday (Perth time) during the SPP Offer period.

Thank you for your continuing support as a valued Shareholder.

Yours faithfully

A handwritten signature in black ink, appearing to read "Phil Hoskins".

Phil Hoskins
Managing Director
Graphex Mining Limited

1. Key dates

Event	Date
Record Date	5:00 pm (AWST) Thursday, 5 March 2020
Announcement of SPP and lodgement of Appendix 3B	Friday, 6 March 2020
Dispatch of SPP Offer Booklet and lodgement of SPP Cleansing Notice	Wednesday, 11 March 2020
Closing Date	Tuesday, 31 March 2020
Lodge Appendix 2A, issue of New Shares under the SPP	Thursday, 9 April 2020
Dispatch of holding statement	Tuesday, 14 April 2020
Quotation on ASX of New Shares under the SPP	

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

2. Summary of the Share Purchase Plan Offer

2.1 Shareholders Eligible to Participate in the Plan

Participation in the Plan is optional and is subject to these Terms and Conditions. The Plan is available to shareholders of the Company who are registered as holders of Shares at 5:00pm (WST) on Thursday, 5 March 2020 (**Record Date**) and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

The Company reserves the right in its absolute discretion to offer the SPP to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Directors in their sole discretion regard as acceptable.

An offer may, at the discretion of the directors of the Company (**Directors**), be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12-month period is \$30,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

An application form for the Plan (**Application Form**) is included in this package.

2.2 Issue of Shares

Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors.

Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in the capital of the company from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Shares issued under the Plan. The Company will, promptly after the issue of Shares under the Plan, make application for those Shares to be listed for quotation on the official list of ASX.

2.3 Issue Price of Shares

The price of Shares to be issued under the Plan is \$0.065 per Share (**Issue Price**).

2.4 How much can you invest?

Eligible Shareholders may each apply for up to a maximum of \$30,000 worth of Shares and a minimum of \$1,000 worth of Shares under the Plan.

2.5 How to accept this Offer

To apply for Shares under the Plan, please follow the instructions on the enclosed personalised Application Form.

Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

Offer	Total amount payable
Offer A	\$30,000
Offer B	\$20,000
Offer C	\$15,000
Offer D	\$10,000
Offer E	\$5,000
Offer F	\$2,000
Offer G	\$1,000

The number of Shares to which you are entitled will be calculated by dividing the subscription amount you have selected by the Issue Price, rounded down.

Once an application has been made it cannot be revoked. All Application Forms must be received by the **Closing Date of Tuesday, 31 March 2020**. If the exact amount of money is not tendered with your application, the Company reserves the right to either:

- (a) return your Application Form and/or payment and not allot any Shares to you; or
- (b) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

2.6 Multiple Holdings

The maximum investment any Eligible Shareholder may apply for will remain \$30,000 even if an Eligible Shareholder receives more than one Offer (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the Shares the subject of the application and any other shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$30,000.

2.7 Custodians and Nominees

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of \$30,000 worth of Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to the Company, as described in these Terms and Conditions. Please refer to section 2.15 of these Terms and Conditions for more details.

2.8 Underwriting

The SPP is not underwritten.

2.9 Relationship of Issue Price with Market Price

The Issue Price of \$0.065 per share represents a discount of 18.75% to the 5 day VWAP of \$0.08 to Tuesday, 3 March 2020, and a of 22.6 % discount to the last trading price of \$0.084 (being the closing price on Tuesday 3 March 2020). The market price of Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the Issue Price is at a discount, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.

The Board recommends that you obtain your own financial and taxation advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

2.10 Additional Information and Important Dates

The offer of Shares under the Plan is made in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act (2001) (Cth) (**Corporations Act**).

The Offer cannot be transferred and the Directors of the Company reserve the right in their absolute discretion to reject, or scale back, at the Directors' discretion, any application. Shares allotted under the Plan will be issued no later than 7 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum amount currently proposed to be raised under the Offer is \$0.25 million. The Company, however, reserves absolute discretion regarding the final amount raised under the Offer, subject to the ASX Listing Rules.

In the event of oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back applications. Scale-back for Shares held by Custodians will be applied at the level of the underlying Beneficiary. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions.

If the Company rejects or scales-back an application or purported application, the Company will promptly

return to the shareholder the relevant application monies, without interest.

2.11 Risk

Shares are a speculative investment and the market price may change between the dates you apply for Shares under the Offer and the issue of SPP Shares to you. Accordingly, the value of Shares applied for under this Offer may rise or fall.

This Offer is not a prospectus and does not require the types of disclosure required under the Corporations Act for a disclosure document. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX, and, if necessary, consult your professional advisor when deciding whether to participate in this Offer.

The Company recommends that you monitor the Company share price and any Company announcements, which can be found on the Company website at www.graphexmining.com.au or on ASX's website at www.asx.com.au (ASX code: GPX).

2.12 Foreign Offer Restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

Notwithstanding the foregoing, the Company reserves the right in its absolute discretion to offer the SPP to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Directors in their sole discretion regard as acceptable.

2.13 New Zealand Shareholders

The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (as amended)* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

2.14 No Financial Advice

This document does not provide financial advice and has been prepared without taking account of any person's investment objectives, financial situation or particular needs. You should consider the appropriateness of participating in the Plan having regard to your investment objectives, financial situation or particular needs. Shareholders should seek independent financial and taxation advice before making any investment decision in relation to these matters.

2.15 Custodians, Trustees and Nominees

If you are an Eligible Shareholder and hold Shares as a custodian (as defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (refer below) (**Custodian**)), you may apply for up to \$30,000 worth of new Shares for each beneficiary for whom you act as custodian provided you complete and submit, together with an Application Form, a certificate (**Custodian Certificate**) with the following information:

- (a) that you held Shares on behalf of:
 - (i) one or more other persons that are not custodians; and/or
 - (ii) another custodian (**Downstream Custodian**) that holds beneficial interests in Shares on behalf of one or more other persons who are resident in Australia or New Zealand, to which those beneficial interests relate,

(each a **Participating Beneficiary**) at the Record Date who have subsequently instructed you, and/or the Downstream Custodian, to apply for Shares under the Plan on their behalf;
- (b) the number of Participating Beneficiaries and their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through a Downstream Custodian, to apply for on their behalf;
- (e) that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act in addition to the application price for any other Shares issued to you as custodian (as a result of instruction given to you as Custodian or a Downstream Custodian) for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$30,000;
- (f) that a copy of the written offer document was given to each Participating Beneficiary; and
- (g) where you hold Shares on behalf of a Participating Beneficiary indirectly, through one or more Downstream Custodians, the name and address of each Downstream Custodian.

For the purposes of ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 you are a '**Custodian**' if you provide a custodial or depository service in relation to shares of a body or interests in a registered scheme and who:

- (a) holds an Australian financial services licence covering the provision of a custodial or depository service;
- (b) is exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depository service;
- (c) holds an Australian financial services licence covering the operation an IDPS or is a responsible entity of an IDPS-like scheme;

- (d) is a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (e) is a registered holder of shares or interests in the class and is noted on the register of members of the body or scheme as holding the shares or interests on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company's Share Registry at any time from 8.30am to 5.00pm (WST time) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

2.16 Applications and Notices

At the discretion of the Directors, the Company will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. Applications will not be accepted after the closing date of the Offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by the Company to participants may be given in any manner prescribed by its Constitution.

2.17 Acknowledgement

By returning an Application Form with a cheque, bank draft, money order or preferably making a payment via BPAY, you:

- (a) irrevocably and unconditionally agree to the terms and conditions of the Plan and the terms and conditions of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the Plan;
- (b) warrant that all details and statements in your application are true and complete and not misleading;
- (c) agree that your application will be irrevocable and unconditional (that is, it cannot be withdrawn even if the market price of the Shares is less than the Issue Price);
- (d) warrant that you are an Eligible Shareholder and are eligible to participate in the Plan;
- (e) acknowledge that no interest will be paid on any application monies held pending the issue of Shares under the Plan or subsequently refunded to you for any reason;

- (f) acknowledge that the Company and its officers and agents, are not liable for any consequences of the exercise or non-exercise of its discretions referred to in these terms and conditions;
- (g) acknowledge and agree that if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia New Zealand, and you have not sent these Terms and Conditions, an Offer Document, or any materials relating to the Plan, to any person outside Australia and New Zealand;
- (h) if you are applying on your own behalf (and not as a Custodian), acknowledge and agree that:
 - (i) you are not applying for Shares with an application price of more than \$30,000 under the Plan (including by instructing a Custodian to acquire Shares on your behalf under the Plan); and
 - (ii) the total of the application price for the following does not exceed \$30,000:
 - (A) the Shares the subject of the application;
 - (B) any other Shares issued to you under the Plan or any similar arrangement in the 12 months before the application (excluding Shares applied for but not issued);
 - (C) any other Shares which you have instructed a Custodian to acquire on your behalf under the Plan; and
 - (D) any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the Plan.
- (i) if you are a Custodian and are applying on behalf of a Participating Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
 - (i) you are a Custodian (defined above);
 - (ii) you hold Shares (directly or indirectly) on behalf of one or more Participating Beneficiaries;
 - (iii) you held Shares on behalf of the Participating Beneficiary as at the Record Date who has instructed you to apply for Shares on their behalf under the Plan;
 - (iv) each Participating Beneficiary on whose behalf you are applying for Shares has been given a copy of this document;
 - (v) the application price for the Shares applied for on behalf of the Participating Beneficiary, and any other Shares applied for on their behalf under a similar arrangement in the previous 12 months (excluding shares applied for but not issued), does not exceed \$30,000; and

- (vi) the information in the Custodian Certificate submitted with your Application Form is true, correct and not misleading;
- (j) agree to be bound by the constitution of the Company (as amended from time to time);
- (k) acknowledge that none of the Company, its advisers or agents, has provided you with any financial product or investment advice or taxation advice in relation to the Plan, or has any obligation to provide such advice; and
- (l) authorise the Company, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail.

2.18 Modification and Termination of the Plan

The Company may modify or terminate the Plan at any time. The Company will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, the Company may issue to any person fewer Shares than the person applied for under the Plan if the issue of Shares applied for would contravene any applicable law or the Listing Rules of ASX.

2.19 Raising Amount and Scale-back

The Company seeks to raise a maximum of \$0.25 million. The Company reserves absolute discretion regarding the final amount raised under the Plan.

In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications as the Directors consider fit. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

2.20 Dispute Resolution

The Company may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Shares. The decision of the Company in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

The Company reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of the Company under these conditions may be exercised by the directors of the Company or any delegate of the directors of the Company.

2.21 Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact Graphex's Company Secretary on +61 8 9200 4960.

If you have any questions regarding an investment into the Company by taking up the SPP offer, please contact your stockbroker or professional adviser.

3. Frequently Asked Questions

1.	What is the Share Purchase Plan?	Under the Share Purchase Plan, eligible shareholders have an opportunity to apply to purchase up to A\$30,000 worth of New Shares at an issue price of \$0.065 (6.5 cents) per SPP Share (subject to scale-back).													
2.	Am I an Eligible Shareholder?	<p>You are an Eligible Shareholder if you are a holder of Graphex ordinary shares on the Record Date, being 5.00pm (AWST) on Thursday 5 March 2020 and have a registered address in Australia or New Zealand.</p> <p>If you hold Shares on behalf of persons who reside outside Australia or New Zealand, you are not an Eligible Shareholder and are not entitled to participate in the Share Purchase Plan.</p> <p>If you are a joint holder of Shares, please refer to page 2 of this Booklet under the heading Multiple Holdings, for further information.</p> <p>The Company reserves the right in its absolute discretion to make the Offer to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Directors in their sole discretion regard as acceptable.</p>													
3.	How are custodians and nominees treated under the Share Purchase Plan?	Please refer to sections 2.7 and 2.15 of this Booklet under the heading Custodians and Nominees for information on eligibility for custodian and nominee shareholders.													
4.	What are the key dates of the Share Purchase Plan?	<table><tr><td>Record Date</td><td>5:00 pm (AWST) Thursday, 5 March 2020</td></tr><tr><td>Announcement of SPP and lodgement of Appendix 3B, Cleansing Notice and Offer Booklet Offer opens</td><td>Friday, 6 March 2020</td></tr><tr><td>Dispatch of Offer Booklet complete</td><td>Wednesday, 11 March 2020</td></tr><tr><td>Closing Date</td><td>Tuesday, 31 March 2020</td></tr><tr><td>Lodge Appendix 2A, Issue of New Shares under the SPP</td><td>Thursday, 9 April 2020</td></tr><tr><td>Dispatch of holding statement Quotation on ASX of New Shares under the SPP</td><td>Tuesday, 14 April 2020</td></tr></table> <p>The Company may vary any of the above dates in its absolute discretion, subject to the ASX Listing Rules and the Corporations Act, by lodging a revised timetable with ASX.</p>		Record Date	5:00 pm (AWST) Thursday, 5 March 2020	Announcement of SPP and lodgement of Appendix 3B, Cleansing Notice and Offer Booklet Offer opens	Friday, 6 March 2020	Dispatch of Offer Booklet complete	Wednesday, 11 March 2020	Closing Date	Tuesday, 31 March 2020	Lodge Appendix 2A, Issue of New Shares under the SPP	Thursday, 9 April 2020	Dispatch of holding statement Quotation on ASX of New Shares under the SPP	Tuesday, 14 April 2020
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5.	How do I apply?	<p>If you are an Eligible Shareholder, you may apply to purchase a parcel of New Shares with a value of either \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000 or \$30,000. You can apply under the Share Purchase Plan through one of the following methods:</p> <p><u>Option 1</u></p>													

		<p>Complete the enclosed SPP Application Form as instructed and return it to the address indicated on the form, together with your payment.</p> <p><u>Option 2</u></p> <p>You can make a payment by BPAY. To do this, you must use the unique Billing Code and Reference Number shown on the SPP Application. If you make your payment with BPAY you do not need to return your SPP Application Form but you will be taken to have made the statements and certifications that are set out in the SPP Application.</p> <p>You will not be able to withdraw or revoke your application or BPAY payment once you have submitted it or made it, nor change the amount of New Shares you have applied for.</p> <p>If you make your payment using BPAY you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment, and you should take this into consideration when making payment.</p> <p>You must ensure that the Share Registry receives your application and payment by 5:00 pm (AWST) on Tuesday, 31 March 2020.</p>
6.	What is the maximum amount I can invest?	Eligible Shareholders may only acquire a maximum of A\$30,000 worth of New Shares under the Share Purchase Plan, irrespective of the number of Shares they currently hold. This limitation applies even if you receive more than one SPP Application, or if you hold Shares in more than one capacity.
7.	What is the Scale-back?	Please refer to section 2.19 of this Booklet under the heading Raising Amount and Scale-back for information in relation to Scale-back.
8.	What rights will the New Shares have?	New Shares will rank equally in all respects with existing Shares quoted on the ASX, with the same voting rights, dividend/distribution rights and other entitlements from issue.
9.	Will the New Shares be quoted?	Yes. The Company will apply for the New Shares to be issued under the Share Purchase Plan to be quoted on the ASX.
10.	Is the Share Purchase Plan underwritten?	No.
11.	Can I transfer my rights under the Share Purchase Plan?	Your rights under the Share Purchase Plan are personal and cannot be transferred to another person.
12.	Will there be brokerage and other transaction costs?	No broker or other transaction costs will apply to the application for, and issue of, New Shares under the Share Purchase Plan.