

13 February 2018

ONGOING INFRASTRUCTURE ADVANCES SUPPORT THE DEVELOPMENT OF CHILALO

Graphex Mining Limited ('Graphex' or the 'Company') (ASX: GPX) is pleased to report on improvements to key infrastructure in south-east Tanzania that support the development of the Chilalo Graphite Project and have the potential to materially improve the Project's economics.

The infrastructure improvements, which were seen first-hand during a recent visit to Tanzania with the Company's prospective joint venture partner CN Docking Joint Investment and Development Co Ltd, include:

- Potential access to grid-connected power supply from a 300MW power station at Mtwara;
- Upgrade of the road from Nanganga to Ruangwa; and
- Construction of additional berths to expand the Mtwara Port facility.

Power supply

The Government of Japan, through the Japan International Cooperation Agency ('JICA'), has completed a study on the construction of a 300MW electrical power generation facility using natural gas in Mtwara. The proposed project involves the supply and installation of a power generation plant and a 400kV transmission line from Mtwara to Somanga Fungu in Lindi (see Figure 1).

The project, which is estimated to cost US\$423 million, will be majority funded by a grant from JICA, with the balance to be met by a contribution from the Government of Tanzania. The Tanzanian Government contribution has been included in the budget outline for 2018-19. Tendering of contracts is expected to be finalised in 2018, with construction targeted for completion in 2020.

The Tanzanian Government, through the Tanzania Electric Supply Company Limited ('TANESCO'), a government owned public utility under the Ministry of Energy with responsibility for the generation, transmission, distribution and sale of electricity, is also constructing sub-stations at Mtwara, Mingoyo and Nanganga to provide for the reticulation of grid power throughout the south-east region of Tanzania.

Following discussions held with TANESCO regarding the opportunity for Chilalo to access power supplied from the proposed Mtwara power plant and the arrangements under which this may take place, TANESCO conducted a site survey visit in 2017. Access to grid-connected power would result in substantial operating cost savings and improve existing project economics, which have assumed diesel generation.

The planned power supply route to Ruangwa, and its proximity to Chilalo, are shown in Figure 1.

Mtwara Port

In 2017, the Tanzanian Government approved the expansion and upgrade of the Mtwara Port in order to more effectively handle resources and agricultural products cargo from the Southern Tanzania development corridor and from neighbouring countries of Malawi and Zambia.

This involves the construction of two new berths with specialised terminals for handling different types of cargo. Construction of Berth No. 2, which is 350 metres long and designed for mixed cargo, commenced in March 2017 and is well advanced (see Figures 2 and 3).

The Mtwara Port has existing capacity of 400,000 tonnes per year and this will increase to 800,000 tonnes per year on completion of Berth No. 2. The Port is currently used primarily for the export of cashew nuts in November-March, and is significantly under-utilised for the remainder of the year.

Road upgrade

Upgrade of the road from Nanganga to Ruangwa is continuing, with the road initially being upgraded to a high-quality gravel road and progressively sealed with bitumen from Ruangwa. This would mean that all but approximately 25 kilometres of the route from Chilalo to the Mtwara Port will be bitumenised following completion of the road upgrade (see Figure 1). The road upgrade is expected to be completed by 2020.

Managing Director, Phil Hoskins, commented, *"The continued commitment of the Tanzanian Government to these infrastructure improvements in south-east Tanzania is particularly encouraging. Not only do such improvements increase the region's capacity to support industry and deliver improved living standards for local Tanzanians, they are expected to significantly improve the economics of our Chilalo Project."*



PHIL HOSKINS

Managing Director

For further information, please contact:

Phil Hoskins – Managing Director

Tel: +61 8 9200 4960

**Stuart McKenzie – Commercial Manager and
Company Secretary**

Tel: +61 8 9200 4960

Media

Michael Weir and Richard Glass

Citadel-MAGNUS

Tel: +61 8 6160 4900

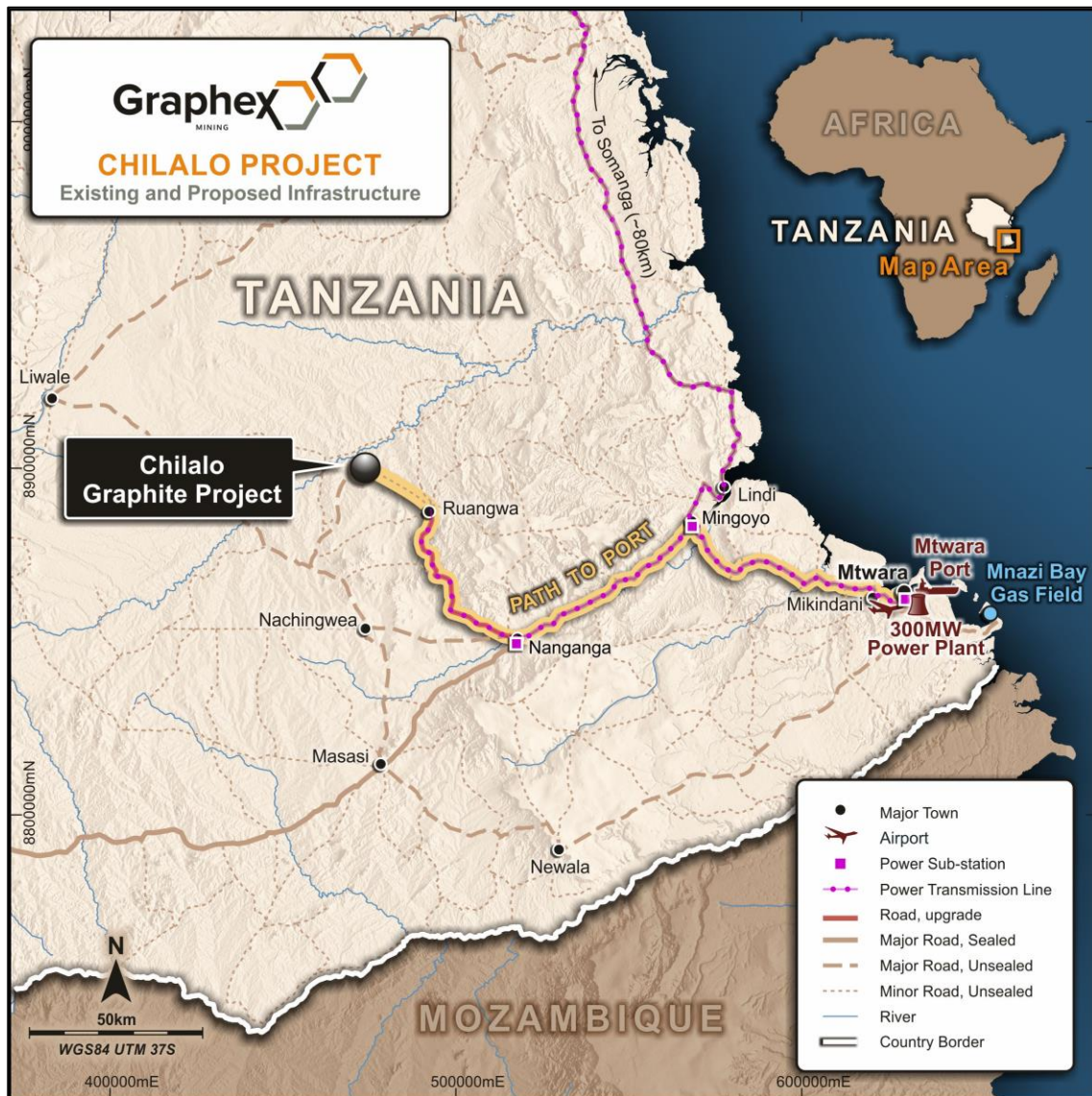
About Graphex

Graphex Mining Limited is an Australian exploration and development company, dedicated to advancing the world class Chilalo Graphite Project, located in south-east Tanzania. Chilalo is host to a high-grade mineral resource and has demonstrated an ability to produce a premium graphite concentrate, which is the coarsest fake graphite product in the world. Chilalo graphite possesses outstanding expandability characteristics, making it ideally suited to the rapidly growing expandable graphite market.

Graphex has an experienced board and management team with specific skills and extensive experience in African based project development, exploration, mining and processing.

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

Figure 1. Chilalo Graphite Project: Existing and proposed infrastructure



Location of new Berths at Mtwara Port



Construction of new Berth 2 at the Mtwara Port in progress

