

FINANCE VIDEO: Graphex Mining Ltd: Fully Funded to Production with Castlelake Backing

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Perth, Australia - Graphex Mining (ASX:GPX) has announced an US\$80 million funding solution for the development of its Chilalo graphite project in Tanzania, which will see the company fully funded to first production. Highlights of the announcement include the following.

- Castlelake L.P. agrees to provide up to US\$80 million of funding for the Chilalo graphite project.
- US\$5 million to be raised immediately from the issue of interim loan notes.
- The binding term sheet for the development funding package includes up to:
 - o US\$40 million of senior secured loan notes, and
 - o US\$40 million of equity.
- This transaction sees Graphex fully funded to production, subject to the satisfaction of certain conditions, including full form documentation and resolution of issues associated with Tanzanian mining legislation.
- The funding package follows an updated pre-feasibility study (PFS) released during September:
 - o post-tax NPV (10% discount rate) - US\$349 million;
 - o post-tax internal rate of return (IRR) - 131%;
 - o post-tax payback period - 0.84 years, and
 - o pre-production capital expenditure of approximately US\$43.6 million for Stage 1 (including contingencies).

Analyst comment: funding is arguably the largest risk for any resource development company and, given the changes to Tanzania's legal framework for resource projects last year, the task has become more difficult for entities operating in that country.

Being in receipt of a fully funded solution from a highly reputable Western financier (the first, we understand, in Tanzania since the updated legislation) is a game-changer for Graphex and puts it ahead of other graphite developers, in that region in particular.

The transaction was achieved as a result of the Chilalo project's exceptional returns, as highlighted in the recently updated PFS, the most notable feature of which was the exceptional operating margins (PFS - \$1,298/t). These were due to the quality of the product produced (expandability, flake size and mass distribution), leading to a forecast basket price (PFS - US\$1,777) at the upper end of the spectrum for global graphite projects.

Castlelake LP: is global private investment firm that manages private funds of around US\$14 billion in assets. The group has been the major backer for three development projects listed on the ASX in the past 15 months, at a total development cost of around \$400 million.

We understand, however, that this is the first time Castlelake has provided a fully funded, turnkey solution for a single resource development project (for an ASX-listed company at least). Graphex will also become Castlelake's largest equity position (percentage ownership) in an ASX-listed company, as the group seeks a minimum 40% interest in Graphex after the development financing. It is a clear indication of Castlelake's long-term faith in the Chilalo project and Graphex's share price potential.

Valuation: following the funding announcement and PFS update, we have updated our valuation of Graphex to \$1.51/share (share price \$0.27). For full details of our valuation analysis, watch the video.

To view the video, please visit:
<http://www.abnnewswire.net/press/en/95273/gpx>

About Graphex Mining Ltd:

[Graphex Mining Ltd.](#) (ASX:GPX) is an Australian resources company listed on the Australian Securities Exchange under stock code GPX. Graphex owns the world-class, coarse flake Chilalo Graphite Project, located in south-east Tanzania, which is an outstanding development ready opportunity.

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