



Deed of Company Arrangement

We refer to the Creditors' approval of 27 October 2016 of the Interlocking Deeds of Company Arrangement (DOCA) and the market announcement of 16 November 2016 by the Deed Administrator, and provide the following by way of further update:

- (a) The Board and the Deed Administrator continue to progress the satisfaction of the various conditions contained in the DOCA including attending to:
 - Finalisation of tenement regulatory filings with the Mineral Resources Division of the South Australian Department of Premier and Cabinet;
 - Completion of corporate filings (and approvals) with the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX);
- (b) Upon the completion of the above and, in particular, the approval by ASIC and ASX of the Notice of Extraordinary Shareholders' Meeting, the Creditors' Deed of Trust (see announcement of 16 November 2016) shall be executed; and
- (c) As foreshadowed in this announcement Shareholders will be invited to consider and vote on the recapitalisation of Quantum Graphite at an Extraordinary Shareholders' Meeting. Notice of this Meeting together with additional information outlining the terms of the recapitalisation shall be provided to Shareholders as soon as practicable following the satisfaction of the conditions described in paragraph (a) above.

Should you wish to discuss this announcement please contact Sal Catalano at compliancegroup@chimaerafinancial.com or Garth O'Connor-Price at garth.oconnorprice@williambuck.com.

Laurence Fitzgerald
Joint & Several Deed Administrator
William Buck

Sal Catalano
Director
Quantum Graphite Limited