



# Quantum Graphite

**Quarterly Activity Report and Appendix 5B**  
**Period Ending 31 March 2019**  
**For Immediate Release**  
29 April 2019

## Highlights

- Continuation of works on the Uley Project Expansion Definitive Feasibility Study (DFS)
- Corporate Actions – Completion of shares sale under Unmarketable Parcel Share Sale Facility and issue of 75,639,176 of shares under the Non-renounceable Entitlement Offer
- Site visit by Lycopodium Minerals DFS project team and contractors

## Uley Project Expansion and Definitive Feasibility Study (DFS)

The Board has previously announced details of the ongoing work associated with the DFS. The review of the company's Mineral Resources at Uley 2, the associated mine plan and the metallurgical test work continues.

The company had expected to make further announcements in respect of the DFS before the end of the quarter however the increase in the scope of works as previously foreshadowed has resulted in the announcements now being scheduled for May 2019. Specifically, announcements in respect of the metallurgical test work and the update to the Uley 2 Mineral Resource Estimate will be made within the next 3 weeks.

During the quarter, the Lycopodium Minerals DFS project team and contractors visited the Uley mine site and conducted a detailed inspection of the Uley 2 pit and run of mine stockpile locations, the tailings storage facility and associated settling ponds, the installed infrastructure (i.e., mains power and water and gas storage) and potential process plant locations.

## Unmarketable Parcel Share Sale Facility and Non-renounceable Entitlement Offer

On 11 March 2019, the Non-renounceable Entitlement Offer (Rights Offering) closed and on 13 March 2019 the company announced the issue to eligible shareholders of 75,639,176 new shares at an issue price of \$0.003 per share. The company expects to make a further announcement in respect of the placing of the shortfall under the Rights Offering before the end of May 2019.

On 24 April 2019, the company announced the completion of the sale of shares pursuant to the Unmarketable Parcel Share Sale Facility (Share Sale Facility). Under the Share Sale Facility, a total of 58,233,563 shares, on behalf of 3,151 shareholders, were sold on market at an average price of \$0.003 per share. The Board is pleased with the results of the Share Sale Facility for small shareholders and for the company's ongoing corporate costs management.

## Expenditure Details

The pro forma Appendix 5B (Mining exploration entity and oil and gas exploration entity quarterly report) is attached to this report.

The company incurred higher costs (approximately 18%) than that estimated for the relevant quarter principally due to additional costs associated with the above-mentioned corporate actions.

### Schedule of Tenements (ASX Listing Rule 5.3.3)

Tenement	Tenement Type	Interest <sup>1</sup>	Changes during the Quarter
ML5561	Mining Licence	100%	Nil
ML5562	Mining Licence	100%	Nil
RL66	Retention Licence	100%	Nil
RL67	Retention Licence	100%	Nil
EL6224	Exploration Licence	100%	Nil

1. All interests are registered in the name of the company's subsidiary, Quantum Graphite Operations Pty Ltd and held as at the end of the quarter.

### Corporate Information and Announcements

As at 31 March the company had 7,562,427,608 ordinary shares and 1,000,000,000 unlisted options on issue and 4,163 shareholders. The top 20 shareholders held 70.2% of the issued ordinary shares in the company. (Note: following the completion of the Share Sale Facility the number of shareholders decreased by 3,151).

As at 31 March 2019 the company held cash at bank of \$510,933. As at 30 April 2019 the company held cash at bank of \$415,785.

This report should be read in conjunction with all prior announcements made by the company to the ASX including all announcements released under the company's previous code, VXL (on and from 18 November 2013 until 30 November 2016) available at <http://quantumgraphite.com/investors>.

### For further information

For further information contact:  
Company Secretary  
Quantum Graphite Limited  
T: +61 3 8614 8414  
e: [info@qgraphite.com](mailto:info@qgraphite.com)

## **Competent Persons Statement**

QGL confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters relating to Mineral Resources is based on, and fairly represent, the Mineral Resources and information and supporting documentation extracted from the reports prepared by a competent person in compliance with the JORC Code (2012 edition) and released to the ASX (including under the company's previous code, VXL on 17 December 2014, 5 May 2015 and 15 May 2015 respectively).

## **Forward Looking Statements**

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of QGL, that could cause QGL's actual results to differ materially from the results expressed or anticipated in these statements.

QGL cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. QGL does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law.

+Rule 5.5

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Quantum Graphite Limited

### ABN

41 008 101 979

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(172)	(373)
(b) development	-	(24)
(c) production	-	-
(d) staff costs	(23)	(69)
(e) administration and corporate costs	(265)	(1,002)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-

+ See chapter 19 for defined terms  
1 September 2016

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(458)</b>	<b>(1,462)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	227	2,398
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
3.4	Transaction costs related to issues of shares, convertible notes or options	(83)	(458)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>144</b>	<b>1,940</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	825	33
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(458)	(1,462)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	144	1,940
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>511</b>	<b>511</b>



<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	-	-
5.2 Call deposits	511	825
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>511</b>	<b>825</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

(365)

-

Administrative, corporate and compliance services provided to the company.

**7. Payments to related entities of the entity and their associates**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**  
*Add notes as necessary for an understanding of the position*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(245)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(23)
9.5 Administration and corporate costs	(114)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(382)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  
Company secretary



Date: 29 April 2019

Print name: Sal Catalano

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

