

“ Without graphite, you could only raise sheep in Silicon Valley.”

SGL advertisement from 1995

Annual General Meeting 2020



# Annual General Meeting 2020

## INTRODUCTION

Good morning ladies and gentlemen and welcome to this Annual General Meeting of Shareholders of Quantum Graphite Limited for 2020.

My name is David Trimboli and I will chair today's meeting I am joined today by my fellow directors, Sal Catalano, Steven Chadwick, Robert Osmetti and the Company's Chairman, Bruno Ruggiero.

## AUDITOR INTRODUCTION

I note the presence of Ms. Bronwyn Wundersitz representing auditors Grant Thornton and thank her for attending.



# Annual General Meeting 2020

## ADMINISTRATION

The screen you are viewing has the Photo of who is speaking on the left-hand side of the screen and the Company's slide presentation on the right hand side of the screen. At the bottom of the screen you will find three boxes that invite you to:

- 'Get a Voting Card'
- 'Ask a Question' and
- Download the Notice of Meeting, the Company's Annual Report and the Online Guide. This guide provides a step-by-step approach on how to participate in this meeting.

As this is a virtual meeting, the meeting platform provides for electronic voting.

If you are logged in as a shareholder, you will be able to cast your vote using the electronic voting card received after clicking the 'Get a Voting Card' button. You can then choose to vote at any time during the meeting. You can also make a change to your vote at any time while voting remains open. But once you submit your Voting Card, you will be unable to change it. Any cards not submitted by the close of voting will be automatically submitted.

We will let you know as we approach the close of voting, but it will be 5 minutes after the close of the meeting. At the conclusion of the meeting, a red bar with a countdown timer will appear at the top of the screen advising you of the remaining voting time. Please make any changes and submit your Voting Card before or during this time.

Shareholders can also submit questions or comments at any time during the meeting using the 'Ask a Question' button on your screen. We encourage you to submit your questions as early as possible in the meeting.

If you are having any technical difficulties and the online meeting guide isn't addressing them, please phone the toll-free number on the top of the web page. This number is also on the bottom left of the last page of the online guide.

If we experience technical difficulties during the meeting that prevent us continuing, we will adjourn the meeting and release an announcement to the ASX on when the meeting will recommence or when we will hold another meeting.



# Annual General Meeting 2020

## **QUORUM**

I am informed by the Company Secretary that a quorum is present and accordingly, I declare this meeting open.

## **NOTICE OF MEETING AND PROXY INFORMATION**

The Notice of Meeting has been available to shareholders electronically on the ASX platform since 30 October 2020 and in accordance with the modifications to the Corporations Act under the Treasurer's Determinations in connection with the Federal Government's Coronavirus Economic Response permitting the holding of virtual meetings. I shall take the Notice as read. At today's meeting we have 7 items of business and 12 resolutions to consider which will be put to a poll.

The total number of valid proxy votes received, and the manner in which the proxies will be directed, will be displayed with each resolution considered.

## **SHAREHOLDER ADDRESS**

On behalf of the Board Sal Catalano will provide an overview of the past year's operations and achievements and Bruno Ruggiero will present the key technical highlights.



# Review of 2019/20

## Achieved in 2019/20...

- DFS fully funded and now completed – Uley 2 (Stage 1) represents a compelling investment with **excellent exposure to industrial mineral emerging technologies and the global electricity markets.**
- All Mining/Retention Leases and Exploration Licences fully maintained and Exploration Commitments fully funded.
- All environmental permits renewed
- Commencement of negotiations with major off-takers and Uley 2 funders.
- Collaboration arrangement with Sunlands Co. extended.

## DFS Metrics (Stage 1) at a Glance

Total cashflow (Stage 1)	A\$207million
Internal Rate of Return	27%
Crusher feed	500,000tpa
Graphitic carbon grade	11.89%
Graphitic carbon recovery	84%
Concentrate purity	>95% graphitic carbon
Capital expenditure	A\$80million
Product cost (ave LOM)	US\$368
Product price (ex-works)	US\$919dmt

## Commercial strategy remains the targeting key customers/markets that will support Uley 2 financing...

- Bankable markets - refractories/thermal applications manufacturers. Exploit previous customer relationships and target major North Asian refractory manufacturers in Japan and Korea;
- Growth markets - expected acceleration in growth of Li-ion batteries (EV) and technology initiative with The Sunlands Co;

This uniquely positions the Company as one of very few diversified high grade flake graphite providers.





# 2020 Update

## Challenges/COVID-19 Impacts

- European marketing visits and off-take negotiations deferred in February and March.
- Discussions with prospective financiers deferred in the first quarter.
- Auditor issue of disclaimer opinion underpinned by inherent uncertainty in funding markets.
- Technical work continues however site related works suspended.

## Company Response

- Contact with major customer targets maintained through regular virtual meetings. Additional customers identified mainly focusing on those seeking to diversify from China supply chain.
- Further funding sources identified resulting in discussions recommencing in 3Q20. The Company has now executed non-disclosure agreements with two financiers that propose to conduct due diligence over the coming weeks.
- Working with the ASX and the Company's advisers to end the suspension in trading in the Company's securities.
- Substantial progress made to enhance product specification under The Sunlands Co. collaboration.



# Technical Overview

## Revisit Technical Strategy

- Process plant optionality
  - Innovative design enabling substantial increase in production
  - Capability to embed further innovative technologies to significantly enhance product specification.

## Technical Developments

- The Sunlands Co. technical collaboration has resulted in the identification of certain process paths aimed at delivering further improvements to the Company's product specifications.
- Initial work suggests that material improvements can be made to overall purity of flake. Next stage of work is testing of representative samples scheduled to be completed by the end of January 2021.
- Under the collaboration arrangements process path is not confined to The Sunlands Co. supply but will be available to be exploited for the Company's total production.
- Concluding of The Sunlands Co. offtake arrangements delayed but expected to be finalised by the end of 2020.
- Discussions with prospective financiers includes the additional funding that would be required for the enhanced processing.



# At a glance....

## Structure

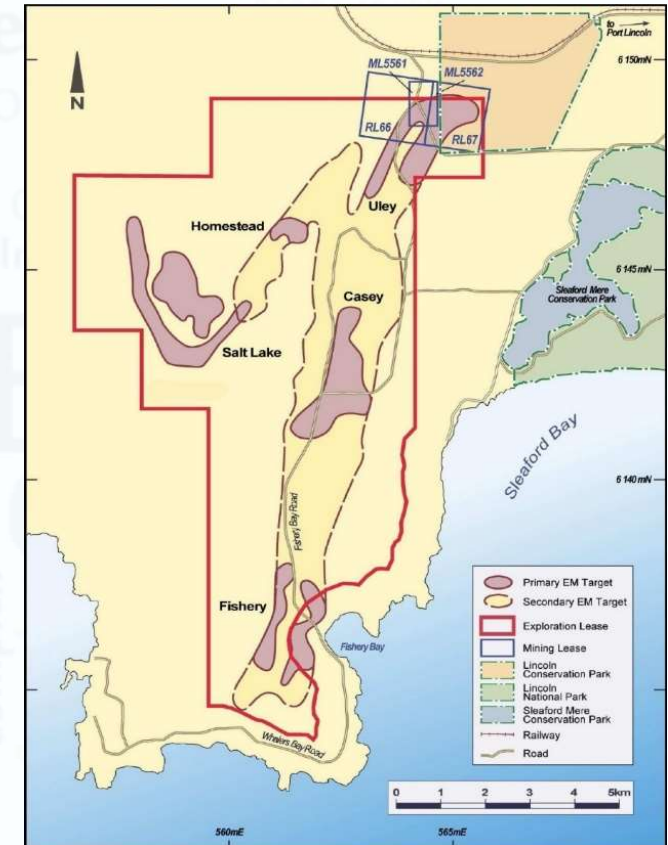
- Shares on Issue (on a fully diluted basis post consolidation) approx. 218.875million
- Top 50 Shareholders 85%
- Board Representation represents approximately >40% shareholding
- No debt, rehab liability of \$558,369 matched by security bond of \$1.07 million with South Australia Department of Energy and Mining (DEM)



Quantum Graphite

## Key Assets and Uley 2 Permitting

- Uley 2 - JORC 2012 Mineral Resources of 6.3 million tonnes at average grade of graphitic C of 11.1% with large exploration potential
- 4.0 million tonnes @ 11.89% constitutes JORC 2012 Ore Reserves
- Uley 2 - Only permitted graphite mine in Australia (PEPR issued by DEM on 24 December 2014)
- At a global level - historical producer of high value product and next likely major producer to enter high grade, large flake natural graphite market



### Tenements

Mining Leases 5561 and 5562  
Retention Leases 66 and 67  
Exploration Lease 6224 (75km<sup>2</sup>)

### Interest

100%  
100%  
100%



# Formal Business

## RESOLUTION 1 - Remuneration Report

To consider and, if thought fit, pass the following resolution:

To adopt the Remuneration Report for the year ended 30 June 2020 submitted as part of the Directors' Report for the financial year ended 30 June 2020, pursuant to sections 250R(2) and 250R(3) of the Corporations Act 2001 (Corporations Act).

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or the Company.

Resolution	Business	For	Against	Abstain	Open
1	Remuneration Report	27,250,592	229,711	54,082,449	1,714,443

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 2 – Change of Company Auditor

To consider and, if thought fit, to pass the following resolution as a special resolution:

That subject to the consent of the Australian Securities & Investments Commission to the current auditor resigning, to appoint RSM Australia Pty Ltd, having consented in writing and been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001 (Cwth), as Auditor of the Company.

Resolution	Business	For	Against	Abstain	Open
2	Change of Company Auditor	51,268,124	209,269	70,146	1,723,063

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 3 – Approval of Proposed Issue of Shares to Service Providers

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
3	Issue of Shares to Service Providers	100,411,221	265,416	5,017,333	1,714,443

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 4 - Approval of 10% Placement Capacity

To consider and, if thought fit, pass, the following resolution with or without amendment, as a special resolution:

In accordance with ASX Listing Rule 7.1A, and for all other purposes, the issue of Shares of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
4	Approval of 10% Placement Capacity	97,358,662	8,303,441	31,867	1,714,443

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 5(a) - Approval of Proposed Issue of Shares to Directors For Past Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Sal Catalano (or his nominee) 3,166,673 shares for the period 1 September 2018 to 31 December 2020 fully paid ordinary shares in satisfaction of directors' fees for the period 1 September 2018 and ending on 31 December 2020 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
5(a)	Issue of Shares for Past Remuneration to Sal Catalano	64,278,454	285,819	40,110,659	1,704,909

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).





# Formal Business

## RESOLUTION 5(b) - Approval of Proposed Issue of Shares to Directors For Past Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Steven Chadwick (or his nominee) 3,166,673 shares for the period 1 September 2018 to 31 December 2020 fully paid ordinary shares in satisfaction of directors' fees for the period 1 September 2018 and ending on 31 December 2020 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
5(b)	Issue of Shares for Past Remuneration to Steven Chadwick	103,223,777	285,747	1,051,050	1,704,981

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 5(c) - Approval of Proposed Issue of Shares to Directors For Past Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Robert Osmetti (or his nominee) 1,928,257 shares for the period 1 September 2018 to 31 December 2020 fully paid ordinary shares in satisfaction of directors' fees for the period 1 September 2018 and ending on 31 December 2020 on the terms set out in the Explanatory Memorandum..

Resolution	Business	For	Against	Abstain	Open
5(c)	Issue of Shares for Past Remuneration to Robert Osmetti	95,969,315	238,760	22,478	1,704,909

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 5(d) - Approval of Proposed Issue of Shares to Directors For Past Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Bruno Ruggiero (or his nominee) 3,166,673 shares for the period 1 September 2018 to 31 December 2020 fully paid ordinary shares in satisfaction of directors' fees for the period 1 September 2018 and ending on 31 December 2020 on the terms set out in the Explanatory Memorandum...

Resolution	Business	For	Against	Abstain	Open
5(d)	Issue of Shares for Past Remuneration to Bruno Ruggiero	92,908,370	285,819	22,478	1,704,909

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTION 5(e) - Approval of Proposed Issue of Shares to Directors For Past Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to David Trimboli (or his nominee) 1,928,257 shares for the period 1 September 2018 to 31 December 2020 fully paid ordinary shares in satisfaction of directors' fees for the period 1 January 2019 and ending on 31 December 2020 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
5(e)	Issue of Shares for Past Remuneration to David Trimboli	92,049,724	238,703	13,415,020	1,704,966

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTIONS 6(a) - Approval of Proposed Issue of Shares to Directors for Future Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Sal Catalano (or his nominee) fully paid ordinary shares in satisfaction of directors' fees up to a maximum of 600,000 shares per quarter for the year commencing 1 January 2021 and ending on 31 December 2021 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
6(a)	Issue of Shares for Future Remuneration to Sal Catalano	64,277,996	286,220	40,110,659	1,704,966

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).





# Formal Business

## RESOLUTIONS 6(b) - Approval of Proposed Issue of Shares to Directors for Future Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Robert Osmetti (or his nominee) fully paid ordinary shares in satisfaction of directors' fees up to a maximum of 400,000 shares per quarter for the year commencing 1 January 2021 and ending on 31 December 2021 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
6(b)	Issue of Shares for Future Remuneration to Robert Osmetti	95,968,857	239,161	268,414	1,704,966

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTIONS 6(c) - Approval of Proposed Issue of Shares to Directors for Future Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to Bruno Ruggiero (or his nominee) fully paid ordinary shares in satisfaction of directors' fees up to a maximum of 400,000 shares per quarter for the year commencing 1 January 2021 and ending on 31 December 2021 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
6(c)	Issue of Shares for Future Remuneration to Bruno Ruggiero	92,907,912	286,220	268,414	1,704,966

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Formal Business

## RESOLUTIONS 6(d) - Approval of Proposed Issue of Shares to Directors for Future Remuneration

To consider and, if thought fit, pass the following resolutions, each as an ordinary resolution:

That for the purpose of Listing Rule 10.11 and 10.13.2 and for all other purposes, and subject to any applicable ASX waiver, shareholder approval is given for the Company to issue to David Trimboli (or his nominee) fully paid ordinary shares in satisfaction of directors' fees up to a maximum of 600,000 shares per quarter for the year commencing 1 January 2021 and ending on 31 December 2021 on the terms set out in the Explanatory Memorandum.

Resolution	Business	For	Against	Abstain	Open
6(d)	Issue of Shares for Future Remuneration to David Trimboli	92,049,266	239,161	13,660,956	1,704,966

The Chairman, intends to vote all open/undirected proxies in favour of the relevant resolution(s).



# Disclaimer

This presentation includes certain statements that may be deemed forward-looking statements. All statements in these presentation materials (other than statements of historical facts) which address future production, reserve potential, exploration activities and events or developments that the Company expects, are forward-looking statements. Such forward-looking statements may include, without limitation: (i) estimates of future graphite prices, supply, demand and/or production; (ii) estimates of future cash costs; (iii) estimates of future capital expenditures; (iv) estimates regarding timing of future development, construction, production or closure activities; (v) statements regarding future exploration results; (vi) statements regarding cost structure, project economics, or competitive position, and; (vii) statements comparing the Company's properties to other mines, projects or metals.

Although the Company believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, that the Company expressly disclaims any responsibility for revising or expanding the forward looking statements to reflect actual results or developments, and that actual results or developments may differ materially from those projected, in the forward looking statements.

This presentation does not constitute a recommendation regarding the securities of the Company, and should not be construed as legal or financial advice. It has been prepared for information purposes only and contains general summary information and does not take into account the circumstances of any individual investor. Prospective investors in the Company are encouraged to obtain separate and independent advice with regard to any investment in the Company. By accepting the presentation materials, the recipient agrees to keep permanently confidential the information contained herein.

The Company 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 underpinning the estimates in this announcement continue to apply and have not materially changed.

Photographs, maps, charts, diagrams and schematic drawings appearing in this presentation are owned by and have been prepared by or commissioned by the Company, unless otherwise stated. Maps and diagrams used in the presentation are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this presentation. By accepting this presentation, the Recipient agrees to be bound by the foregoing statements.

