ASX Appendix 4D

under ASX Listing Rule 4.2A.1

This reporting period	1 July 2020 to 31 December 2020
Prior corresponding period	1 July 2019 to 31 December 2019

RESULTS FOR ANNOUNCEMENT TO MARKET

	% Change	This Period	Prior Period
Total revenue from ordinary activities	(50%)	254,365	509,335
(Loss)/profit from ordinary activities after tax attributable to members	(40%)	(407,806)	(291,027)
Net (loss)/profit attributable to members	(40%)	(407,806)	(291,027)

DETAILS RELATING TO DIVIDENDS

No dividends are proposed and no dividends were declared or paid during the current or prior period.

NET TANGIBLE ASSETS

	As at 31 Dec 2020	As at 31 Dec 2019
Net tangible asset per ordinary share (cents per share)	6.76#	7.34

#Includes impact of post reconstruction dilution

OTHER

Additional Appendix 4D disclosure requirements and further information can be found in the Financial Report for the Half Year to 31 December 2020.

This report is based upon the Financial Report for the Half Year to 31 December 2020 which has been reviewed by RSM Australia Partners. The auditors have issued an unmodified opinion with a material uncertainty paragraph in relation to going concern.

Quantum Graphite

Interim Financial Statements

for the half-year ended 31 December 2020

to be read in conjunction with the 30 June 2020 Annual Report.

Contents

This Interim Report covers Quantum Graphite Limited ABN41 008 101 979 (QGL or the Company) as a Group consisting of Quantum Graphite Limited and its subsidiary, Quantum Graphite Operations Pty Ltd ABN 46 004 947 004, collectively referred to as "the Group" or "the consolidated entity". The financial report is presented in the Australian currency.

Quantum Graphite Limited is a company limited by shares, incorporated and domiciled in Australia.

Registered Office	349 Collins Street Melbourne VIC 3000
Principal place of Business	349 Collins Street Melbourne VIC 3000
Website	quantumgraphite.com

Directors' Report

The Directors of Quantum Graphite Limited present their Report together with the financial statements of the Group for the half year ended 31 December 2020.

Board of Directors

The following persons were directors of Quantum Graphite Limited during the financial year and up to the date of this report, unless otherwise stated:

Bruno Ruggiero - Chairman and Independent Non-Executive Director
Sal Catalano - Executive Director and Company Secretary
Steven Chadwick - Executive Director (resigned 27 November 2020)
Robert Osmetti - Independent Non-Executive Director
David Trimboli - Independent Non-Executive Director

Review of Operations and Financial Results

The loss of the consolidated entity for the period was $407,806 (31 December 2019: loss of $291,027). The loss results primarily from the ongoing technical and related activities in respect of the Uley 2 project, including the collaboration with The Sunlands Co. Pty Ltd (Sunlands Co.). The Company's financial performance remains broadly in line with plan subject to the impacts of the COVID-19 pandemic as summarised below.

(a) 30 June 2020 Audit Opinion

The Directors have committed significant additional resources to the review of the carrying value of its assets since the release of the 2020 Annual Financial Report. The Company's assets are overwhelmingly represented by the Uley 2 project assets and their carrying value is supported by the technical material specifically relating to Uley 2 and the global market for natural flake graphite.

As outlined in the Directors' release to the market in October 2020, we acknowledged that COVID-19 both detrimentally impacted the level of industrial activity and access to project funding at that time however this in no way detracted from the market trend in technology minerals and Uley 2's position as the leading graphite project available globally.

Following this announcement, the natural flake graphite sector, represented by publicly listed companies in Australia, Canada, the United Kingdom and the United States of America, has increased substantially with significant capital raisings completed for companies whose projects are at best no further progressed than Uley 2. The strong performance of the market for high quality flake projects is consistent with the Directors' assessment and recent experience that capital markets funding for such projects has resumed with renewed strength.

(b) Director Remuneration

Following shareholder approvals obtained at the 2020 AGM, the Company issued 11,127,961 shares at $0.051 per share to the directors in lieu of their quarterly director fees as follows:

Directors	No. Shares[1]	Fees ($) per quarter
B Ruggiero	2,652,387	18,000
S Catalano	2,652,387	18,000
S Chadwick	2.652,387	18,000
R Osmetti	1,585,400	12,000
D Trimboli	1,585,400	12,000
Total	11,127,961	78,000

[1] Shares issued to Directors represent compensation for the period 1 September 2018 to 31 December 2020.

The issued and outstanding securities following the above issue are 230,002,201 fully paid ordinary shares and 28,571,429 options.

(c) Completion of Uley 2 Definitive Feasibility Study (DFS)

Uley 2 (Stage 1) represents a world class graphite product with a DFS completed midway through FY2020 and JORC 2012 compliant Mining Study and Reserves Statement that underpin the continued development of a century old mining project and strongly supported by a major global shift of new and additional investment in technology and energy minerals.

(d) Sales and Marketing Strategy

Following the completion of the DFS, the Company's sales and marketing activities and its negotiations with key funding prospects were the subject of repeated delays as the impact of COVID-19 spread throughout Europe.

In response to these delays, the Company's sales and marketing strategy was significantly expanded beyond its European focus to cover North Asia, especially Japan and South Korea. As at the date of this report this has been further extended to North America. Discussions with major industrial consumers of high purity flake product in these regions continues and the Company expects to conclude supply arrangements during the course of CY2021.

(e) Financing of Uley 2

Discussions continued with prospective financiers of Uley 2 during the reporting period. Despite the negative impacts of COVID-19 throughout 2020, the Company was pleased to see renewed interest in financing technology minerals projects by the end of the year.

The Company's feedback from financiers is that Uley 2's location in the developed world, with excellent logistics and infrastructure, position it as an attractive financing project. Importantly, this feedback identified the strength of the Company's unique offering, i.e., a construction ready project able to access the emerging growth in Lithium-ion battery market demand for anode material and the Company's own downstream initiative with Sunlands Co.

(f) COVID-19 Impact on Marketing and the Flake Graphite Market

As indicated in prior announcements made by the Company, the market for Uley 2 material remains unchanged from the prior period. Global supply of flake size of greater than 150 microns is relatively tight and the limited capacity of major Chinese producers to expand production in this area will continue to support firm prices for the foreseeable future. The Company expects that modest growth in demand in this area will have a significant impact on price.

The Company also announced its plans to commence pre-qualification trials with target customers utilising its existing warehoused products prior to face-to-face meetings taking place. These trials are subject to customer readiness which has been detrimentally impacted by COVID-19. Industrial activity is slowly resuming and the Company is prepared to move quickly with trials as market conditions improve.

Thermal Energy Storage Initiative

The Company's collaboration with Sunlands Co. is a major initiative and presents a strategic opportunity to participate in the global energy markets with a proprietary thermal energy storage technology capable of firming renewable energy generation.

It is the subject of significant interest from investors and potential Uley 2 financiers and reflects the policy development globally which now recognises that "*thermal energy storage provides the essential flexibility to integrate high shares of solar and wind power*" (see IRENA (2020), *Innovation Outlook: Thermal Energy Storage*, International Renewable Energy Agency).

This opportunity delivers a massive potential market for the Company's flake. For example, a mid-scale storage facility (fed by a solar or wind turbine field) capable of delivering at least 6 hours daily of electricity power at 50MW (300MWh of storage) would require more than 15,000 tonnes of natural flake graphite.

(a) Commercial Pilot

Sunlands Co. advised the Company that the initial design phase of the commercial pilot facility has now progressed to the appointment of a suitable engineering partner for the facility's construction and selection of energy industry partners.

(b) Extension of Memorandum of Understanding (MOU)

During the reporting period the Company announced the extension of the MOU with Sunlands Co. The MOU contains the guidelines and principles governing the collaboration between the parties for Sunlands Co.'s thermal energy storage (TES) cells. Current activities are directed at support for the commercial pilot facility.

The Company recently announced that Sunlands Co. had developed a testwork program that would assist in the development of the additional processing necessary to deliver the final flake specifications for the TES cells. Following COVID-19 related delays testwork has now commenced and scheduled to be concluded prior to the end of FY2021.

(c) Offtake Arrangements

The parties expect to conclude offtake and supply arrangements with Sunlands Co imminently.

Mining Titles

All mining titles are current and remain in good standing. During the reporting period, an application was lodged for the extension of the renewal of EL6224 to 12 October 2021.

Events Arising Since the End of The Reporting Period

There were no events that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 4 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

Bruno Ruggiero	Sal Catalano
Chairman	Executive Director
16 March 2021	16 March 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Quantum Graphite Limited for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 March 2021
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Certified System Quality ISO 9001

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2020

	Notes	31 December 2020 $	31 December 2019 $
Other income	2	254,365	509,335
Corporate and asset management expenses	3	(638,412)	(755,238)
Commercialisation expenses	3	-	(17,350)
Depreciation	3	(23,759)	(27,961)
Total operating loss		(407,806)	(291,214)
Interest revenue		-	187
Interest expense		-	-
Net financing expense		-	187
Loss before tax		(407,806)	(291,027)
Income tax benefit		-	-
Loss for the reporting period attributable to owners of the parent entity		(407,806)	(291,027)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to owners of the parent entity		(407,806)	(291,027)
Loss per share from continuing operations			
Basic and diluted loss – cents per share	4	(0.19)	(0.13)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 31 December 2020

	Notes	31 December 2020 $	30 June 2020 $
Current assets			
Cash and cash equivalents		**27,783**	13,436
Trade and other receivables		**72,262**	142,977
Total current assets		**100,045**	156,413
Non-current assets			
Receivable from the SA Department of Mining and Energy	5	**1,073,863**	1,073,863
Intangible assets		**7,189**	7,189
Development assets	6	**13,765,139**	13,748,705
Exploration and evaluation assets	7	**1,871,040**	1,754,371
Plant and equipment	8	**359,842**	383,601
Total non-current assets		**17,077,073**	16,967,729
TOTAL ASSETS		**17,177,118**	17,124,412
Current liabilities			
Trade and other payables		**145,333**	1,170,213
Total current liabilities		**145,333**	1,170,213
Non- current liabilities			
Other payables		**918,135**	-
Rehabilitation provisions		**558,369**	558,369
Total non-current liabilities		**1,476,504**	558,369
TOTAL LIABILITIES		**1,621,837**	1,728,582
NET ASSETS		**15,555,281**	15,395,560
EQUITY			
Issued capital	9	**54,817,321**	54,249,795
Reserves	10	**2,520,000**	2,520,000
Accumulated losses		**(41,782,040)**	(41,374,235)
TOTAL EQUITY		**15,555,281**	15,395,560

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2020

	Share Capital $	Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020	**54,249,795**	**2,520,000**	**(41,374,234)**	**15,395,561**
Shares issued in lieu of directors fees	567,526	-	-	567,526
Transactions with owners	567,526	-	-	567,526
Comprehensive income:				
Total loss for the reporting period	-	-	(407,806)	(407,806)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2020	**54,817,321**	**2,520,000**	**(41,782,040)**	**15,555,281**

	Share capital $	Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2019	**54,249,795**	**2,520,000**	**(40,413,706)**	**16,356,089**
Comprehensive income:				
Total loss for the reporting period	-	-	(291,027)	(291,027)
Total other comprehensive income for the reporting period	-	-	-	-
Balance 31 December 2019	**54,249,795**	**2,520,000**	**(40,704,733)**	**16,065,062**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2020

	31 December 2020 $	31 December 2019 $
Cash flow from Operating activities		
Payments to suppliers and employees	(44,691)	(259,313)
Interest paid	(79)	(1,050)
Interest received	-	276
R&D tax concession received	110,219	276,386
Net cash provided by operating activities	65,449	16,299
Cash flow from Investing activities		
Payments for exploration and evaluation assets	(16,668)	(90,585)
Payments for development assets	(34,434)	(195,126)
Proceeds from sale of development assets	-	165,000
Net cash used in investing activities	(51,102)	(120,711)
Cash flow from Financing activities		
Net cash from financing activities	-	-
Net change in cash and cash equivalents	14,347	(104,412)
Cash and cash equivalents, beginning of reporting period	13,436	400,500
Cash and cash equivalents, end of period	27,783	296,088

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of operations

Quantum Graphite Ltd's principal activity is the exploration and mining of graphite deposits in South Australia and the manufacture of high-grade flake graphite products.

(b) General information and basis of preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards AASB 134 results in compliance with the International Financial Reporting Standards (IFRS) IAS 134 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(c) Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss after tax from continuing operations of $407,806 for the six months ended 31 December 2020. As at that date, the consolidated entity had net current liabilities of $45,288.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The consolidated entity is reliant upon completion of capital raising for continued operations and the provision of working capital. The directors believe they will be successful in attracting additional capital from existing and new shareholders in the range of $1.5 Million to $1.75 Million and have hence prepared the financial statements on a going concern basis.

The consolidated entity has also obtained a letter of support from Chimaera Capital Limited, a related party, agreeing to defer collection of the amount outstanding of $918,135 as at 31 December 2020, together with all invoices relating to future services in respect of the Technical and Administration Services Arrangement for a period of twelve months from the date of signing these financial statements.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Notes to the consolidated financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Impact of COVID-19 pandemic and the Group's response

Notwithstanding the impact of COVID-19, European market prices for the Company's products firmed significantly during the reporting period with prices continued to average significantly more than the Company's projected basket price of US$919. The Company's DFS underpins its key strengths including low operating costs, lean overhead structure and ungeared capital structure.

The consolidated entity has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of twelve months from the date of issuing the financial statements including the effects of the COVID-19 pandemic which has had a material impact on the Company progressing the development of Uley 2.

(e) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(f) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

Key estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Decommissioning provision

Estimates and assumptions of the appropriate discount rate at which to discount the liability, the timing of cash flows, the application of relevant environmental legislation and the future expected costs of decommissioning are all used in determining the carrying value of the decommissioning provision.

R&D Tax Concession

To the extent that research and development costs are eligible under the 'Research and development tax incentive' programme, a 43.5% refundable offset is available for companies with annual turnover of less than $20million. Research and development tax incentive income is recognised at fair value when there is a reasonable expectation that the income will be received. The expected future R&D tax incentive for qualifying R&D expenditure has been accrued and is also recognised as other income in the statement of profit or loss. The Company has estimated the amount of future R&D incentive receivable on ongoing projects on the basis that the expected amount of the incentive can be reliably measured and receipted.

Notes to the consolidated financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Critical accounting estimates and judgements (continued)

Key judgements

Development expenditure and plant and equipment

The future recoverability of fixed assets and capitalised development expenditure has been assessed by the directors and is dependent on a number of factors, including commodity prices, the level of reserves and resources, foreign currency rates and future technological changes that could impact the costs of mining and processing and future legal changes. Significant judgements and assumptions are required in making assessments regarding the presence of impairment indicators. This is particularly so in the assessment of long-life assets.

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

2. OTHER INCOME

	31 December 2020 $	31 December 2019 $
R&D tax incentive[1]	**41,891**	359,335
Gain on sale of assets	**-**	150,000
Other income[2]	**212,474**	-
Other income	**254,365**	509,335

[1]R&D tax incentive income consists of an accrual of $41,891 which is an estimate based on costs to be submitted for the future claim to be completed for 30 June 2021.

[2]Other income represents the gain on issue of shares in respect of directors' remuneration for the period 1 September 2018 to 31 December 2020.

Notes to the consolidated financial statements

3. EXPENSES

December 2020	Corporate $	Commercialisation $	Pre-commissioning $	Total $
Employee benefits expense	156,000	-	-	156,000
Other expenses	482,412	-	-	482,412
Subtotal	638,412	-	-	638,412
Depreciation expense	23,759	-	-	23,759
Total	662,171	-	-	662,171

December 2019	Corporate $	Commercialisation $	Pre-commissioning $	Total $
Employee benefits expense	204,000	-	-	204,000
Other expenses	551,238	17,350	-	568,588
Subtotal	755,238	17,350	-	772,588
Depreciation expense	27,961	-	-	27,961
Total	783,199	17,350	-	800,549

Commercialisation expenses include marketing and related expenses directed towards the development of markets. Pre-commissioning expenses include costs of Uley pre-production testing. Other expenses include expenses relating to the regulatory administration and compliance (including maintenance) of the company's mining titles.

Notes to the consolidated financial statements

4. EARNINGS PER SHARE

The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to December 2020	6 months to December 2019
Weighted average number of shares used in basic earnings per share	**220,325,713**	218,874,240
Loss per share (cents)	**(0.19)**	(0.13)

In accordance with AASB 133 'Earnings per Share', Options issued and outstanding at the end of the reporting period have not been included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive in nature due to the losses incurred during the period.

5. DEVELOPMENT ASSETS

	31 December 2020 $	30 June 2020 $
Gross carrying amount		
Opening balance	**13,748,705**	13,624,681
Additions during the year / period	**16,434**	124,024
Closing balance	**13,765,139**	13,748,705

The closing balance represents the capitalised portion of Uley 2 project expenditure. The directors have assessed that the carrying amount of the Uley 2 project (including all plant and equipment, environmental infrastructure e.g., Tailings Storage Facilities, mining titles, JORC 2012 Reserves and Resources and all project approvals under the South Australian Mining Act 1971) does not exceed the recoverable amount.

Notes to the consolidated financial statements

6. EXPLORATION & EVALUATION ASSETS

	31 December 2020 $	30 June 2020 $
Opening balance	**1,754,371**	1,538,421
Additions during the year / period	**116,669**	215,950
Closing balance	**1,871,040**	1,754,371

Impairment testing

The Group has determined that it has a single cash-generating unit (CGU) represented by the Uley 2 Project. Accordingly, the associated plant and equipment, development, exploration and evaluation assets ("the Uley 2 Assets") have been allocated to the CGU.

The consolidated entity expects to secure debt of US$70M at an interest rate ranging from 6% to 8%, and continue the exploration activities, commence production and achieve sales of its products. The recoverable amount of the consolidated entity's Uley 2 Assets has been determined by a value-in-use calculation using a discounted cash flow model, based on the project period and production profile established under the Definitive Feasibility Study and approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model:

- 12.5% post-tax discount rate;
- Plant utilisation and resource availability over the forecast period is from the Definitive Feasibility Study (DFS) report;
- Projected revenue growth rate based on Uley 2 production assuming no growth in basket prices per tonne of production (estimated at USD 900 - 920 per tonne); and

Subject to the comments in Sensitivity Analysis:

(a) The discount rate of 12.5% post-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the risk-free rate and the volatility of the share price relative to market movements; and

(b) Management's adoption of the projected revenue on the basis of no increase in basket prices is considered prudent and justified.

Sensitivity Analysis

As disclosed in note 1, the directors have made judgements and estimates in respect of the impairment testing. Should these judgements and estimates not occur the resulting carrying amount of the assets may decrease. The sensitivities are as follows:

- Revenue over the projection period would need to decrease by more than 30% before the assets would need to be impaired, with all other assumptions remaining constant.

- The post-tax discount rate would be required to increase by 21% before the assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the assets is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of the assets is based, this would result in a further impairment charge for the assets.

Notes to the consolidated financial statements

7. PLANT AND EQUIPMENT

December 2020	Plant & Equipment $	Motor vehicles $	Total $
Gross carrying amount			
Opening balance	797,454	39,566	837,020
Additions/Disposals	-	-	-
Balance 31 December 2020	797,454	39,566	837,020
Depreciation and impairment			
Opening balance	(413,853)	(39,566)	(453,418)
Depreciation for the period	(23,759)	-	(23,759)
Balance 31 December 2020	(437,612)	(39,566)	(477,178)
Carrying amount 31 December 2020	359,842	-	359,842

The carrying amount does not exceed the director's assessment of the recoverable value of the plant and equipment.

June 2020	Plant & Equipment $	Motor vehicles $	Total $
Gross carrying amount			
Opening balance	797,454	39,566	837,020
Balance 30 June 2020	797,454	39,566	837,020
Depreciation and impairment			
Opening balance	(358,088)	(39,566)	(397,654)
Depreciation for the year	(55,765)	-	(55,765)
Balance 30 June 2020	(413,853)	(39,566)	(453,419)
Carrying amount 30 June 2020	383,601	-	383,601

Notes to the consolidated financial statements

8. ISSUED CAPITAL

	Number of shares #	31 December 2020 $
(a) Issued and paid up capital		
Fully paid ordinary shares	230,002,201	54,817,321
(b) Movements in fully paid ordinary shares		
Opening balance as 30 June 2020	218,874,240	54,249,795
Shares issued on 7 December 2020 – in lieu of directors fee	11,127,961	567,526
Balance as 31 December 2020	230,002,201	54,817,321

9. RESERVES

	Number of options #	31 December 2020 $
(a) Share options reserve		
Share options reserve	28,571,429	2,520,000

In connection with the Company's reconstruction in 2018, the Company issued 28,571,429 (as adjusted for the consolidation of share capital on 2 December 2019) nil cost options to acquire ordinary shares with an expiry date of 20 July 2023. In accordance with AASB 2, the Company has used the Black Scholes Model to value these options.

(b) Movements in share options reserve		
Opening balance as 30 June 2020	28,571,429	2,520,000
Balance as 31 December 2020	28,571,429	2,520,000

10. OPERATING SEGMENTS

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

Notes to the consolidated financial statements (continued)

11. COMMITMENTS AND CONTINGENCIES

Exploration commitments

An application was lodged for the extension of the renewal of EL6224 to 12 October 2021. The Company has met all expenditure commitments in respect to EL6224.

Contingent liabilities and assets

The Group has no contingent assets or liabilities.

12. RELATED PARTY TRANSACTIONS

Chimaera Capital Limited is responsible for corporate and asset management services.

	31 December 2020 $	31 December 2019 $
(a) Transactions during the period		
Office rent charged	33,660	90,585
Tenement administration charged	27,540	82,350
IT services charged	30,600	74,115
Accounting services charged	30,600	82,350
Corporate administration fees charged	10,710	28,822
Research and development	19,890	53,528
	153,000	411,750
(b) Outstanding balances at 31 December 2020		
Trade and other payables	621,207	28,827

In addition to providing these services, $18,952 (31 December 2019: $269,333) of the Group's Cash and Cash Equivalents is held with Chimaera Custody Services, Chimaera Capital Limited.

(c) The Sunland Co. Pty Ltd Collaboration

During the reporting period the Company announced the extension of the Memorandum of Understanding (MOU) with The Sunlands Co. Pty Ltd (Sunlands Co.). The provisions of the MOU govern the technical and commercial collaboration between the parties in connection with Sunlands Co.'s thermal energy storage (TES) technology. Current activities are principally directed at supporting Sunlands Co.'s development of a commercial pilot facility.

13. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

There are no events that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors’ Declaration

In the opinion of the Directors of Quantum Graphite Limited:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting',* the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Bruno Ruggiero
Chairman
16 March 2021

Sal Catalano
Executive Director
16 March 2021

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

QUANTUM GRAPHITE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Quantum Graphite Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Quantum Graphite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Certified System Quality ISO 9001

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quantum Graphite Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of $407,806 during the half-year ended 31 December 2020 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $45,288. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Quantum Graphite Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 16 March 2021
Melbourne, Victoria