



MARKET RELEASE  
For Immediate Release  
26 April 2021

## Company Update

The Company provides the following by way of general update.

### **Prospectus – Issue of New Shares to Related Parties**

The Company has notified shareholders of the general meeting to be held on 28 May 2021 seeking shareholder approval for the issue of new shares to related parties. This issue of shares is part of the placement of new shares to institutional and sophisticated investors announced by the Company on 21 March 2021. Details of the issue of new shares to the related parties has also been included in the Prospectus lodged with the Australian Securities and Investments Commission on 13 April 2021 and attached to this announcement.

### **Uley 2 Project Funding**

As foreshadowed in the 2021 Interim Financial Report, the significant renewed interest in the funding of critical minerals projects resulted in the Company making further progress in its discussions and negotiations with prospective financiers.

The Company is in advanced discussions with candidates for the provision of lead arrangement and placement services in connection with a European bond offering. The Company expects to make a further announcement within the next 2 weeks.

### **The Sunlands Company Pty Ltd (Sunlands) Collaboration**

The Company continues its work with Sunlands on progressing the advanced processing and manufacturing pathway for the production of graphite storage media. This media, based on flake graphite sourced from Uley 2, is the critical component to be installed within Sunlands' thermal energy storage battery cells.

#### (a) Australian Federal Government Modern Manufacturing Initiative Grant Application

The Company announces today that Sunlands has provided all necessary technical support, including relevant technology licensing, for the Company's application to the Federal Government for a grant under the *Department of Industry, Science, Energy and Resources Modern Manufacturing Initiative* (MMI) lodged on 1 April 2021.

The application sits within the *MMI's Translation Stream* (<https://business.gov.au/grants-and-programs/modern-manufacturing-initiative-manufacturing-translation>) which caters specifically for companies seeking support for new innovative manufacturing processes that are intended to service new technologies/industries. If successful, the grant will enable the Company to accelerate the manufacturing pathway research and development program.

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#### About Quantum Graphite Limited

QGL is the owner of the Uley flake graphite mineral deposits located south-west of Port Lincoln, South Australia. The company's Uley 2 project represents the next stage of development of the century old Uley mine, one of the largest high-grade natural flake deposits in the world. For further information, [qgraphite.com](http://qgraphite.com).

### (b) Sunlands Offtake Arrangements

As foreshadowed in previous announcements, the Company expected to complete its offtake arrangements with Sunlands by the end of Q1 2021. The delay in concluding these arrangements is mainly due to the complexity in defining the endpoint of the advanced processing and manufacturing activities to be undertaken by the Company. This complexity arises from the multiple configurations of the graphite storage media required by Sunlands. The Company has proposed a solution that deals directly with the substantive issues in relation to multiple configurations and expects Sunlands to respond to this proposal by mid-May 2021.

The parties remain committed to the in-principle arrangements reached under the Memorandum of Understanding between them in which the Company:

- (i) Is the exclusive supplier of flake graphite raw material from Uley 2 for Sunlands' thermal storage media; and
- (ii) Undertakes the processing and manufacturing activities to produce the storage media to Sunlands' specifications.

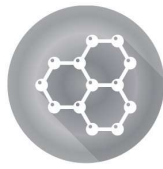
### **Uley 2 Exploration Activities**

In connection with the renewal of Exploration Licence 6224, the Board has approved the next stage of drilling development which will consist of the following:

- (i) a drilling program in respect of at least one other of the additional high grade graphite envelopes within the broader Mikkira graphite province owned by the Company; and
- (ii) further infill drilling to extend the Uley 2 Reserves and Resources.

The Board is particularly excited with its exploration plans which represent the first extensive drilling beyond the Uley deposit since the work undertaken by Rio Tinto (CRA Explorations) in the 1980s. Works will commence once all regulatory approvals have been obtained.

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



## Cleansing Prospectus

This Cleansing Prospectus (**Prospectus**) is issued by Quantum Graphite Limited (the **Company**) primarily for the purpose of section 708A(11) of the *Corporations Act 2001* (Cth) to remove any trading restrictions on the sale of shares (**March Placement**) issued by the Company prior to the Closing Date or otherwise under this Prospectus.

This Prospectus also relates to an offer of 7,838,450 fully paid ordinary shares (**New Shares**) in the Company to the Related Entities to raise 509,499.25(**Offer**).

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- The Offer is subject to the approval by the Company's Shareholders (**Shareholder Approval**).
  - In the event Shareholder Approval is not obtained or Related Entities do not fully subscribe for all New Shares offered, New Shares which are not approved for issue to Related Entities or are otherwise not acquired by Related Entities will be treated as Shortfall Shares and the Company may offer the Shortfall Shares to persons unrelated to the Related Entities as determined by the Directors.

### IMPORTANT NOTICE

This Prospectus is an important document and requires your immediate attention. It should be read in its entirety and in conjunction with the Company's disclosures including financial reporting available at <https://www2.asx.com.au/markets/company/QGL>. The most recent financial statements are the Interim Financial Report for the half year ending 31 December 2020, a copy of which is attached to this Prospectus.

If you have any questions about the securities being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser. The New Shares offered under this Prospectus should be considered speculative.

This is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

## **Important Information**

### **General**

This Prospectus (**Prospectus**) is dated 12 April 2021 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus contains an Offer to potential investors to apply for New Shares in the Company. It does not contain all information which would be found in a prospectus or which may be required in order to make an informed investment decision regarding, the New Shares offered by this Prospectus.

The expiry date for this Prospectus is the date which is 13 months after the date of this Prospectus (**Expiry Date**). No Applications for New Shares will be accepted nor will New Shares be issued on the basis of this Prospectus after the Expiry Date.

### **Transaction specific prospectus**

This Prospectus is a transaction specific prospectus for the offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus.

In making representations in this Prospectus, regard has been had to the fact that the Company is a “disclosing entity” for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Nevertheless, this Prospectus contains important information and should be read in its entirety before making a decision to apply for New Shares.

### **Investors should obtain professional investment advice**

Potential investors should obtain professional investment advice before accepting the Offer. The information provided in this Prospectus and the accompanying Application Form is not a financial product nor financial product advice and has been prepared without taking into account any investor’s investment objectives, financial circumstances or particular needs. The information contained in this Prospectus and the accompany Application Form should not be considered to be comprehensive or to comprise all the information which a Shareholder may require in order to determine whether or not to apply for New Shares.

### **Disclaimer of representations**

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

### **Overseas shareholders**

This Prospectus has been prepared having regard to the Australian disclosure requirements. It does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer is not being extended and New Shares will not be issued to investors with a registered address which is outside Australia. It is not practicable for the Company to comply with the securities laws of jurisdictions outside Australia having regard to the number of potential overseas investors, the number and value of New Shares being offered and the cost of complying with regulatory requirements in jurisdictions outside Australia.

## **United States investors**

This Offer does not constitute an offer in the United States, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

No Shares have been, nor will be, registered under the US Securities Act, nor may be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons except under an available exemption from registration under the US Securities Act. Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

## **New Zealand Shareholders**

The Offer is not being made in New Zealand.

## **Availability**

Potential investors can obtain a copy of this Prospectus during the Offer Period on the Company's website at [quantumgraphite.com/investors](http://quantumgraphite.com/investors) or by contacting the Company at +61 3 8614 8414. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus. In particular, Potential Investors should refer to Section 5 for details of the risk factors that could affect the performance of the Company.

The Offer does not take into account the investment objectives, personal circumstances (including financial and taxation issues) and particular needs of potential investors. potential investors should consider the prospects of the Company in the light of their individual objectives, circumstances and needs.

The electronic copy of this Prospectus available from the Company's website does not include a personalised Application Form. Potential investors will only be able to accept the Offer by completing the personalised Application Form which accompanies this Prospectus (refer to Section 4 for further information).

## **Defined terms**

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 7 of this Prospectus.

## **Forward-looking statements and risks**

This Prospectus contains forward-looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in the Offer Overview and Section 5 of this Prospectus. Forward-looking statements do not constitute, and should not be regarded as, a representation that the relevant results will actually be achieved or that the underlying assumptions are valid. The opinions, estimates, forecasts and projections are subject to uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Company.

## **Competent Persons Statement**

The Company confirms that it is not aware of any new information or data that materially affects the information included in this Prospectus 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 and includes the reports released to the ASX under the company's previous ASX code, VXL (specifically the reports released on 17 December 2014, 5 May 2015 and 15 May 2015 respectively).

### **Website**

Any references to documents included on the Company's website at quantumgraphite.com are for convenience only, and none of the documents or other information available on the Company's website or filed with ASIC or ASX are incorporated by reference into this Prospectus.

### **Privacy Act**

If you complete an Application Form, you will be providing personal information to the Company (directly or to the Share Registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

## Corporate Directory

### Directors

Sal Catalano  
Bruno Ruggiero  
Robert Osmetti  
David Trimboli

### Company Secretary

Rochelle Pattison

### Registered office

Level 5, 349 Collins Street,  
Melbourne, Victoria, 3000  
Tel: +61 3 8614 8414

### Legal Advisers

PricewaterhouseCoopers  
2 Riverside Quay Southbank VIC 3006  
[www.pwc.com](http://www.pwc.com)

### Share Registry

Link Market Services Limited  
Tower 4, 727 Collins Street, Melbourne, VIC  
3008  
T +61 3 9847 9125  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
ASX Code QGL  
ABN 44 008 101 979

### Website

[quantumgraphite.com](http://quantumgraphite.com)

### Auditor

RSM Australia Partners  
Level 21, 55 Collins Street  
MELBOURNE, VIC 3000  
[www.rsm.com.au](http://www.rsm.com.au)

## Offer Overview

Key investment aspects	
Offer Price	\$0.065 per New Share
Total amount to be raised under the Offer	\$509,499.25
Number of New Shares to be issued under the Offer	7,838,450

Note: The amounts listed above are approximations. The final amounts raised and New Shares issued remain subject to Shareholder Approval and any offer and acceptances of any Shortfall Shares (if applicable).

Timetable for the Offer	
Announcement of Offer and Lodgement of Prospectus – Announcement of Offer and Appendix 3B lodged with ASX	Monday, 12 April 2021
Prospectus lodged with ASIC and ASX	Monday, 12 April 2021
Notice of Meeting sent to Shareholders - notice of meeting of Shareholders ( <b>Shareholder Meeting</b> ) to be sent to Shareholders, containing information relevant to the matters which are the subject of the Shareholder Approval	Wednesday, 21 April 2021
<b>Shareholder Meeting</b> - Shareholder Meeting to obtain the Shareholder Approval	Friday, 21 May 2021
<b>Closing Date</b> – The last day for receipt of Application Forms from Related Entities	Tuesday, 25 May 2021
<b>Issue date</b> – Allotment of New Shares under the Offer to Related Entities and despatch of holding statements for New Shares to Related Entities	Thursday, 27 May 2021
<b>Quotation of New Shares and expected commencement of normal trading in Shares on ASX</b>	Friday, 28 May 2021
<b>Despatch date</b> - Despatch of holding statements for New Shares to Related Entities	Monday, 31 May 2021

These dates are indicative only and subject to change. The Company reserves the right to amend this indicative timetable. In particular, the Company reserves the right, subject to the Corporations Act and ASX Listing Rules. This may include extending the Closing Date, accepting late Applications, or to withdraw the Offer. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares. No cooling-off rights apply to Applications submitted under the Offer.



## 1. Details of the Offer

### 1.1 The Offer

The Offer is being made by the Company. Further details of the Company and its business are set out in Section 3. This Prospectus has also been prepared for the purpose of section 708A(11) of the Corporations Act (see section 1.9 below).

The Company is making an Offer to pursuant to this Prospectus. The Offer is only available to those who are personally invited to accept the Offer. There is no general offer to the Shareholders or other investors.

Based on the capital structure of the Company as set out in Section 2.1 of this Prospectus, a maximum of 7,838,450 New Shares will be issued under this Offer to raise up to \$509,499.25. Further information, including a description of the use of funds and the key risks relating to the Offer, is set out further below in this Prospectus.

Applications for New Shares offered under this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

The Directors have determined that the minimum subscription amount for New Shares will be \$10,000.

All New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus.

The Directors may at any time decide to withdraw this Prospectus, the offer of New Shares made under this Prospectus, in which case the Company will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

### 1.2 Background to the Offer

On 19 March 2021, the Company issued and allotted 22,930,787 Shares to Sophisticated and Institutional Investors at \$0.065 per Share to raise \$1,490,501.16 (the **March Placement**). The March Placement diluted the existing Shareholders in the Company by 9.97%.

On the same day, the Company announced that it would seek approval from the Shareholders to make the Offer, being the issuance of 7,838,450 Shares at \$0.065 to the Related Entities to raise an additional \$509,499.25.

A full impact of the March Placement and this Offer on the Company's share capital are as follows:

Total Shares on issue prior to the March Placement	230,002,201 Shares
New Shares issued and allotted under the March Placement	22,930,787 Shares
Total Shares on issue following completion of the March Placement	252,932,988
New Shares to be issued under this Offer	7,838,450 Shares
Total Shares on issue following completion of this Offer	260,771,438 Shares

In total, the March Placement and this Offer will raise approximately \$2,000,000.

### 1.3 Offer Dilution

Assuming all the New Shares are issued under the Offer, existing Shareholders in the Company will be diluted by 3.1% (as compared to their holdings and number of Shares on issue as at the date immediately prior to the issue of this Prospectus).

#### 1.4 Record Date and Applications

Under the terms of this Offer, existing Shareholders do not have an automatic entitlement to New Shares, accordingly the record date is not relevant.

#### 1.5 Underwriting

The Offer will not be underwritten.

#### 1.6 Issue and allotment of New Shares

New Shares will be issued in accordance with the ASX Listing Rules and the Timetable.

Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Share Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives any right to claim such interest.

The issue of New Shares under this Prospectus and despatch of holding statements is expected to occur on the dates specified in the Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

Shares will not be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

#### 1.7 Shortfall Shares

In the event that Shareholder Approval is not obtained, or where Shareholder Approval is obtained but the Related Entities do not fully subscribe for all New Shares, New Shares which are not approved for issue to Related Entities or which are not otherwise acquired by Related Entities will be treated as Shortfall Shares. The Company may offer the Shortfall Shares to persons unrelated to the Related Entities (as determined by the Directors) at any time, provided such offer to apply for Shortfall Shares is made within 13 months of the date of this Prospectus and at a price not less than the Offer Price.

#### 1.8 Use of Funds

Together with the proceeds from the March Placement, the proceeds from the Offer will applied to meeting the Company's working capital needs over the next 15 months specifically in connection with the Uley 2 Project, the thermal battery media research and development work being undertaken pursuant to its collaboration with The Sunlands Company Pty Ltd and general corporate and administrative costs. Details of the application of proceeds of both the March Placement and the Offer are set out in the table below:

General Corporate	
ASX Fees and share registry costs	\$85,000
Accounting, Audit and miscellaneous	\$95,000
Uley 2	
Uley Corporate (funding, sales & marketing)	\$700,000
Site care and maintenance	\$500,000
Exploration commitments	\$120,000
MOU with The Sunlands Company Pty Ltd	
Thermal Battery media research and development	\$110,000
Contingency	\$90,000
	<hr/>
	Total
	\$1,700,000

## 1.9 Purpose of Prospectus

The primary purpose of this Prospectus is to remove any on-sale trading restrictions that may have attached to the Shares issued under the March Placement, the Offer and any other Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act on or before the Closing Date. Compliance with section 708A(11) of the Corporations Act, enables Shareholders who receive Shares to sell those Shares within the next twelve months without the issue of a prospectus or other disclosure document.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made;
  - or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

## 1.10 Applications

Applications for New Shares under the Offer must only be made those persons personally invited to accept the Offer and submitted using an Application Form provided by the Company to those Applicants.

By completing an Application Form, an Applicant will be taken to have declared that all details and statements made by the Applicant are complete and accurate and that the Applicant has received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for Shares must be made in full at the Offer Price of \$0.065 per New Share.

Completed Application Forms and accompanying evidence of payment of the Application Monies must be delivered to the address set out on the Application Form by no later than 5.00 pm (Melbourne Time) on the Closing Date, or any other later date as determined by the Company.

## 1.11 Amounts payable under the Offer

Other than the Offer Price of \$0.065 per New Share, there are no other fees or charges payable by Applicants to receive New Shares.

## 1.12 Offer of New Shares

The offer of 7,838,450 New Shares is being made to the Related Entities, being entities related to Mr Sal Catalano and Mr Bruno Ruggiero, both being Directors of the Company and therefore are related parties for the purposes of the Corporations Act and the Listing Rules:

The issuance of New Shares to the Related Entities is subject to Shareholder Approval at a meeting that is scheduled to convene on 21 May 2021.

If Shareholder Approval is not obtained for one or more Related Entities, the amount of New Shares for which approval has not been obtained will be treated as Shortfall Shares. The Company may offer the Shortfall Shares to

persons unrelated to the Related Entities (as determined by the Directors) at any time, provided such offer to apply for Shortfall Shares is made within 13 months of the date of this Prospectus and at a price of not less than \$0.065 per Shortfall Share.

No New Shares will be issued to any person under the Offer (including the offer of Shortfall Shares) which would result in a person acquiring a Relevant Interest in the Company which results in someone's voting power in the Company increasing above 19.9% or increasing at all from a starting point that is above 20% and below 90%.

### 1.13 Quotation on ASX

The Company will make application to the ASX for the quotation of the New Shares on the ASX within 7 days of the date of this Prospectus. The commencement of quotation of the New Shares is subject to confirmation from ASX.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may grant Official Quotation to the New Shares is not to be taken as an indication of the merits of the Company or the Shares being offered.

## 2. Effect of the Offer

### 2.1 Capital Structure

The effect of the Offer on the capital structure of the Company is set out below.

#### 2.1.1 Current Structure

The capital structure of the Company as at the date of this Prospectus is as follows:

Security	Number
Total Shares on issue as at the date of the Prospectus (which includes the Shares issued under the March Placement)	252,932,988 Shares
Partly Paid Shares	None
Total Options on issue	28,571,429 options to acquire ordinary shares (exercise price \$0.00, expiry date 20 July 2023)

#### 2.1.2 Capital structure on completion of the Offer

The following table shows the capital structure of the Company on completion of the Offer (assuming the Offer is fully subscribed):

Security	Number
Total Shares on issue at the date of this Prospectus (which includes the Shares issued under the March Placement)	252,932,988 Shares
Partly Paid Shares	None
New Shares to be issued under the Offer	7,838,450 Shares
Total Shares on issue following completion of the Offer	260,771,438 Shares
Total Options on issue	28,571,429 options to acquire ordinary shares (exercise price \$0.00, expiry date 20 July 2023)

## 2.2 Effect of the Offer on control and voting power in the Company

The Company's substantial Shareholders and their shareholdings prior to the Offer are set out in Section 2.3 below. The issue of New Shares under the Offer will have no effect on the control of the Company.

## 2.3 Substantial Shareholders

The following entities have advised the Company of their substantial shareholdings in the Company, as at the date of this Prospectus: (i) Chimaera Capital Limited – 17.3%; (ii) Seefeld Investments Pty Ltd – 6.26%; and (iii) Ziziphus Pty Ltd – 6.07%.

## 2.4 Directors' Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Prospectus is set out in the table below.

Name	Ordinary Shares	Options
Sal Catalano	43,769,140	28,571,429
Robert Osmetti	11,058,351	
Bruno Ruggiero	15,653,510	
David Trimboli	14,977,942	

## 2.5 Market Price of Shares

The Company is a "disclosing entity" for the purposes of the Corporations Act. The Company's Shares are enhanced disclosure securities for the purposes of the Corporations Act and quoted on the ASX.

## 3. Details of the Company and its business

### 3.1 Company History and Business Overview (Uley Graphite Mine)

The Company is the sole producer of coarse flake graphite in Australia from its historical Uley Graphite mine on the Eyre Peninsula in South Australia. The Uley mine is one of the many high-grade coarse-flake mineralised envelopes within the Company's broader 'Mikkira' graphite resource located on the southern tip of the Eyre Peninsula.

The next stage of development of the Uley mine is the Uley 2 Project represented by a new pit to be developed immediately to the south of the Uley 1 pit and the construction of an advanced technology process plant. The

project is fully permitted by the Department of Energy and Mining of the Government of South Australia (see Program for Environmental Protection and Rehabilitation issued on 23 December 2014 under the South Australian Mining Act 1971 (**Uley 2 PEPR**) by the Department of Energy and Mining and [https://www.energymining.sa.gov.au/minerals/mining/mines\\_and\\_quarries/uley\\_graphite\\_mine](https://www.energymining.sa.gov.au/minerals/mining/mines_and_quarries/uley_graphite_mine)).

The Company has completed a feasibility study (**Feasibility Study**) for the Uley 2 Project and published a JORC 2012 compliant Mining Study and Reserves and Resources Estimate (**JORC 2012 Mining Study**) in December 2019. See further information below.

### 3.2 Uley Tenement information

The Company's mineral tenements are solely owned by the Company (through its wholly owned subsidiary, Quantum Graphite Operations Pty Ltd). Tenement locations are set out in Figure 1 below and comprise:

- Mining Leases 5561 and 5562 totalling 66 ha (inner small rectangle bordered in blue in Figure 1) with an additional 412.5 ha in Retention Leases 66 and 67 (larger rectangle bordered in blue in Figure 1);
- A large scale, Exploration Licence 6224 of approximately 75km<sup>2</sup> (area bordered in red in Figure 1) that includes a number of primary and secondary electromagnetic targets (indicated in Figure 1 as the areas shaded pink and bright yellow).

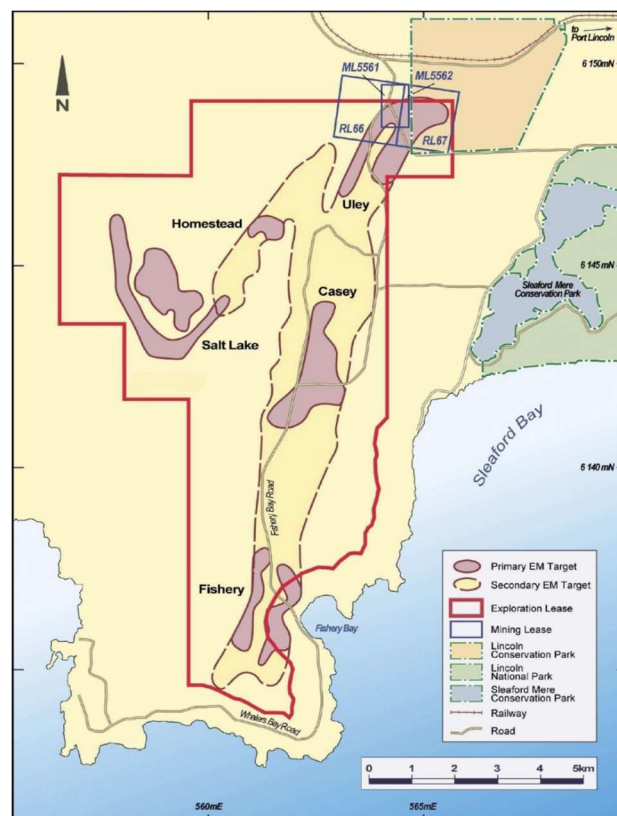


Figure 1

### 3.3 Mineral Resources and Reserve Estimates

Details of the Company's mineral reserves and resources as set out in the JORC 2012 Mining Study are summarised in the table below:

ULEY PIT 2 – JORC 2012 MINERAL RESOURCE			
Classification	Tonnage (Mt)	Average Grade (%gC)	Contained Tonnes (Mt)
Measured	0.8	17.51	125
Indicated	4.2	10.40	435
Inferred	1.3	10.5	137
Totals	6.3	11.1	697
ULEY PIT 2 – ORE RESERVE			
Classification	Tonnage (Mt)	Average Grade (%gC)	Contained Tonnes (Mt)
Proved	811,000	11.66	94,563
Probable	3,191,000	11.95	381,325

(Mt) = dry metric tonnes, (%gC) = grade expressed in percentage of graphitic carbon

The JORC 2012 Mining Study's detailed Pit Optimisation results for Uley 2 include Pit Shell 36 which provides the best case, undiscounted operating cashflow of A\$207M. This shell comprises the large single pit and is illustrated in Figure 2.

Pit Shell 36 reaches a depth of 132m and contains approximately 4.0Mt of mill feed at 11.89% TGC (Total Graphitic Carbon).

Mineralisation is open at depth and continues in a south westerly direction. Assays reported on 30 November 2018 in accordance with JORC 2012 included graphitic carbon grades of more than 50%.

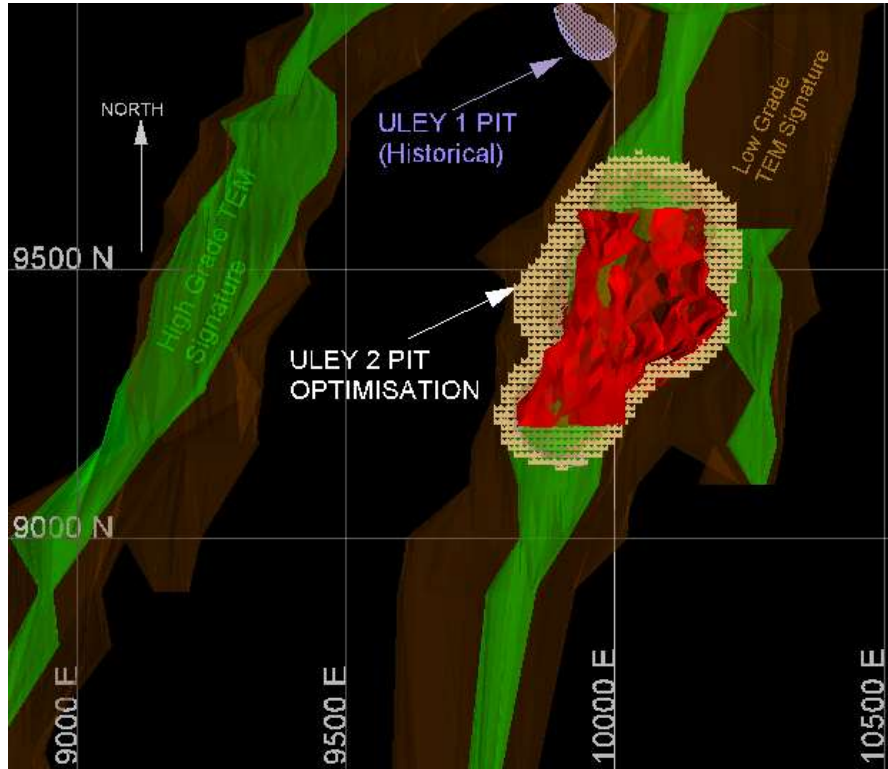


Figure 2

Close up of the results of the transient electromagnetic survey (TEM) of Uley Pit 2 and surrounds are illustrated in Figure 3 below. Exploration utilising TEM has proven to be a reliable marker for high grade graphitic carbon envelopes within the broader Mikkira deposit. The Company's exploration model and long-term development strategy are based on its interpretation of TEM geophysical signatures.

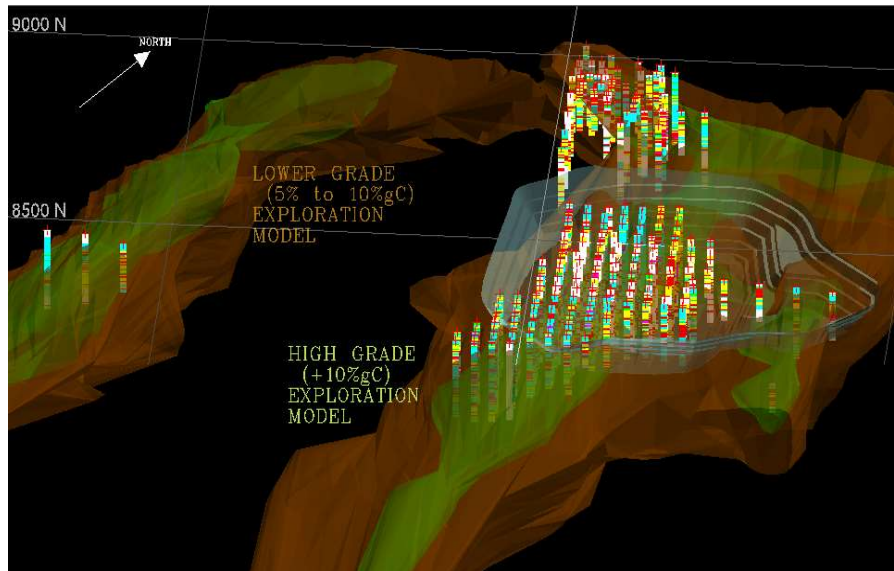


Figure 3

### 3.4 Future Plans: Uley 2 Project Development

The Uley 2 Feasibility Study was undertaken by Lycopodium Minerals and together with the JORC 2012 Mining Study represent the key technical studies underpinning the Uley 2 Project economics. The Company's announcement of 11 December 2019 contains the results of the studies together with applicable sensitivities ([DFS Update, Mining Study and Ore Reserve Estimate](#) available on the Company's website or at <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.ggl>).

Uley 2 Project capital costs were estimated at A\$79.977 million and the key life of mine economic and financial input parameters and relevant modifying factors as summarised in the abovementioned announcement are set out in the table below:

Crusher feed	500,000 tonnes per annum
Estimated Production	55,800 tpa
Graphitic carbon grade	11.89%
Graphitic carbon recovery	84%
Concentrate purity	Min 94% total graphitic carbon (TGC)
Processing cost (PCAF)	A\$55.3 per tonne
Mining cost (MCAF)	A\$2.5/t milled at surface plus 5c for every 4m
Operating Costs	A\$439 dmt (inclusive of drying & bagging)
Product price	US\$919 dmt (Ex works)

Based on the process path designed by Lycopodium Minerals and the Company, the production of coarse flake at purities exceeding 97% TGC was clearly demonstrated by the detailed independent metallurgical testwork undertaken by ALS Global. The results were included in the Company's announcement of 11 June 2019 ([DFS Update, Results of Metallurgical Testwork](#) available on the Company's website or at



<https://www2.asx.com.au/markets/trade-our-cash-market/announcements.ggl>) and consistent with the Company's historical production.

The Company has developed a dual market strategy that takes immediate advantage of the Company's historical market relationships whilst simultaneously developing alternative markets, i.e.,

- Negotiate sales to the Company's traditional customer base, principally end user refractory manufacturers in Europe and North Asia. Included in this strategy are the major North Asian traders in Japan and South Korea ; and
- The alternative markets strategy is focussed on collaboration with technology partners principally relating to the use of the Company's graphite for the manufacture of thermal energy storage media solutions in the renewables sector. The Company's collaboration with the Sunlands Company Pty Ltd is the centrepiece of this strategy.

### **3.5 Future Plans: Likely Regulatory Impacts**

The Uley 2 Project is fully permitted under the Uley 2 PEPR. The Company expects to develop Uley 2 as prescribed in the Uley 2 PEPR and does not anticipate any material changes will be required to the approvals for the Uley 2 Project.

## **4. Required Actions by Investors**

### **4.1 Application Form**

Persons invited to participate in the Offer will be provided with a personalised Application Form accompanying this Prospectus. The Application Form shows the number of New Shares to which the Applicant has been allocated under the Offer.

### **4.2 How to Accept the Offer**

Acceptance of the Offer must be made on the Application Form accompanying this Prospectus.

Applicants must return the completed Application Form and evidence of payment of the Application Monies to the address set out on the Application Form by no later than 5.00 pm (Melbourne Time) on the Closing Date, or any other later date as determined by the Company.

### **4.3 Implications of acceptance**

Returning a completed Application Form or paying any Application Monies will be taken to constitute a representation by the Applicant that:

- (a) the Applicant have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety; and
- (b) the Applicant acknowledges that once the Application Form is returned, or payment of any Application Monies is made, the Application may not be varied or withdrawn, except as required by law.

### **4.4 Payment by cheque/bank draft**

Applicants must pay their Application Monies by cheque or bank draft in accordance with the instructions on the personalised Application Form or in such other manner as agreed by the Company. Payments of the Application Monies via BPay® is not offered.

Should Shareholder Approval not be obtained, funds paid by the Applicants will be returned to them.

If the Directors make offers to apply for Shortfall Shares (as contemplated by this Prospectus), payment for the Shortfall Shares are to be made in the same manner as outlined above.

#### **4.5 Enquiries**

For further information, please telephone the Company between 8:30am and 5:30pm (Melbourne Time) Monday to Friday, except public holidays.

### **5. Risk Factors**

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors which are either specific to the Company or of a general nature. Some risks can be mitigated using safeguards and appropriate systems and controls, but some are outside the control of the Company and its Directors and cannot be mitigated.

This Section identifies the major areas of risk identified by the Directors associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company, its business and its Shareholders are exposed now or may be exposed to in the future. Investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for the New Shares offered under this Prospectus.

#### **5.1 Specific Risks**

##### **5.1.1 Speculative nature of mineral exploration**

A significant risk for the Company is that any proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high-risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Prospectus, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit.

Should a discovery be made, there is no guarantee that it will be commercially viable. While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

##### **5.1.2 Risks associated with exploration and mining**

The future viability and profitability of the Company as an exploration and mining company will be dependent on a number of factors including, but not limited to, the following:

- commodity prices and exchange rates and, in particular, the price of natural flake graphite;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management;
- risks associated with negative exploration results, including statutory or voluntary relinquishment (in whole or in part) of tenements or not exercising an option to acquire equity, even though a viable mineral deposit may be present, but undiscovered;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.

### **5.1.3 Native Title, Aboriginal Lands and Land Access**

There may be risks arising because of native title and/or Aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company in the future; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company.

Further, Commonwealth and State legislation obliges the Company to protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the tenements. It is therefore possible that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

### **5.1.4 Environmental Risks**

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. There are environmental management issues with which the Company may be required to comply from time to time.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

### **5.1.5 Grant, renewal and valuation of tenements**

The future viability and profitability of the Company as an exploration and mining company will be dependent on exploration and mining tenements. There are risks associated with obtaining grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term.

Further, no valuation has been completed of the exploration projects or the Shares of the Company. The Company makes no representation in this Prospectus as to the value of the exploration assets. It is recommended that Shareholders and their advisors make their own assessment as to the value of the exploration projects and the tenements.

### **5.1.6 Reliance on plant and equipment**

The Company's ongoing operations is dependent on certain plant and equipment and the mine structure.

There are risks associated with maintaining exploration and mining properties and, the costs of maintaining such properties requires the Company to have access to sufficient development capital.

Further, unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine structure may result in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep, which can have an adverse impact on the Company's viability and profitability.

### **5.1.7 Retaining key personnel**

The Company's ongoing success depends to a significant extent on its key personnel. These individuals have extensive knowledge of the exploration and mining industry and the Company's business. The loss of key personnel and an inability to recruit suitable replacement personnel may adversely affect the Company's future financial performance.

Further, the future viability and profitability of the Company as an exploration and mining company is dependent on its workforce. As a result, the Company is exposed to the risks that exploration and mining may be adversely affected or hampered by industrial disputes.

#### **5.1.8 Liability and insurance risk**

The Company's insurance arrangements may not be adequate to protect the Company against liability for losses relating to public liability, property damage, product liability, business interruption and other risks that may arise in the course of its operations. Should the Company be unable to maintain adequate insurance to cover these risks or experience claims for losses in excess of the level of its insurance coverage, the Company's financial performance could be materially affected.

#### **5.1.9 Litigation and dispute risk**

From time to time, the Company may be involved in litigation in relation to issues such as contractual, personal injury, employee and other claims, which may arise in the ordinary course of business.

Litigation may adversely impact upon the operational and financial performance of the Company, and may also negatively impact on the Company's share price. In addition, should the Company decide to pursue claims against a third party, including any party with whom the Company has entered into agreements, this process may incur significant management and financial resources, and a positive outcome for the Company cannot be guaranteed.

Further, even if the Company was successful in obtaining a judgment against a third party, the Company may be unable to recover any monies from that party. For example, the relevant third party may have inadequate financial resources to cover any damages judgment, which is awarded in favour of the Company.

#### **5.1.10 Financing requirements**

The Company's Directors expect that the Company will have sufficient capital resources to enable it to achieve its immediate business objectives. However, if circumstances arise that require further financing, there can be no assurance that further financing will be obtained on reasonable or acceptable terms.

#### **5.1.11 Government legislation**

Australian and international government legislation is subject to review and change from time to time. Any such change is likely to be beyond the control of the Company and could affect both industry and the Company's profitability. Revenues and operating costs of the Company may be affected by change in international, federal, state, or local government laws, regulations or policies, or in taxation legislation.

### **5.2 General Risks**

In addition to the specific risks outlined above, there is a range of general risks associated with the Company's operations. Factors such as inflation, interest rates taxation law, accounting standards, natural disasters, social upheaval, war and terrorism may have an impact on prices, operating costs and market conditions generally.

The Company's operations and future profitability can be affected by these factors, which are beyond the control of the Company.

#### **5.2.1 Economic uncertainty may affect the value of Shares**

The price of the Shares on the ASX may rise or fall due to numerous factors including:

- general economic conditions including but not limited to inflation and interest rates and exchange rate movements;
- changes to government policy and legislation; and

- sentiment in the market for local and global listed stocks.

### 5.2.2 Trading in Shares might not be liquid

There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is a discount or premium to the price paid initially.

### 5.2.3 Taxation changes may occur

Any change to the existing rate of company income taxation may adversely impact on the financial performance of the Company and in turn impact Shareholder returns. Any other changes to Australian taxation law and practice that impact QGL, graphite and mining industry generally, could also have an adverse effect on Shareholder returns.

### 5.2.4 Catastrophic events could occur

Acts of terrorism, an outbreak of international hostilities, earthquakes, labour strikes and other natural disasters may cause an adverse change in investor sentiment with respect to the Company specifically, or the stock market more generally. This could have a negative impact on the value of an investment in the Company's Shares.

## 5.3 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under the Offer. Therefore, the New Shares to be issued pursuant to the Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Shareholders should consider that investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares in the Company. Shareholders should consult their stockbroker, solicitor, accountant or other financial adviser if they are in any doubt as to the value of the Offer and in particular in relation to taxation implications.

## 6. Additional information

### 6.1 Rights attaching to Shares

The New Shares offered under this Prospectus will rank equally in all respects with Shares upon issue. Full details of the rights attaching to the Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office and is available on the Company's website at [quantumgraphite.com](http://quantumgraphite.com) under the 'Corporate Governance' tab.

The following is a summary of the principal rights that attach to the Shares under the Constitution:

<b>Voting</b>	<p>Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands. On a poll, every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, registered in such Shareholder's name on the Company's share register.</p> <p>However, if a member is present at any meeting of the Company and any one or more proxy, attorney or representative for such a Shareholder is also present, or if more than one proxy, attorney or representative for a Shareholder is present at any meeting then no such proxy, attorney or representative is entitled to vote on a show of hands and on a poll, the vote of each one is of no effect unless such person is appointed to represent a specified proportion of</p>
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	<p>the Shareholder's voting rights, not exceeding in the aggregate 100%.</p> <p>A poll may be demanded by the chairman of the meeting, by not less than five Shareholders entitled to vote at the meeting present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares of all those Shareholders having the right to vote on the resolution.</p>
<b>Dividends</b>	<p>Subject to the Corporations Act and the ASX Listing Rules, the Directors may pay a dividend in respect of Shares as, in their judgment, the financial position of the Company justifies.</p>
<b>Transfer of Shares</b>	<p>Subject to the Constitution, a member may transfer all or any of the member's Shares by:</p> <ul style="list-style-type: none"> <li>• a Proper ASTC Transfer; or</li> <li>• an instrument in writing in any usual form or in any other form that the Directors approve.</li> </ul> <p>The Company may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer in certain circumstances including: (a) in the circumstances permitted or required under the Listing Rules or the ASX Settlement Operating Rules, as applicable; (b) where the transfer is not in registrable form; (c) where the Company has a lien over any of the Shares transferred; (d) where the registration of the transfer may breach a law of Australian or would be in breach of any order of any Court; (e) where the transfer is paper-based and registration of the transfer will create a new holding, at the time the transfer is lodged, is less than a Marketable Parcel.</p> <p>Subject to the powers vested in the Directors to decline transfers as set out in the Constitution, where the Company receives a complying instrument of transfer it must register the transferee named in the instrument as the holder of the Shares to which it relates.</p>
<b>Meetings and Notice</b>	<p>Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.</p> <p>Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.</p>
<b>Liquidation rights</b>	<p>If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.</p>
<b>Shareholder liability</b>	<p>As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.</p>
<b>Changes to the Constitution</b>	<p>The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice, specifying the intention to propose the resolution as a special resolution must be given.</p>
<b>Unmarketable Parcels</b>	<p>The Constitution contains provisions permitting it to sell Unmarketable Parcels of shares on terms consistent with the Listing Rules. Notice must be given to the holder of the intended</p>

	sale and the holder must be given at least six weeks to notify the Company that it wishes to retain its Shares.
<b>Future increases in capital</b>	Subject to the Constitution, the directors have the right to issue shares or grant options over unissued shares to any person or to settle the manner in which fractions of share, however arising, are to be dealt with, and they may do so at such times as they think fit and on the conditions they think fit subject to the Listing Rules and the ASX Settlement Operating Rules and to any special rights conferred on the holders of any shares or any class of shares.
<b>Variation of rights</b>	The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied: <ul style="list-style-type: none"> <li>i. with the written consent of the holders of 75% of the shares of the class; or</li> <li>ii. by a special resolution passed at a separate meeting of the holders of shares of the class.</li> </ul>
<b>Listing Rules</b>	The Company is admitted to the Official List, and as such despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done.  Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).  If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## 6.2 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as offeror of the New Shares), the Directors and persons named in the Prospectus with their consent as having made a statement in the Prospectus involved in a contravention in relation to the Prospectus with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party named in this Section 6.

### 6.2.1 Auditor's consent

RSM Australia Partners has given its written consent to being named as auditor to the Company in this Prospectus and for the inclusion of the audited financial information of the Company in Appendix 1, in the form and context in which the information and the report are included. Grant Thornton has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

## **6.2.2 Legal adviser consent**

PricewaterhouseCoopers has given its written consent to being named as the legal adviser to the Company in this Prospectus, in the form and context in which the information is included. PricewaterhouseCoopers has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

## **6.2.3 Share Registry consent**

Link Market Services Limited has given its written consent to being named as the Share Registry in this Prospectus, in the form and context in which the information is included. Link Market Services has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

## **6.2.4 Directors' responsibility statement and consent**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

## **6.3 Taxation implications**

Shareholders should be aware that there may be taxation implications in relation to the Offer. These taxation implications will vary between different Shareholders.

Shareholders should consult their professional tax adviser. Shareholders should seek, and rely on, their own taxation advice regarding an investment in the Company. Neither the Company, nor any of its Directors, officers, employees, agents or advisers, accept any liability or responsibility with respect to the taxation consequences connected with the Offer.

## **6.4 CHESS**

The Company participates in the security transfer system known as CHESS. CHESS is operated by ASX Settlement, a wholly-owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASX Settlement Rules.

Holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

The Shares of Shareholders who are participants in CHESS or Shareholders sponsored by participants in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following the issue of the New Shares, Shareholders will be sent a holding statement that sets out the number of New Shares that have been allocated to them. This statement will also provide details of a Shareholder's HIN for CHESS holders or, where applicable, the Shareholder's SRN of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Registry in the case of a holding on the issuer sponsored subregister. The Company and the Shareholder Registry may charge a fee for these additional issuer sponsored statements.

## **6.5 Continuous Disclosure Obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to



continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus" issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by the ASX at all times during the three (3) months before the date of the Prospectus or options to acquire such securities. In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange.

Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of this Prospectus and the Closing Date:
  - (i) the annual financial report for the financial year ended 30 June 2020 (being the annual financial report most recently lodged by the Company with ASIC) (and is available in the ASX announcement on 1 October 2020);
  - (ii) the interim financial report for the half year ending 31 December 2020 (which is attached to this Prospectus and is available in the ASX announcement on 17 March 2021) (being the half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC); and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC (which are available in the ASX announcements detailed below).

Copies of all documents lodged with ASIC in relation to the Company can also be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report on 1 October 2020 and before the lodgement of this Prospectus with ASIC are set out in the table below.

<b>Date</b>	<b>Headline</b>
26 Mar 2021	Appendix 2A
25 Mar 2021	Cleansing Notice and Appendix 2A
24 Mar 2021	Renewal of Exploration Licence 6224

22 Mar 2021	Proposed issue of Securities - QGL
22 Mar 2021	Proposed issue of Securities - QGL
22 Mar 2021	Equity Capital Raising
17 Mar 2021	Appendix 4D and Interim Financial Statements 31Dec2020
29 Jan 2021	Quarterly Activity Report and Appendix 5B
8 Dec 2020	Appendix 3Y Change of Directors Interest Notice
8 Dec 2020	Appendix 3Y Change of Directors Interest Notice
8 Dec 2020	Appendix 3Y Change of Directors Interest Notice
8 Dec 2020	Appendix 3Y-Change of Directors Interest Notice
8 Dec 2020	Appendix 3Z Final Directors Interest Notice
7 Dec 2020	Proposed issue of Securities - QGL
3 Dec 2020	Shareholder Update
30 Nov 2020	Results of Annual General Meeting
30 Nov 2020	Annual General Meeting Presentation
27 Nov 2020	2020 Notice of Meeting Correction
18 Nov 2020	Response to ASX Query Letter
30 Oct 2020	2020 AGM Virtual Meeting Directions
30 Oct 2020	Notice of 2020 Annual General Meeting
30 Oct 2020	Quarterly Activities and Appendix 5B
15 Oct 2020	Appendix 4G and Corporate Governance Statement
12 Oct 2020	Shareholder Update
2 Oct 2020	Voluntary Suspension
2 Oct 2020	Pause in Trading

As at the date of this Prospectus, there is no other information that has not been disclosed under the continuous disclosure requirements of the ASX Listing Rules and which the Board considers investors would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to the Shares in the Company.

## 6.6 Governing law

The information in this Prospectus, the Offer and the contracts formed on acceptance of the Offer are governed by the law applicable in Victoria, Australia. Any person who applies for Shares submits to the non-exclusive jurisdiction of the courts of Victoria.

## 7. Defined terms

**\$** means an Australian dollar.

**Applicant** means a potential investor who applies for New Shares under this Prospectus.

**Application** means an application for a specified number of New Shares by an Applicant under this Prospectus, which is made by completing and returning an Application Form by the Closing Date.

**Application Form** means the form by that name which is included in or accompanies this Prospectus.

**Application Monies** means monies accompanying a completed Application.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Settlement** means ASX Settlement Pty Ltd ACN 008 504 532.

**ASX Settlement Operating Rules** means the settlement operating rules of ASX Settlement.

**ASX Settlement Rules** means the operating rules of ASX Settlement.

**Board** means the board of directors of the Company.

**Closing Date** means 5:00pm (Melbourne Time) on Tuesday, 25 May 2021.

**Company** or **Quantum Graphite Limited** or **QGL** means Quantum Graphite Limited ABN 41 008 101 979.

**Constitution** means the constitution of the Company as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Persons** means any potential investor to whom shares may be issued under this Prospectus.

**Listing Rules** means the Listing Rules of ASX.

**Marketable Parcels** has the meaning given to that term in the ASX Listing Rules, and **Unmarketable Parcels** means parcels of Shares which are not Marketable Parcels.

**Melbourne Time** means the time in Melbourne, Victoria.

**New Share** means a Share offered under this Prospectus, which includes Shares offered to the Related Entities and any Shortfall Shares offered to persons unrelated to the Related Entities (as determined by the Directors).

**Offer** means the offer of New Shares, as described in this Prospectus.

**Prospectus** or **Prospectus** means this Prospectus dated Monday, [12 April 2021].

**Offer Price** means \$0.065 per New Share.

**Official List** means the official list of the ASX.

**Official Quotation** means quotation of the New Shares on the ASX.

**Option** means an option to acquire a Share.

**Proper ASTC Transfer** has the meaning given to that term in the *Corporations Regulations 2001*(Cth).

**Related Entities** means entities related to Mr Sal Catalano and Mr Bruno Ruggiero.

**Relevant Interest** has the meaning given to that term in the Corporations Act.

**Section** means a section of this Prospectus.

**Share** means an ordinary fully paid share in the capital of the Company.

**Share Registry** means Link Market Services Limited ACN 083 241 537.

**Shareholder** means a holder of one or more Shares as recorded on the Share register for the Company maintained by the Share Registry.

**Shareholder Approval** means approval of the Offer by the Shareholders, as described in this Prospectus.

**Shortfall Shares** means any New Shares which are not issued to Related Entities.

**Sophisticated and Institutional Investors** means investors participated in the March Placement and were:

- a person in Australia who is a “professional investor” or “sophisticated investor” within the meaning of sections 708(8) or 708(11) of the Corporations Act; or
- an institutional investor in certain other jurisdictions to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing

with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply).

**Timetable** means the indicative timetable in respect of the Offer set out on page 7 of this Prospectus.

**United States** has the meaning given to that term by regulations made under the US Securities Act.

**US Person** has the meaning given to that term by regulations made under the US Securities Act.

**US Securities Act** means the US Securities Act 1933 (as amended).

Dated: 12 April 2021

Ms Rochelle Pattison

Company Secretary