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For Immediate Release
13 September 2021

Uley Drilling (Eastern Conductor) Initial Update
Significant Graphitic Intersections

- Two holes completed as part of the Phase 1 drill program
- Successful testing of the Eastern Conductor, confirming expected high grade graphitic intersections within the Cook Gap Schist.
- MD704 intersected several graphitic zones including:
  51.8m to 53.1m graphitic gneiss/schist estimated visually as +20% TGC
  57.0m to 58.2m graphitic gneiss/schist estimated visually as +10-20% TGC.
  62.8m to 70.5m graphitic gneiss/schist estimated visually as +20% TGC.

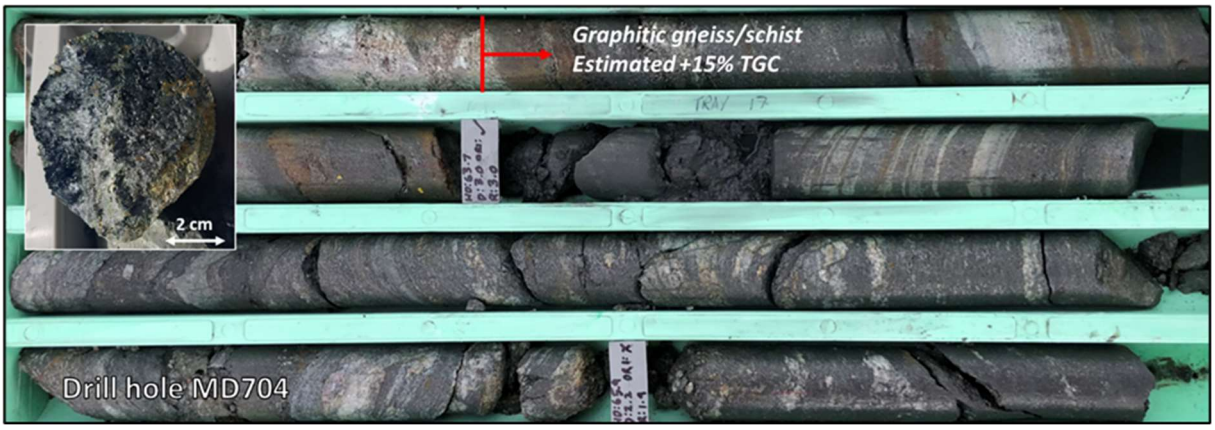

Figure 1 Graphitic mineralisation intersections at the Eastern Conductor

- MD705 also intersected several graphitic zones, geological logging of this hole is still in progress.
- Drilling so far confirms the orientation and mineralisation properties displayed in the previously drilled section, 50m to the south of the current drill line (9,475m grid N).
- Graphitic intersections present within the Phase 1 drill program are validation for the use of geophysical conductive anomalies as an indicator for potential graphite mineralisation.

The Company is pleased to announce encouraging preliminary results from the first two holes of its 8-hole drilling program targeting the Eastern Conductor with both holes displaying significant graphitic mineralisation intersections.

Managing Director Mr Sal Catalano commented that, "both holes have produced some excellent intersections but the most significant aspect of what we've seen at this early stage is confirmation of our understanding of this extraordinary deposit. Our technical team has established a solid working model of Uley and we're looking forward to extending this beyond Uley 2."

The Uley Structure

Uley is a disseminated crystalline flake graphite deposit hosted within metasediments of the Hutchison Group, specifically confined within the Cook Gap Schist. Crystallisation of 0.1mm to 2 mm graphite flakes occurred during high-grade metamorphism of carbonaceous sediments. Strong deformation is displayed in the development of strained quartz veins and mylonite within the tightly folded graphitic gneiss and schist units.

The main geological rock types present at Uley are:

(a) Schist/Gneiss (GN): Foliated unit with varying composition from biotite-garnet dominate to quartz-feldspar dominant with Graphite-rich zones given a lith 2 code of GR. No visual estimates of flake size were possible as everything intersected was visually coarse (petrology to provide detailed flake size information).
(b) Amphibolite (BA): medium grained massive unit comprising of plagioclase feldspar and amphibole. Some minor/low-grade potentially remobilised graphite observed.
(c) Marble (DD): Calcite+-olivine rock with remnant layering after sedimentary origin, can occur as thin layers within calc-silicate gneissic units or as thicker zones.
(d) Pegmatite/Aplite (PG): Fine or coarse grained massive felsic intrusive.
(e) Saprolite (CL): Saprolitic material of >80% clay minerals.
(f) Laterite (LA): lateritic horizon sometimes present above saprilite and below soil. Commonly pisolitic.
(g) Soil (SO): Surficial soil horizon, organic material rich.

The Eastern Conductor

The Eastern Conductor was the subject of diamond drilling in 2015, including four drill holes drilled at 50m spacing along grid northing 9,425mN (MD308, MD309, MD310 and MD311). The 8 drill holes under the current Phase 1 program were designed based on these holes and the geophysical conductive anomaly (ie. the Eastern Conductor).

The program is 50m and 100m to the north of previous drilling and is displaying similar orientations and mineralisation characteristics as the 2015 drilling results. Visual results from drill core confirm that the anomaly defined as the Eastern Conductor is a strong indication of the presence of graphitic mineralisation.

Drillhole MD704

Geology intersected in MD704 consisted of a thin horizon of soil (<400mm) before either laterite or upper saprolite was intersected. The Saprolite profile is thick (~40+m downhole) and comprises of an upper mottled zone of pallid clays and iron accumulations. Below is completely oxidised basement meta-sedimentary biotite-garnet rich schist/gneiss, calcsilicate gneiss, marble, amphibolite, and graphitic schist/gneiss.

Thin zones of lower saprolite material are seen within the upper saprolite zone. The lower saprolite is defined by an increase in the amount of residual primary minerals above 20% and a change in colour from the distinctive oranges and browns.

MD704 intersected a theorised remobilised cryptocrystalline/chertose silica zone at the interface with saprock marble. Below this zone the rock strength increased however graphitic horizons were still commonly highly weathered.

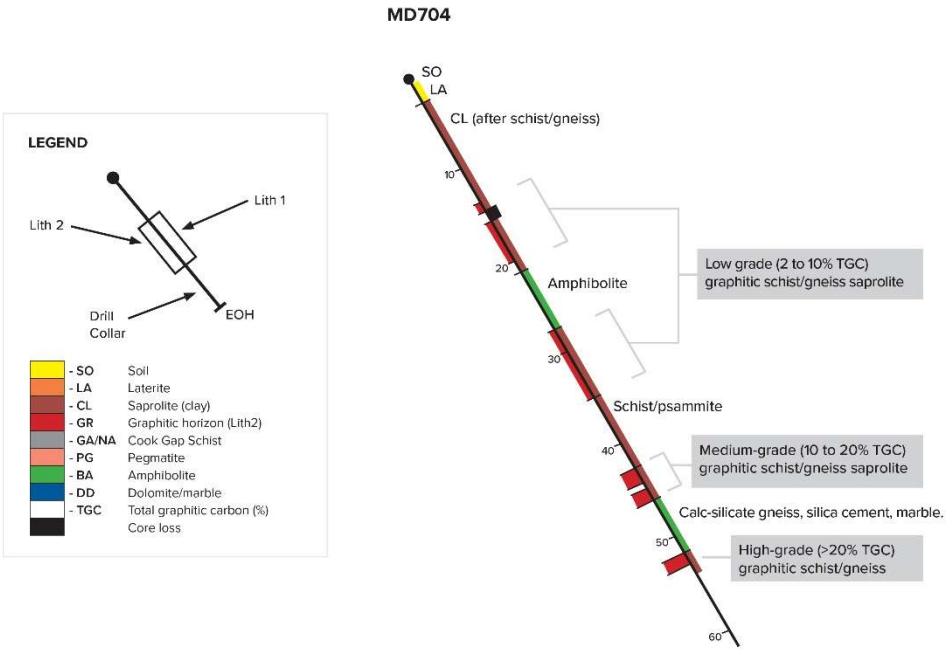

Figure 2 Geological cross-section 9,475mN local grid graphitic mineralisation

Drill hole MD706 is currently in progress.

FOR FURTHER INFORMATION CONTACT:
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Competent Person Statement

The information in this announcement is based on, and fairly represents, information and supporting documentation prepared by Mrs Vanessa O'Toole, a competent person who is a member of the Australasian Institute of Mining and Metallurgy. Mrs O'Toole is a consultant to Quantum Graphite Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs O'Toole consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code Explanation	Commentary
Sampling techniques	▪ Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. ▪ Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. ▪ Aspects of the determination of mineralisation that are Material to the Public Report.	▪ Samples are yet to be analysed by laboratory analysis.
Drilling techniques	▪ Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	▪ Diamond drillholes are drilled using HQ triple tube. Downhole surveys were obtained using a Reflex Sprint gyroscope. The angled drillholes were orientated using the Reflex ACT II RD core orientation tool.
Drill sample recovery	▪ Method of recording and assessing core and chip sample recoveries and results assessed. ▪ Measures taken to maximise sample recovery and ensure representative nature of the samples. ▪ Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	▪ Core recoveries are recorded for each drill run, which ranges from 1.5m runs to 3m runs. ▪ Industry standard procedures/techniques are employed to ensure maximum downhole recovery. ▪ There has been no identified relationship between sample recovery and grade so far.
Logging	▪ Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. ▪ Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. ▪ The total length and percentage of the relevant	▪ All drill holes are logged in their entirety. Qualitative descriptions of mineralogy, mineralisation, weathering, lithology, colour and other features are recorded and photographed for each sample.

Criteria	JORC Code Explanation	Commentary
	intersections logged.	
Sub-sampling techniques and sample preparation	▪ If core, whether cut or sawn and whether quarter, half or all core taken. ▪ If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. ▪ For all sample types, the nature, quality and appropriateness of the sample preparation technique. ▪ Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. ▪ Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. ▪ Whether sample sizes are appropriate to the grain size of the material being sampled.	▪ The core is yet to be cut for laboratory sampling. Diamond core will be cut in half and sampled over mineralised intervals. ▪ Duplicates, blanks and standards will be submitted for analysis for quality assurance and control.
Quality of assay data and laboratory tests	▪ The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. ▪ For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. ▪ Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	▪ Samples are yet to be prepared or assayed. ▪ Duplicates, blanks and standards will be submitted for analysis as part of a full QAQC system in place to determine the accuracy and precision of assays. ▪ The sample sizes are considered to be appropriate to correctly represent the mineralisation style.
Verification of sampling and assaying	▪ The verification of significant intersections by either independent or alternative company personnel. ▪ The use of twinned holes. ▪ Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. ▪ Discuss any adjustment to	▪ Quantum Graphite geologists and consultants have reviewed the core. ▪ No assay data is reported.

Criteria	JORC Code Explanation	Commentary
	assay data.	
Location of data points	▪ Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. ▪ Specification of the grid system used. ▪ Quality and adequacy of topographic control.	▪ Drill location co-ordinates are reported in Uley Mine Grid (transformed to truncated AMG). The reported truncation was: Easting = -554,216.866m Northing = -6,139,092.867m ADH = RL + 404.252m ▪ Drillhole collars are recorded using handheld GPS. Elevation values are in AHD RL and values recorded within the database.
Data spacing and distribution	▪ Data spacing for reporting of Exploration Results. ▪ Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. ▪ Whether sample compositing has been applied.	▪ Drilling at the Eastern Conductor is completed on 50m by 50m spacing, which has been shown at Uley 2 (as part of the same stratigraphy) to be sufficient for geological modelling and understanding of the mineralisation style and distribution, also the potential for an Inferred Mineral Resource.
Orientation of data in relation to geological structure	▪ Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. ▪ If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	▪ Drilling orientation is considered appropriate considering the deposit type and orientation of moderately WNW dipping mineralisation. Sampling bias related to the orientation of sampling is considered to be minimal.
Sample security	▪ The measures taken to ensure sample security.	▪ All reasonable measures are and will be taken to ensure sample security along the value chain. These measures included the recording of sample dispatch and receipt reports, secure storage of samples, and a locked and gated core shed.
Audits or reviews	▪ The results of any audits or reviews of sampling techniques and data.	▪ No formal third-party audits have been undertaken to date.

Section 2 Reporting of Exploration Results

(Criteria in this section apply to all succeeding sections)

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>▪ Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.
▪ The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>▪ The Uley Graphite Project consists of five contiguous tenements on the Eyre Peninsula of South Australia, of which two are retention leases, two are mining leases and one is an exploration licence. Tenement identification numbers are: RL66, RL67, ML5561, ML5562 and EL4778.
▪ Mining development is subject to the approved Program for Environmental Protection and Rehabilitation (PEPR) and an Environmental Licence which is mandated under South Australian State legislation.
▪ QGL has a 100% interest in these tenements and no royalty, joint venture or other material agreements are in place other than a royalty of 1.5% with its former parent company, SER.
▪ Tenement ownership is secure, there are no known impediments to obtaining a license to operate in the area.</td></tr>
<tr><td>Exploration done by other parties</td><td>▪ Acknowledgment and appraisal of exploration by other parties.</td><td>▪ Historically a number of parties have undertaken exploration on the leases.</td></tr>
<tr><td>Geology</td><td>▪ Deposit type, geological setting and style of mineralisation.</td><td>▪ Graphite is developed as a constituent mineral in coarse prograde metamorphic assemblages as well as in the fabric and foliation of micaceous schists. These are interpreted to be the folded, thrusted and metamorphosed equivalents of the Cook Gap Schist. Folding of stratigraphy on various local scales is obvious from the core logging.</td></tr>
<tr><td>Drillhole Information</td><td>▪ A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:
▫ easting and northing of the drillhole collar
▫ elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar
▫ dip and azimuth of the hole
▫ down hole length and interception depth
▫ hole length
▪ If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>▪ Planned drill holes are listed below:
<table><tr><th>Hole ID</th><th>Azimuth</th><th>Inclination</th><th>X</th><th>Y</th><th>Z</th><th>length</th></tr><tr><td>MD704</td><td>90</td><td>-60</td><td>10,175</td><td>9,475</td><td>500</td><td>80</td></tr><tr><td>MD705</td><td>90</td><td>-60</td><td>10,225</td><td>9,475</td><td>500</td><td>100</td></tr><tr><td>MD706</td><td>90</td><td>-60</td><td>10,275</td><td>9,475</td><td>490</td><td>100</td></tr><tr><td>MD707</td><td>90</td><td>-60</td><td>10,325</td><td>9,475</td><td>480</td><td>50</td></tr><tr><td>MD708</td><td>90</td><td>-60</td><td>10,175</td><td>9,525</td><td>480</td><td>80</td></tr><tr><td>MD709</td><td>90</td><td>-60</td><td>10,225</td><td>9,525</td><td>500</td><td>80</td></tr><tr><td>MD710</td><td>90</td><td>-60</td><td>10,275</td><td>9,525</td><td>500</td><td>80</td></tr><tr><td>MD711</td><td>90</td><td>-60</td><td>10,325</td><td>9,525</td><td>490</td><td>50</td></tr><tr><td>TOTAL (m)</td><td></td><td></td><td colspan="3"></td><td>620</td></tr></table></td></tr>
<tr><td>Data aggregation methods</td><td>▪ In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of</td><td>▪ No assay results are reported.</td></tr>
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Criteria	JORC Code Explanation	Commentary
	high grades) and cut-off grades are usually Material and should be stated. ▪ Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. ▪ The assumptions used for any reporting of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	▪ These relationships are particularly important in the reporting of Exploration Results. ▪ If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. ▪ If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	▪ The orientation of the mineralisation is well known given the presence of a complete section to the south of the current drilling. ▪ Drill holes have been designed to intercept mineralisation at optimum angles, bedding contacts displayed in the current drilling are confirming the appropriate orientation of the drill holes. ▪ The reported down hole length is therefore close if not equal to the true width of mineralisation.
Diagrams	▪ Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.	▪ Refer to Figures in the body of the text.
Balanced reporting	▪ Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	▪ All results considered significant are reported by QGL.
Other substantive exploration data	▪ Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater,	▪ All available and material exploration information has been considered. This comprised a drilling database, previous estimates and reports, academic literature, petrological reports, metallurgical test work reports, dry rock density determinations, and site visit photography and communication.

Criteria	JORC Code Explanation	Commentary
	geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	▪ The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). ▪ Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	▪ Exploration work to quantify the extent and continuity of mineralisation within the QGL-held tenure is ongoing. This work includes further diamond drilling, further geophysical surveys and geological mapping. Details of this exploration effort are deemed commercially sensitive.