

## Reinstatement Disclosure

The following information is required to be provided to ASX Limited (ASX) for release to the market in connection with the admission to reinstatement to official quotation of the Ordinary Shares of Quantum Graphite Limited (ABN 41 008 101 979) (the **Company**) identified by the ASX code QGL.

The Company is not aware of any legal, regulatory, statutory or contractual impediments to it undertaking the activities the subject of the commitments disclosed in the Cleansing Prospectus dated 30 November 2021.

### Compliance with ASX Listing Rules and Continuous Disclosure Obligations

The Company confirms that it complies with the ASX Listing Rules and in particular Rule 3.1.

### Index of Disclosures

This announcement includes Sections 1 to 4 as follows:

- Business Summary (including Tenement Details and Uley 2 Mineral Reserves)
- Mineral Resources of Uley 2 and Uley 3
- Overview of the Company's Exploration Program
- Financial Information including:
  - Statement of Commitments
  - Share Capital Structure and Shareholder Distribution
  - Top 20 Shareholder Details
  - Proforma Balance Sheet

### Listing Rule 1.1, Condition 13

The responsible person is Ms Rochelle Pattison.

### Authorised by the Board of the Company

For further information please contact:  
Sal Catalano  
Managing Director  
Quantum Graphite Limited

## 1.0 Business Summary

### 1.1 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 a process plant and related infrastructure. 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. Further information is available at the Company's website, [quantumgraphite.com](http://quantumgraphite.com).

#### ULEY 2 RESERVE ESTIMATES & MINING STUDY

Classification	Tonnage (t)	Average Grade (%TGC)	Contained Tonnes (t)
Proved	811,000	11.7	94,500
Probable	3,191,000	11.9	381,325

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 optimised shell comprises a single large pit and is illustrated in Figure 2.

Pit Shell 36 reaches a depth of 132m and contains approximately 4.0Mt of mill feed at 11.9% 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 total graphitic carbon grades of more than 50%.

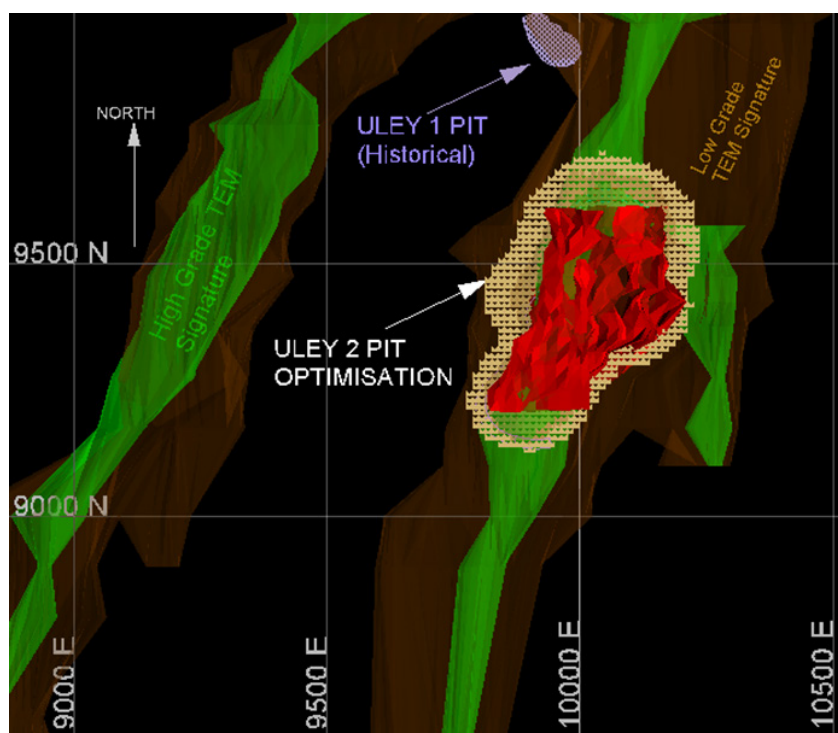


Figure 2

#### 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).

## 1.2 Tenement Information

### Overview

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:

- (a) 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);
- (b) 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). An application for renewal of this this licence was lodged in September 2021.

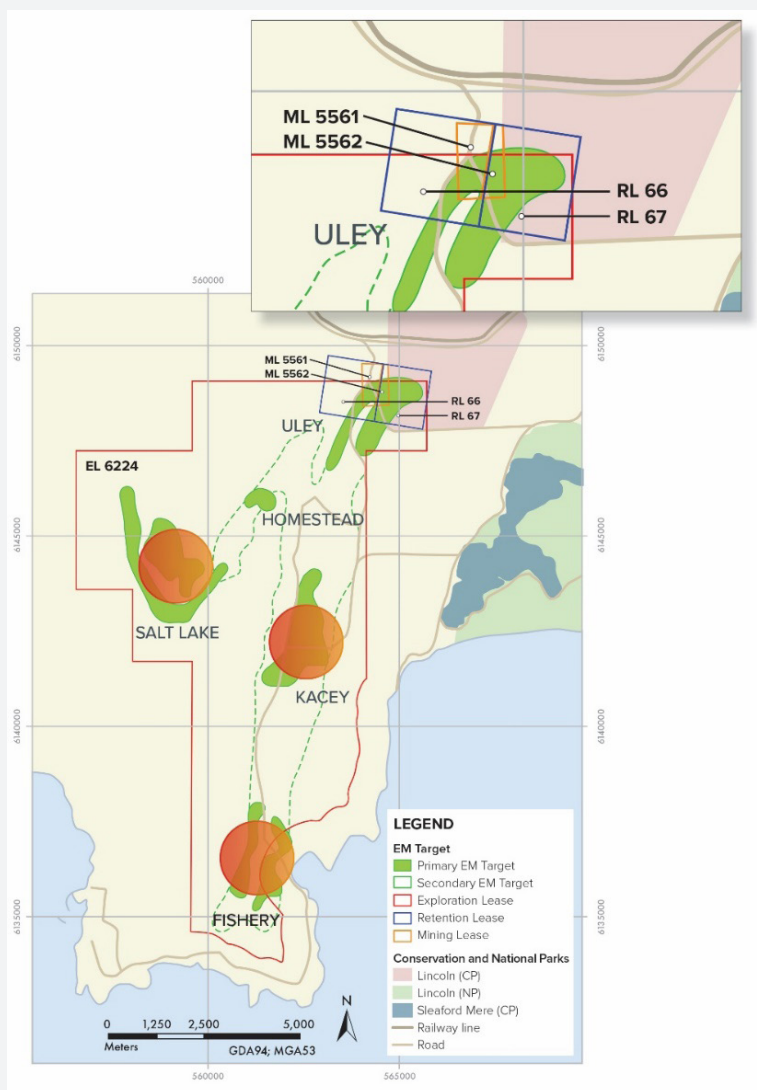


Figure 1

## 2.0 Mineral Resources Uley 2 and Uley 3

### 2.1 Details of the Company’s JORC 2021 mineral reserves and resources are summarised below

The Mineral Resource Estimate is calculated at a 3.5% TGC cut-off is as follows:

RESOURCE	CLASSIFICATION	TONNES (Kt)	TGC (%)	DENSITY (t/m <sup>3</sup> )	TGC (kt)
Uley 3	Inferred	900	6.6	2.1	59
	<b>Uley 3 Total</b>	<b>900</b>	<b>6.6</b>	<b>2.1</b>	<b>59</b>
Uley 2	Measured	800	15.6	2.1	125
	Indicated	4,200	10.4	2.1	435
	Inferred	1,300	10.5	2.2	137
	<b>Uley 2 Total</b>	<b>6,300</b>	<b>11.1</b>	<b>2.1</b>	<b>697</b>
<b>Uley Project Total</b>		<b>7,200</b>	<b>10.5</b>	<b>2.1</b>	<b>757</b>

Note: Small discrepancies may occur due to rounding.

(KT) = dry metric kilotonnes, (TGC %) = grade expressed in percentage of TGC

## 2.2 Relationship between Uley 2 and Uley 3

Drilling at the Uley site in September and October 2021 led to an area of the Eastern Conductor site being designated as Uley 3 in November 2021.

The Uley 3 interpreted graphite mineralisation envelopes in relation to the Uley 2 mineralisation are shown below.

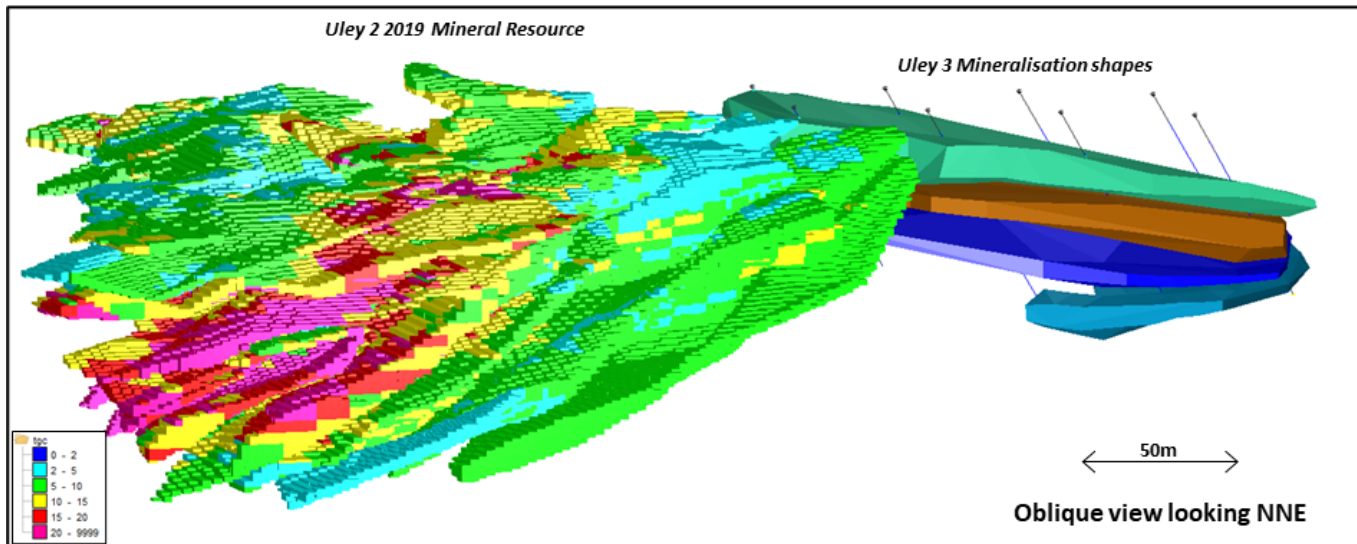


Figure 1

Uley is one of several mineralised lenses indicated by the known regional and local geology and geophysical data derived from surface SIROTEM (electromagnetic conductivity) and TMI (total magnetic intensity) explorative programs.

Stronger geophysical responses continue to be proven as key indicators for elevated graphitic mineralisation at Uley and are a valid tool for designing and prioritising drill programs aimed at targeting conductive graphitic layers.

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.

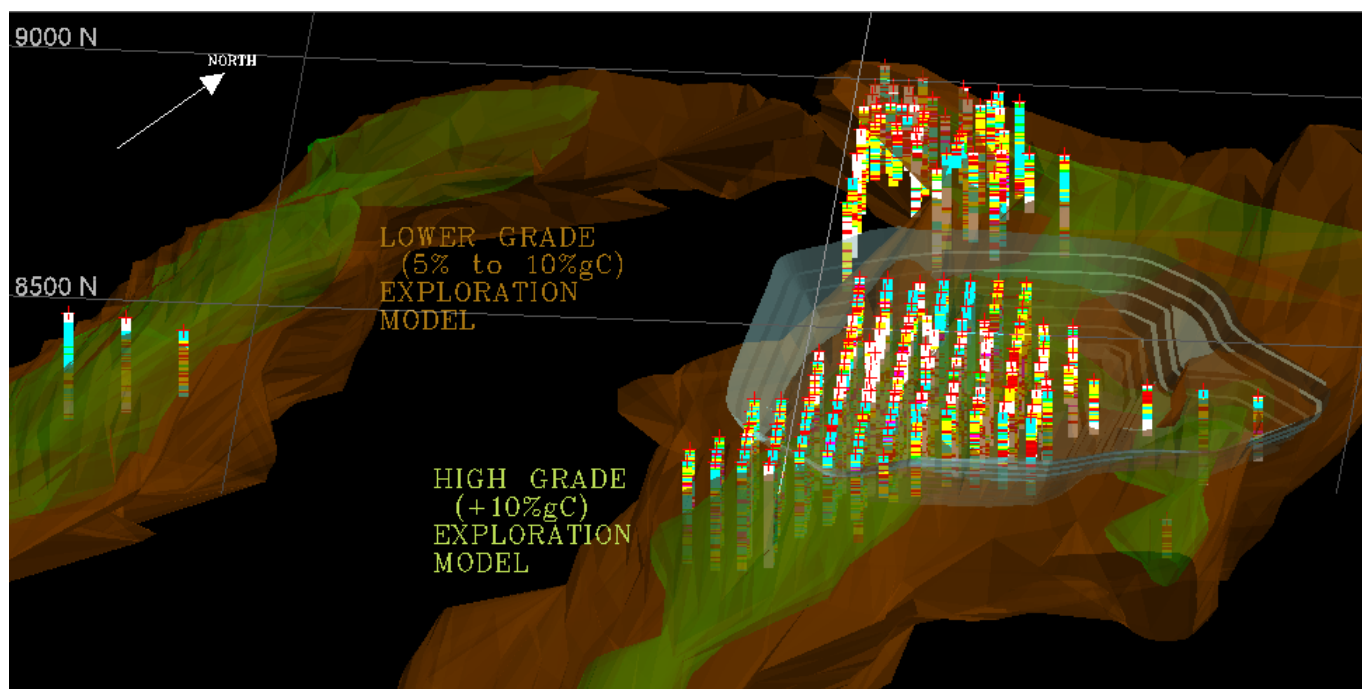


Figure 3

### 3.0 Exploration Program for EL 6224

#### 3.1 Overview

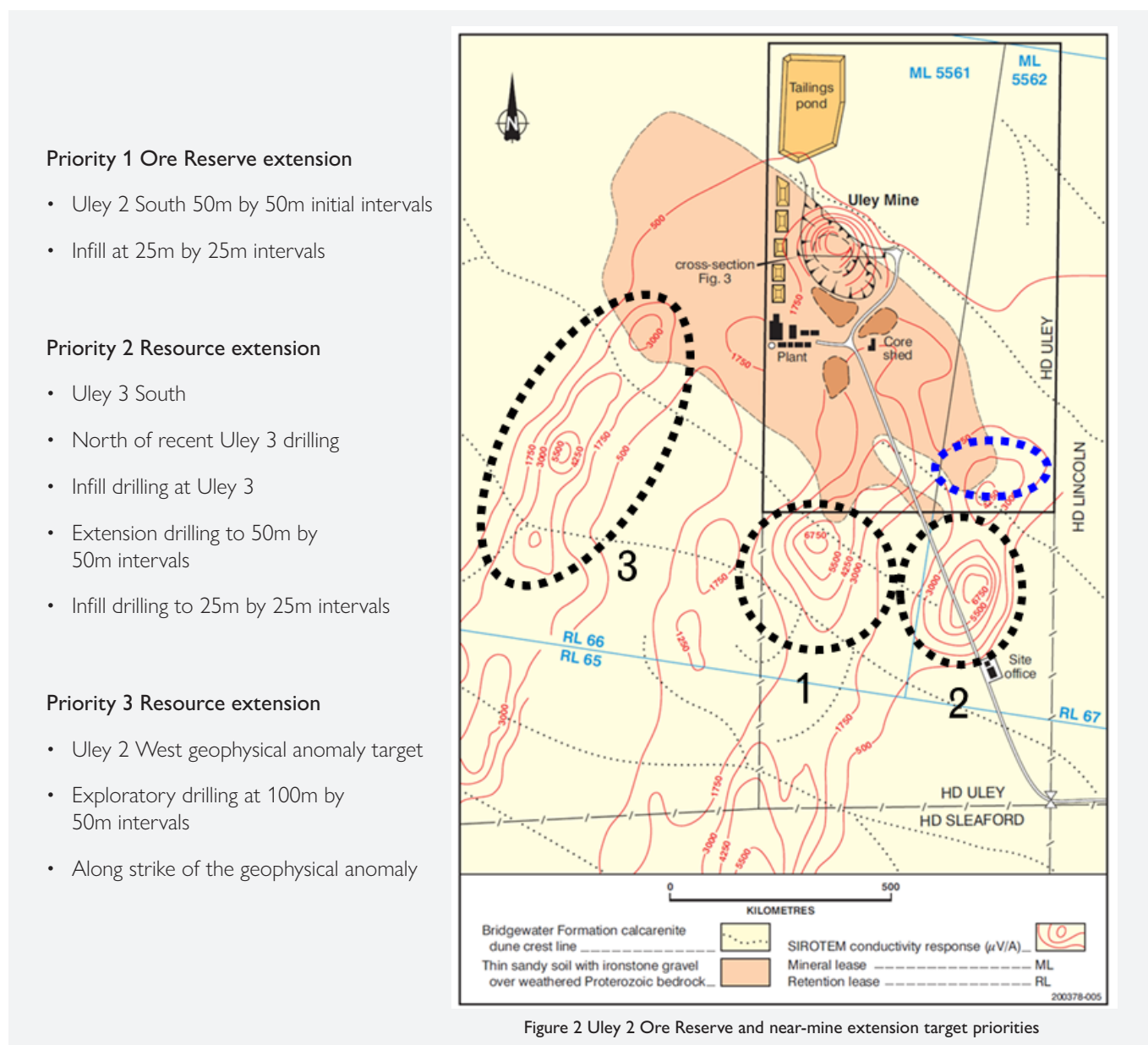
The exploration plan for EL 6224 will now include the following:

- Adding to Quantum’s Ore Reserve Inventory with the likely extension of the Uley 2 Ore Reserve to the South and infill drilling at Uley 3 aimed at upgrading the Mineral Resource classification to the Indicated level.
- Conducting airborne geophysical TEM (transient electro-magnetic) surveys across currently defined anomalies.
- Salt Lake, Kacey and Homestead conductive anomaly wide-spaced explorative drilling.

The priority of exploration activities in respect of each of the above items will be generally driven by commercial pressures from customers to expand the Uley 2 project’s mineral resources and the strategic objective of growing and diversifying the Company’s resources outside of the Uley mineralised envelope.

#### 3.2 Exploration Activities - Uley 2 Ore Reserve and near-mine extension targets

Initial drilling activities within EL6224 will target extension of the Ore Reserve to the south of the current 2019 Uley 2 Ore Reserve and other near-mine extension targets. Drilling activities within MLs 5561 and 5562 will be directed at in-fill drilling of Uley 3 to upgrade the Mineral Resource classification to the Indicated level. Priorities are listed and presented in Figure 2 below. Since Priorities 1 to 3 sit within the Retention Leases, RLs 66 and 67, these activities can continue pending the renewal of EL 6224.



### 3.3 Exploration Activities - Geophysical airborne electromagnetic surveys

The airborne surveys will include utilising a helicopter to fly a TEM survey over EL 6224. The total survey at 100 m line intervals is estimated at 900-line km. Infill lines at 50m intervals are also planned for the mining leases and the retention leases representing 70-line km.

It is intended to commence with the fly over survey of the mining leases and the retention leases to calibrate the method over the known geology at Uley 2. This is also likely to provide a good indication of detail to expect from the rest of the airborne survey, i.e., whether problems with conductive regolith are evident and/or the line spacing for the balance of the survey should be adjusted.

### 3.4 Other Exploration Targets

Based on the result of the above geophysical surveys, drill programs will be devised to delineate any potential economic graphite mineralisation at Salt Lake, Homestead, Kacey and eventually Fishery. Drilling will be designed as for the Uley mineralisation with an initial drill spacing of 100m by 50m along strike of the defined anomaly.

### 3.5 Timing of Exploration Activities

The Company's exploration activities are ongoing within the mining leases and principally focused on resource extension directly associated with Uley 2. These activities include further development of:

- the Company's geological model for Uley 3 and its relationship with Uley 2 (see market release of 18 November 2021, *Uley 3 Drill Program Results In A Maiden Mineral Resource Estimate*); and
- targets for further Uley 3 drilling (see Priority 2, Section 2.1 above).

Outside the mining leases, within EL 6224 (and included within Retention Leases RLs 66 and 67), mine site activities continue and are focussed on the work required to complete the Exploration Program for Environmental Protection and Remediation submission to enable drilling and geophysical activities.

## 4.0 Financial Information

### 4.1 Statement of Commitments

Based on actual funds raised and financing made available, the Company intends to apply funds for the next twelve months as follows:

<b>Existing Cash (following raise and draw down of finance facility)</b>	<b>\$2,252,011</b>
Payment of Accounts Payable:	(\$577,321)
Exploration commitments (required) (this has already been satisfied)	Nil
Additional Exploration	(\$200,000)
Review of mining study and update of Feasibility Study	(\$86,000)
Sales and Marketing	
Working Capital (this includes corporate costs, costs associated with development of mining plans, sales plans and technology development)	(\$1,388,690)

### 4.2 Funding Working Capital Requirements

The Company's working capital requirements are supported by financial accommodation provided by Chimaera Capital Limited as disclosed in the Company's 2021 Annual Report. This financial accommodation has been extended and is now comprised of:

- A fully drawn unsecured loan facility of up to \$1,261,872 at an interest rate of 8.25% per annum. The loan may be repaid by the Company at any time without penalty; and
- An agreement to defer the due date for repayment of \$488,128 of trade payable amounts to the earlier of the completion of an equity or debt capital raising of more than \$250,000, or 15 January 2023.

Consistent with prior years' accounting treatment of this arrangement, these amounts are included in the Pro Forma balance sheet in Section 4.4 as non-current liabilities.

### 4.3 Capital Structure

#### (a) Shares on Issue

There are 293,000,000 Ordinary Shares on issue

#### (b) Options

28,571,429 options to acquire ordinary shares (exercise price \$0.00, expiry date 20 July 2023).

#### (c) Shareholder Breakdown as at 8 December 2021

Range	Securities	%	No. of holders	%
100,001 and over	281,323,449	96.01%	180	17.27%
10,001 to 100,000	9,582,910	3.27%	267	25.62%
5,001 to 10,000	1,527,377	0.52%	220	21.11%
1,001 to 5,000	511,333	0.17%	134	12.86%
1 to 1,000	54,931	0.02%	241	23.13%
<b>Total</b>	<b>293,000,000</b>	<b>100.00</b>	<b>1,042</b>	<b>100.00</b>
Unmarketable Parcels	1,924,092	0.67	578	55.47%

#### (d) Top 20 Shareholders

Rank	Name	A/C designation	09 Dec 2021	%IC
1	CHIMAERA CAPITAL LIMITED		80,198,894	27.37
2	ZIZIPHUS PTY LTD		11,972,551	4.09
3	SELDO PTY LTD	<OSMETTI FAMILY NO 2 A/C>	11,744,926	4.01
4	INSYNC INVESTMENTS PTY LTD	<WEEKLEY SUPER FUND NO 1 A/C>	8,633,578	2.95
5	LYCOPODIUM LIMITED		7,315,167	2.50
6	MICHAEL JAMES MADDOX		5,667,646	1.93
7	GOLDER ASSOCIATES PTY LTD		4,830,974	1.65
8	ACN 112 940 057 PTY LTD		4,725,026	1.61
9	SC CAPITAL PTY LTD		4,710,823	1.61
10	G & N LORD SUPERANNUATION PTY LTD	<GNR SUPERANNUATION FUND A/C>	4,707,719	1.61
11	NEXT AUSTRALIA PTY LTD	<NEXT SUPER FUND A/C>	4,123,192	1.41
12	PETER FAULKNER INVESTMENTS PTY LTD	<FAULKNER TUKE SUPERFUND A/C>	4,104,407	1.40
13	CELTIC CAPITAL PTY LTD	<CELTIC CAPITAL NO 2 A/C>	3,875,331	1.32
14	SPECTRUM METALLURGICAL CONSULTANTS PTY LTD		3,795,245	1.30
15	JORVIK RESOURCES PTY LTD		3,530,409	1.20
16	AGENS PTY LTD	<THE MARK COLLINS S/F A/C>	3,451,184	1.18
17	ST JUDE'S PROGENY PTY LTD		3,166,673	1.08
18	R&M SINCLAIR HOLDINGS PTY LTD	<R&M SINCLAIR SUPER FD A/C>	3,149,803	1.08
19	DR JOHN CORRAN CRAWFORD & MRS PAMELA MARY CRAWFORD	<CRAWFORD SUPER FUND A/C>	3,130,435	1.07
20	LUALA PTY LTD		3,106,787	1.06
		<b>Total</b>	<b>179,940,770</b>	<b>61.41</b>
		<b>Balance of register</b>	<b>113,059,230</b>	<b>38.59</b>
		<b>Grand total</b>	<b>293,000,000</b>	<b>100.00</b>

## 4.4 Pro-Forma Balance Sheet

Proforma Balance Sheet

**Quantum Graphite Limited**

Consolidated Statement of Financial Position

As at 30 November 2021

	30 November 2021 \$	30 June 2021 \$
<b>Current assets</b>		
Cash and cash equivalents	2,252,011	1,236,231
Trade and other receivables	38,802	261,082
<b>Total current assets</b>	<u>2,290,814</u>	<u>1,497,313</u>
<b>Non-current assets</b>		
Receivable from the SA Department of Mining and Energy	1,073,863	1,073,863
Property, plant and equipment	306,354	336,336
Intangible assets	7,189	7,189
Development assets	14,672,543	14,245,139
Exploration and evaluation assets	2,127,827	1,991,005
Other Assets	100,016	
<b>Total non-current assets</b>	<u>18,287,792</u>	<u>17,653,532</u>
<b>Total assets</b>	<u>20,578,606</u>	<u>19,150,845</u>
<b>Current liabilities</b>		
Trade and other payables	577,321	1,060,853
<b>Total current liabilities</b>	<u>577,321</u>	<u>1,060,853</u>
<b>Non-current liabilities</b>		
Director Liabilities	-	
Trade and other payables	488,128	
Rehabilitation provision	558,369	558,369
Borrowings	1,261,872	-
<b>Total non-current liabilities</b>	<u>2,308,369</u>	<u>558,369</u>
<b>Total liabilities</b>	<u>2,885,690</u>	<u>1,619,222</u>
<b>Net assets</b>	<u>17,692,916</u>	<u>17,531,623</u>
<b>Equity</b>		
Issued capital	59,738,215	58,454,227
Reserve	2,520,000	2,520,000
Accumulated losses	(\$44,566,347)	(\$43,442,604)
<b>Total equity</b>	<u>17,691,868</u>	<u>17,531,623</u>