

ASX announcement

31 January 2019



QEM

ASX: QEM

ACN 167 966 770

December 2018 Quarterly Activities Report

QEM Limited ("QEM" or "the Company") is pleased to provide shareholders with the following update for the Company's activities for the quarter ended 31 December 2018.

Admission to ASX

QEM Limited commenced trading on the Australian Securities Exchange (ASX) on 19 October 2018, after raising \$5 million at \$0.20 per share as part of its Initial Public Offering (IPO). The Company issued 25,000,000 shares in its IPO, with a total of 100,000,000 total shares on issue at listing.

QEM plans to use funds from its IPO to advance exploration at its 100% owned Julia Creek Project ("the Project") in Queensland, where it is targeting vanadium and oil shale prospects in the Toolebuc Formation.

QEM's previous work on the Project, as outlined in the IPO prospectus, indicated that an opportunity exists for a significant vanadium and oil shale project. In March 2018, QEM upgraded the size of its JORC Inferred Resource to its current level of 1,700Mt @ 0.34% V₂O₅. In addition, within the same 1,700Mt, a Contingent 3C Oil Shale Resource of 589 MMbbls is estimated. However, it is important to note that at this stage, the vanadium Mineral Resource and oil shale Petroleum Resource stand on their own, as there has been insufficient work completed by QEM to confirm that the vanadium Mineral Resource and oil shale Petroleum Resource can be extracted together.

Petroteq Energy Inc.

During the December 2018 quarter, the Company received successful initial preliminary results using Petroteq's technology from test work carried out on the previously drilled core sample from the Julia Creek Project.

The initial test was performed by ChemTreat Laboratories on a sample over a nine-day period and was overseen by Petroteq's Chief Technology Officer. The testing involved ChemTreat being provided with Petroteq's proprietary solvent blend to test how much oil could be extracted from QEM's inactivated oil shale.

These preliminary results show that Petroteq's proprietary technology was able to extract hydrocarbons from QEM's Julia Creek Project. Further optimisation is required to determine the final yield of the hydrocarbon products.

Stage 2 optimisation testing is underway and Petroteq have indicated that QEM's type of shale is expected to be sensitive to their shale activation. Therefore, based on Petroteq's previous work and their results report, QEM is confident that a maximum hydrocarbon content approaching greater than 90% yield is achievable from an activated oil shale sample (the Company notes however that if successful, any result should not be taken as indicative that such yield is achievable across the Company's Julia Creek Project and that further testing will be required).

Level 11, London House

216 St George's Terrace

Perth Western Australia 6000

T: +61 8 9481 0389

F: +61 8 9463 6103

E: info@qldem.com.au

www.qldem.com.au

John Foley
Chairman

Daniel Harris
Non-Executive Director

David Fitch
Executive Director

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Key activities for the March 2019 quarter

Petroteq - Stage 2 testing is ongoing and we are eagerly anticipating full results of such in the coming months. A 2D Seismic program has been designed and was put out to tender, with a final decision to award the contract within the coming weeks. We anticipate commencement on site in March 2019 weather permitting.

Tenement Schedule

In line with obligations under ASX Listing Rule 5.3.3, QEM Limited provides the following information with respect to its Mining Tenement holdings as at 31 December 2018.

| Project | Country | Tenement | Status | % Held | Change During Quarter |
|-------------|-----------|----------|---------|--------|-----------------------|
| Julia Creek | Australia | EPM25662 | Granted | 100% | - |
| Julia Creek | Australia | EPM25681 | Granted | 100% | - |
| Julia Creek | Australia | EPM26429 | Granted | 100% | - |

Julia Creek Project Overview

The Julia Creek Project consists of tenements EPM 25662, EPM 25681 and EPM26429 which form part of the vast Toolebuc Formation. This formation is increasingly recognised for elevated vanadium potential, with vanadium and oil shale hosted by, and co-located within, the Toolebuc Formation. QEM seeks to further explore and exploit these important resources.

The Julia Creek project currently has an Inferred JORC resource of 1.7Bt with an average V₂O₅ content of 0.34% and an SPE-PRMS petroleum resource of 589MMbarrels in the 3C contingent category.

Further information about the Project is contained in the Company's IPO prospectus, released to ASX on 17 October 2018.

Competent Person and Qualified Evaluator Statements

The information in this announcement that relates to the mineral resource and contingent resource estimates for the Company's Julia Creek Project was first reported by the Company in its IPO prospectus dated 20 August 2018 and supplementary prospectus dated 12 September 2018 (together, the "Prospectus"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Prospectus, and in the case of estimates of Mineral Resources and Contingent Resources, that all material assumptions and technical parameters underpinning the estimates in the Prospectus continue to apply and have not materially changed.

For further information:

David Fitch
Executive Director
P: +61 8 9481 0389
E: david@qldem.com.au

Level 11, London House
216 St George's Terrace
Perth Western Australia 6000
T: +61 8 9481 0389
F: +61 8 9463 6103
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