

Quantum Graphite

MARKET RELEASE
For Immediate Release
10 December 2018

PRO RATA NON-RENOUNCEABLE RIGHTS ISSUE (OFFER)

DESPATCH OF NOTIFICATION OF OFFER TO ELIGIBLE AND INELIGIBLE SHAREHOLDERS

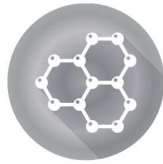
The Company announces today a non-renounceable rights offering (**Offer**) to eligible shareholders entitling them to 1 new share for every 10 existing shares held by them. The Offer Information Statement (**OIS**) detailing the Offer will be released following this announcement. The Information Booklet (including the OIS and the shareholder application form) will be sent to eligible shareholders on 17 December 2018.

The letters attached to this announcement, informing eligible and ineligible shareholders of the Offer, have been despatched.

Shareholders who have registered addresses in Australia or New Zealand as at the record date on Wednesday, 12 December 2018 at 7.00pm (AEDT) (**Record Date**) are eligible to participate in the Offer.

Shareholders who have registered addresses outside Australia or New Zealand as at the Record Date are not entitled to participate in the Offer.

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



Quantum Graphite

10 December 2018

Dear Shareholder,

Non- Renounceable Pro Rata Rights Issue – Notification to Eligible Shareholders

On 10 December 2018, QGL Group Limited (ASX: QGL) (**QGL** or **Company**) announced a non-underwritten, non-renounceable pro rata rights issue of new fully paid ordinary shares in the Company (**New Shares**) on the basis of 1 New Share for every 10 existing shares held by Eligible Shareholders (as defined by Section B below) on the record date, being 7.00 pm (AEDT) on Wednesday, 12 December 2018 (**Record Date**), at an issue price of \$0.003 per New Share to raise up to approximately \$2,250,000 (**Rights Issue**).

A. Information about Rights Issue

The Company announced the Rights Issue and lodged a rights issue booklet (**Information Booklet**) in respect of the Rights Issue with ASX on 10 December 2018.

Eligible Shareholders will have the right to subscribe for 1 New Share for every 10 existing shares held by the Eligible Shareholder on the Record Date at an issue price of \$0.003 per New Share. The maximum number of New Shares offered under the Rights Issue is approximately 748,678,846 (assuming no existing options are exercised prior to the Record Date).

Eligible Shareholders who take up their rights (**Rights**) to subscribe for New Shares pursuant to the Information Booklet in full may also apply for additional New Shares under the Company's shortfall offer. For the purpose of calculating each Eligible Shareholder's Rights, fractions of Rights will be rounded up to the nearest whole number of shares, except where the rounding up of fractional Rights would result in the Eligible Shareholder increasing their voting power in the Company from 20% or below to more than 20% in which case the fractional Rights will be rounded down.

If the applications for additional New Shares exceeds the available shortfall shares, the Directors may exercise a discretion to accept applications for an additional 333,333,334 shares to raise an additional \$1,000,000.

The Company will apply to ASX for quotation of the New Shares.

Further details of the Rights Issue are set out in the Information Booklet lodged with ASX on 10 December 2018 which will be dispatched to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form, by no later than 17 December 2018 in order for Eligible Shareholders to exercise their Rights under the Rights Issue.

B. Eligibility to participate in the Rights Issue

A person, i.e., Eligible Shareholder, is eligible to participate in the Rights Issue if they are a registered holder of shares in the Company on the Record Date and have an address on the Company's share register in Australia or New Zealand.

The Company has otherwise determined, pursuant to Rule 7.7.1(a) of the Listing Rules of the Australian Securities Exchange (**Listing Rules**), that it would be unreasonable to make offers under the Information Booklet to shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**), having regard to the small number of such shareholders and the costs of complying with legal and regulatory requirements in each of those jurisdictions.

C. Use of Proceeds from the Rights Issue

The Company will use the proceeds from the Rights Issue to firstly pay the costs of the Offer and secondly for general working capital to further the aims and objectives of the Company

Further details of the Rights Issue and use of proceeds from the Rights Issue are set out in the Information Booklet.

D. Dealing with your rights

An Eligible Shareholder's Rights are non-renounceable. Accordingly, there will be no trading of those Rights on the ASX, and Eligible Shareholders may not dispose of their Rights to subscribe for New Shares under the Rights Issue to any other party.

E. Important dates of the Rights Issue

The indicative timetable for the Rights Issue is as follows:

Description	Date
Announcement of Rights Issue Offer and Lodgement of OIS – Announcement of Rights Issue Offer and Appendix 3B lodged with ASX and OIS lodged with ASIC and ASX	10/12/2018
Ex-date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	10/12/2018
Despatch of Notification letters to Eligible and Ineligible Shareholders – notice of Rights Issue Offer sent to Shareholders containing information required by Appendix 3B	11/12/2018
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue Offer	12/12/2018
Information Booklet sent to Shareholders – despatch of Offer Information Statement and Application Forms – Offer open for acceptance	17/12/2018
Last day to extend Closing Date	5:00pm (AEDT)
	1/02/2019
Closing Date – The last day for receipt of Rights Issue Offer Application Forms	8/02/2019
Shortfall notification date – notification of shortfall (if any) under the Rights Issue Offer	12/02/2019
Issue date – Allotment of New Shares.	15/02/2019

* This Timetable is indicative only. Applicants are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue opens. The Directors may vary these dates, in consultation with the Lead Manager, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be refunded in full to Applicants.

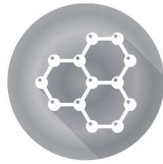
Purpose of this letter

You are **not** required to do anything in response to this letter, which is provided for your information only, and does **not** constitute an offer of New Shares under the Rights Issue.

An Information Booklet will be sent to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form, by no later than 17 December 2018 which will set out instructions regarding how Eligible Shareholders may subscribe for New Shares under the Rights Issue.

Should you have any questions in relation to the above matters, please contact the Quantum Graphite Limited Information Line on 1300 847 879 (within Australia) or +61 1300 847 879 (from outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday.

Quantum Graphite Limited



Quantum Graphite

10 December 2018

Dear Shareholder,

Non- Renounceable Pro Rata Rights Issue – Notification to Ineligible Shareholders

On 10 December 2018, QGL Group Limited (ASX: QGL) (**QGL** or **Company**) announced a non-underwritten, non-renounceable pro rata rights issue of new fully paid ordinary shares in the Company (**New Shares**) on the basis of 1 New Share for every 10 existing shares held by Eligible Shareholders (as defined in section B below) on the record date, being 7.00 pm (AEDT) on Wednesday, 12 December 2018 (**Record Date**), at an issue price of \$0.003 per New Share to raise up to approximately \$2,250,000 (**Rights Issue**).

A. Information about Rights Issue

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Eligible Shareholders will have the right to subscribe for 1 New Share for every 10 existing shares held by the Eligible Shareholder on the Record Date at an issue price of \$0.003 per New Share. The maximum number of New Shares offered under the Rights Issue is approximately 748,678,846 (assuming no existing options are exercised prior to the Record Date).

Eligible Shareholders who take up their rights (**Rights**) to subscribe for New Shares pursuant to the Information Booklet in full may also apply for additional New Shares under the Company's shortfall offer. For the purpose of calculating each Eligible Shareholder's Rights, fractions of Rights will be rounded up to the nearest whole number of shares, except where the rounding up of fractional Rights would result in the Eligible Shareholder increasing their voting power in the Company from 20% or below to more than 20% in which case the fractional Rights will be rounded down.

If the applications for additional New Shares exceeds the available shortfall shares, the Directors may exercise a discretion to accept applications for an additional 333,333,334 shares to raise an additional \$1,000,000.

The Company will apply to ASX for quotation of the New Shares.

Further details of the Rights are set out in the Information Booklet lodged with ASX on 10 December 2018 which will be dispatched to Eligible Shareholders, together with a personalised Entitlement and Acceptance Form, by no later than 17 December 2018 in order for Eligible Shareholders to exercise their Rights under the Rights Issue.

B. Eligibility to participate in the Rights Issue

A person, i.e., Eligible Shareholder is eligible to participate in the Rights Issue if they are a registered holder of shares in the Company on the Record Date and have an address on the Company's share register in Australia or New Zealand.

The Company has otherwise determined, pursuant to Rule 7.7.1(a) of the Listing Rules of the Australian Securities Exchange (**Listing Rules**), that it would be unreasonable to make offers under the Information Booklet to shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**), having regard to the small number of such shareholders and the costs of complying with legal and regulatory requirements in each of those jurisdictions.

C. Use of Proceeds from the Rights Issue

The Company will use the proceeds from the Rights Issue to firstly pay the costs of the Offer and secondly for general working capital to further the aims and objectives of the Company.

Further details of the Rights Issue and use of proceeds from the Rights Issue are set out in the Information Booklet.

D. Dealing with your rights

An Eligible Shareholder's Rights are non-renounceable. Accordingly, there will be no trading of those Rights on the ASX, and Eligible Shareholders may not dispose of their Rights to subscribe for New Shares under the Rights Issue to any other party.

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The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be refunded in full to Applicants.

Purpose of this letter

In compliance with Rule 7.7.1(b), the Company wishes to advise you that, as your registered address is in a place outside Australia or New Zealand, you are deemed to be an Ineligible Shareholder and therefore not eligible to participate in the offer to subscribe for New Shares under the Rights Issue.

This letter is to inform you about the Rights Issue, and to explain why you will not be able to subscribe for New Shares under the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter.

Should you have any questions in relation to the above matters, please contact Quantum Graphite Limited Information Line on 1300 847 879 (within Australia) or +61 1300 847 879 (from outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday.

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