

Quarterly Activity Report and Appendix 5B for 31 March 2022

Highlights

Uley 2 - Corporate including Uley 2 Financing and Offtake

Since the requotation of the Company's securities on 14 December 2021, the Company's shareholder base has increased by approximately 35%. Further, this has resulted in the top 20 shareholders dropping below 60% for the first time since the Company's reconstruction in 2018.

The Board is very pleased with the continued significant interest in the Company.

The Company also issued shares to the value of \$196,800 in satisfaction of professional fees payable to consultants in connection with technical work.

During the quarter the Company resumed work on the bond financing proposal with visits scheduled with key European investors in Q4 2022.

As part of the bond financing, the Company continues to progress supply agreements that meet key conditions of the financing. As advised in the Company's half yearly statement, negotiations are at an advanced stage and will now be further progressed with face-to-face visits scheduled for Q4 2022.

Sunlands Co. Patent Update

During the quarter Sunlands Co. advised the Company that its first patent grant for its long duration energy storage technology had been issued by the South African Patents Office. The Deed of Letters Patent was granted specifically for the Sunlands Co. THERMAL BATTERY AND ELECTRICITY GENERATION. The balance of Sunlands Co.'s international patent filings are progressing and it expects to advise the Company of further progress on the key European jurisdictions by the end of Calendar 2022.

Formation of Quantum Sunlands Co. Partnership (QSP)

Following the formation of QSP in the previous quarter, the Company and Sunlands Co. commenced preparation of operating plans for QSP. The parties expect to conclude the operating agreement by the end of Q4 2022. The operating agreement will govern the operating plan for the manufacture of the thermal storage media for Sunlands Co.'s thermal energy storage cells.

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.

QSP Technical and Market Studies

During the quarter the Company received the Summary of Findings from independent economics consultants, Macroeconomics Advisory. The study concluded that Sunlands Co.'s long duration thermal energy storage (LDES) technology offers a feasible path to support the Australian National Electricity Market's (NEM) Net Zero Emissions by 2050 Plan.

Macroeconomics Advisory found that an essential feature of the technology's feasibility is its capability to drive large scale steam turbines and consequently, potentially be deployed as a retrofitting option for existing coal fired power stations.

Adopting the results of Sunlands Co.'s techno commercial feasibility, Macroeconomics Advisory concluded that based on the thermal process data within this feasibility, 100,000 tonnes of Uley 2 coarse flake would be required for energy storage cells to replace every 1 GW of coal fired generation.

The Company also announced the completion of the detailed design of the test work program and the selection of the high temperature laboratory to perform the program. The laboratory selected was the Institute for Non-Ferrous Metallurgy and High Purity Materials of the Technische Universität Bergakademie Freiberg (<https://tu-freiberg.de/en/fakult5/inemet>).

Long Duration Energy Storage Submission to Energy Ministers' Meeting

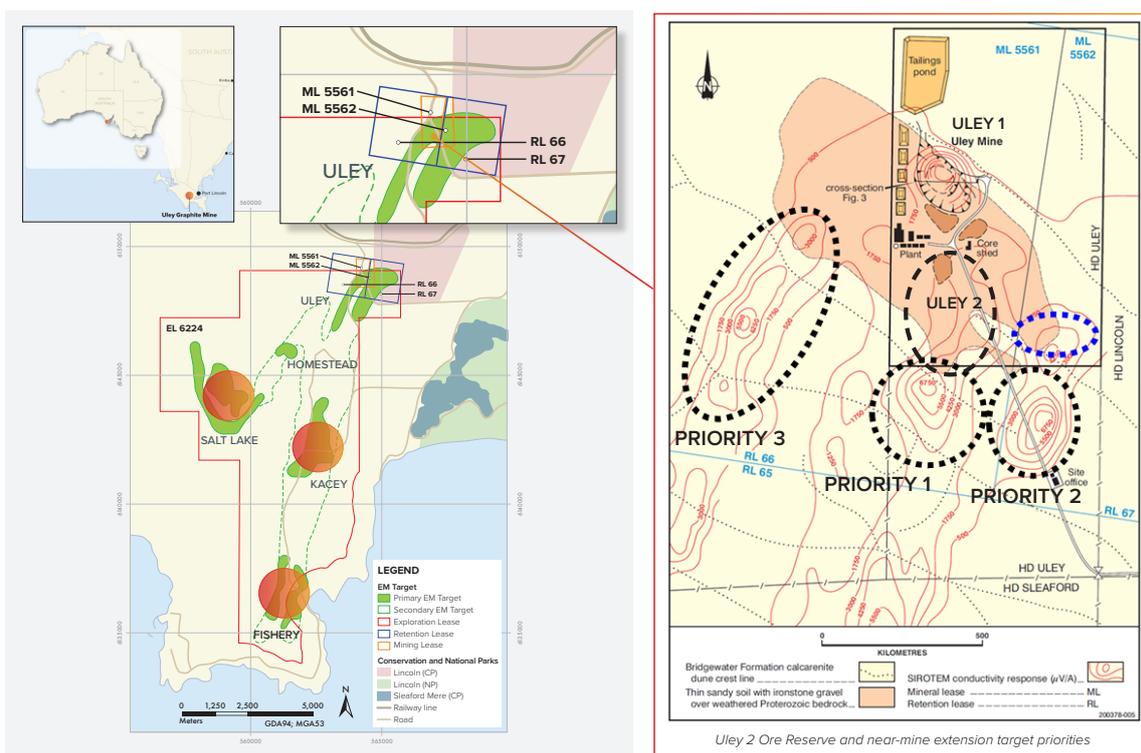
During the period the Company made a submission to the Australian Energy Ministers' Meeting outlining QSP's recommendations to the National Electricity Markets Rules to support the installation of LDES within the NEM. LDES is critical to increasing the penetration of renewables. Without LDES material increases in renewables installations will result in significantly higher system risks.

Further, the submission included specific reference to the type of LDES, referred to as Reserve Storage, a form of deep mass storage offered by Sunlands Co, that would enable the acceleration of the penetration of renewables within the NEM.

The combination of Reserve Storage and the retrofitting of coal fired power stations provide the building blocks needed to achieve the AEMO Net Zero by 2050 plan.



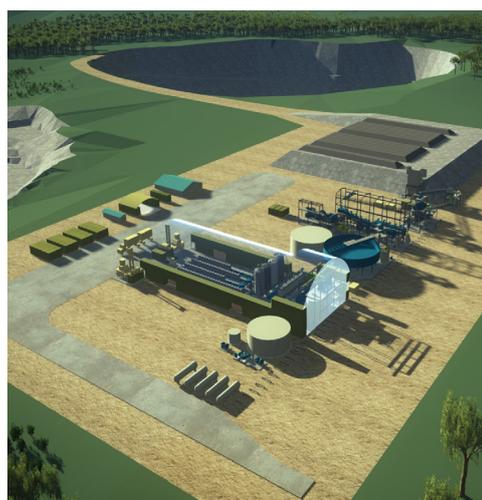
Uley 2 Pit Location and Resource Extension Priorities



- Priority 1 Short Term Ore Reserve extension: Uley 2 South 50m, Infill drilling at Uley 3 (area bordered by blue dotted line).
- Priority 2 Medium Term Resource extension: Uley 3 South, Extension drilling to 50m-by-50m intervals.
- Priority 3 Long Term Resource extension: Uley 2 West geophysical anomaly target, Uley 2 South beyond Priority 1 along strike of the geophysical anomaly.

Uley 2 Phase 1 Mining Study and Feasibility Summary Financial Metrics

Total undiscounted cash flow	A\$310.5million*
Crusher feed	500,000 tonnes per annum
Graphitic carbon grade	11.89%
Graphitic carbon recovery	84%
Concentrate purity	>97% graphitic carbon
Capital expenditure	A\$79.98 million
Processing cost (PCAF)	A\$55.3 per tonne
Mining cost (MCAF)	A\$2.5/t milled at surface plus 5c for every 4m
Production	55,000 tonnes per annum
Product Cost (Av LOM)	US\$368 dmt
Product Price (Ex-works)	US\$919 dmt



*Includes JORC 2012 Reserves and Resources

Schedule of JORC 2012 Minerals Reserves and Resources

JORC 2102 Mining Study Reserve Statement, November 2019

Reserve	Classification	Tonnes (kt)	Total Graphitic Carbon (%)
Uley 2	Proved	811	11.66
Uley 2	Probable	3,191	11.95
Total		4,003	11.89

JORC 2012 Mineral Resource Estimate (MRE), November 2021

Resource	Classification	Tonnes (kt)	TGC (%)	Density (t/m ³)	TGC (kt)
Uley 3	Inferred	900	6.6	2.1	59
Uley 3 Total		900	6.6	2.1	59
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
Uley 2 Total		6,300	11.1	2.1	697
Uley Project Total	TOTAL	7,200	10.5	2.1	757

Schedule of Tenements (ASX Listing Rule 5.3.3)

Tenement	Tenement Type	Interest ¹	Changes during the Quarter
ML5561	Mining Licence	100%	Nil
ML5562	Mining Licence	100%	Nil
RL66	Retention Licence	100%	Nil
RL67	Retention Licence	100%	Nil
EL6224 ²	Exploration Licence	100%	Nil

¹All interests are registered in the name of the company's subsidiary, Quantum Graphite Operations Pty Ltd and held as at the end of the quarter.

²An application has been lodged for the renewal of EL6224.

Corporate Information and Announcements

As at 31 March 2022 the company had 294,171,800 ordinary shares and 28,571,429 unlisted options on issue and 1,396 shareholders. The top 20 shareholders held 59.78% of the issued ordinary shares in the company.

As at 31 March 2022 the company held cash at bank of \$1,305,789

As at 28 April 2022 the company held cash at bank of \$1,237,603. This report should be read in conjunction with all prior announcements made by the Company and available at <http://quantumgraphite.com/investors>.

The pro forma Appendix 5B (Mining exploration entity and oil and gas exploration entity quarterly report) is attached to this report.

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 announcement 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 (including under the company's previous code, VXL on 17 December 2014, 5 May 2015 and 15 May 2015 respectively).

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of QGL, that could cause QGL' actual results to differ materially from the results expressed or anticipated in these statements.

QGL cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. QGL does not undertake to update or revise forward- looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law.

FOR FURTHER INFORMATION CONTACT:

Company Secretary
Quantum Graphite Limited
E: info@qgraphite.com

Appendix 5B

Mining exploration entity or oil and gas exploration entity
quarterly cash flow report

Name of entity

Quantum Graphite Limited

ABN

Quarter ended ("current quarter")

41 008 101 979

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(23)	(69)
(e) administration and corporate costs	(259)	(910)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(61)	(61)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(343)	(1,040)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(146)	(737)
(e) investments	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(146)	(737)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	859
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(83)
3.5 Proceeds from borrowings	-	1,262
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	(192)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	1,846

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,794	1,236
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(343)	(1,040)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(146)	(737)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,846
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,305	1,305

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	-	-
5.2	Call deposits	1,305	417
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,305	417

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(349)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements		-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(343)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(146)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(489)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,305
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,305
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

DATE:	29 April 2022
AUTHORISED BY:	ROCHELLE PATTISON COMPANY SECRETARY

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.