

Quarterly Activity Report and Appendix 5B for 31 December 2021

**Corporate:
Requotation of
Company
Securities, Capital
Raising**

During the period the suspension of trading in the Company's securities was lifted and trading resumed on 14 December 2021.

In connection with the resumption of trading, the Company also concluded an equity issue of a further approximate 7.5 million shares raising \$700,000 under a Prospectus dated 30 November 2021.

**Uley 2: Further
Technical Studies to
meet increasing
Graphite demand**

The Company announced further studies to ensure the Company was better positioned to address the increasing demand forecasted by the market for Graphite production in the next 2 to 5 years. The studies announced are:

- (a) An expanded research and development program to support the further processing of our production, i.e., beyond that outlined in the Uley 2 feasibility study including to meet the needs of the Company's joint venture with The Sunlands Co. Pty Ltd (Sunlands Co.). The Company's plans to undertake this study in the first half of calendar 2021 had been delayed mainly by disruptions caused by the pandemic. During the period the Company appointed thermal process engineers, ProTherm Systems (www.protherm.co.za) to supervise the testwork jointly with Lycopodium Minerals (www.lycopodium.com) to be conducted by Lycopodium Minerals' preferred laboratory; and
- (b) Upgrading the feasibility study to ensure a direct path to the expansion of production to approximately 90,000 tonnes per annum.

**Joint Venture study
of National
Electricity Market
requirement for
Long Duration
Storage**

In addition to the technical studies, the Company's joint venture with Sunlands Co. commissioned a commercial study to estimate the Australia's National Electricity Market (NEM) requirement for long duration energy storage and specifically the type of long storage solution offered by Sunlands Co. The results of this study will provide the data essential for the determination of the quantity of thermal storage media to be manufactured by the joint venture and thereby the estimated level of Uley 2 flake production to be supplied by the Company to the joint venture.

**Immediate Increase
of the Company's
Reserves and
Resources**

The final element of the Company's plans to meet the increasing demand for high purity, coarse flake Graphite is the exploration program for the growth in the Company's reserves and resources.

As announced during the period, immediate growth will be generated from ongoing drilling of the broader Uley mineralised envelope illustrated in Figure 2 below comprising

- (a) The southern and western extensional drilling of Uley 2 planned for commencement in calendar 2022; and

For personal use only

Priority 1 Ore Reserve extension

- Uley 2 South 50m by 50m initial intervals
- Infill at 25m-by-25m interval

Priority 2 Resource extension

- Uley 3 South
- North of recent Uley 3 drilling (this activity will be conducted wholly within the mining leases)
- Infill drilling at Uley 3
- Extension drilling to 50m-by-50m intervals
- Infill drilling to 25m-by-25m intervals

Priority 3 Resource extension

- Uley 2 West geophysical anomaly target
- Exploratory drilling at 100m-by-50m intervals
- Along strike of the geophysical anomaly

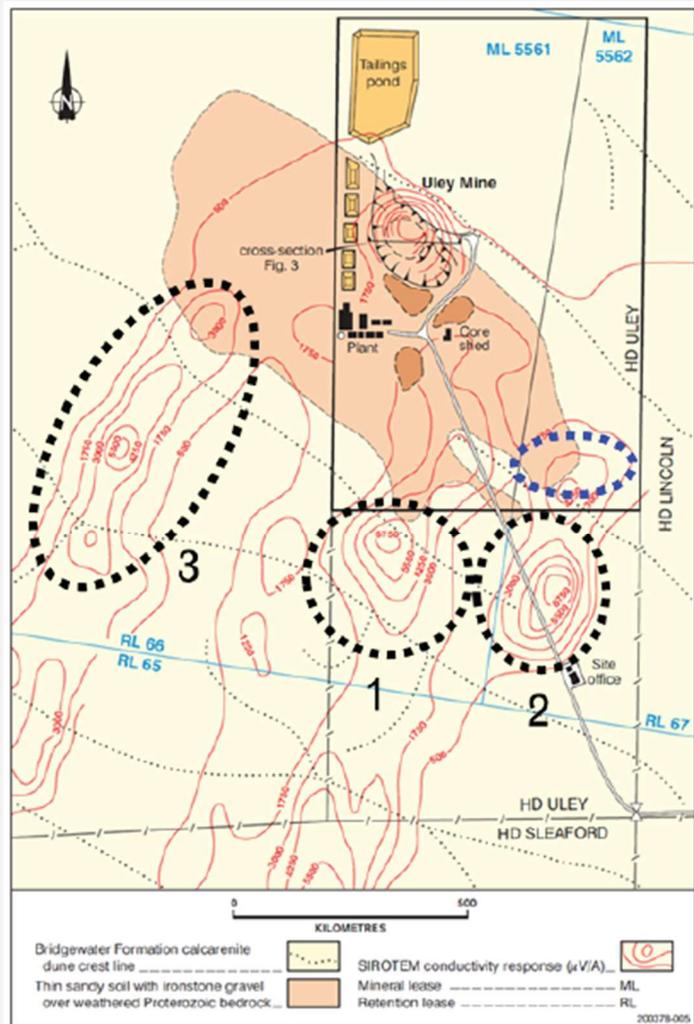


Figure 2 Uley 2 Ore Reserve and near-mine extension target priorities

(b) The recently completed eastern extensional drilling of Uley 2, referred to as Uley 3. This drilling program resulted in the release of a maiden Uley 3 JORC 2012 Mineral Resource Estimate (MRE) on 18 November 2021. The MRE comprises 0.9Mt @6.6 % TGC, for 59kt of TGC at a 3.5% TGC cut-off and reported exclusively of the Uley 2 Mineral Reserves and Resources. The Company's combined Uley 2 and 3 JORC 2012 Mineral Reserves and Resources are summarised below:

RESOURCE	CLASSIFICATION	TONNES (Mt)	TGC (%)	DENSITY (t/M ³)	TGC (kt)
Uley 3	Inferred	0.9	6.6	2.1	59
	Uley 3 Total	0.9	6.6	2.1	59
Uley 2	Measured	0.8	15.6	2.1	125
	Indicated	4.2	10.4	2.1	435
	Inferred	1.3	10.5	2.2	137
	Uley 2 Total	6.3	11.1	2.1	697
Uley Project Total	TOTAL	7.2	10.5	2.1	757



Longer term increase in the Company's Reserves and Resources - EL 6224

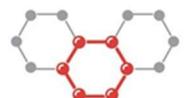
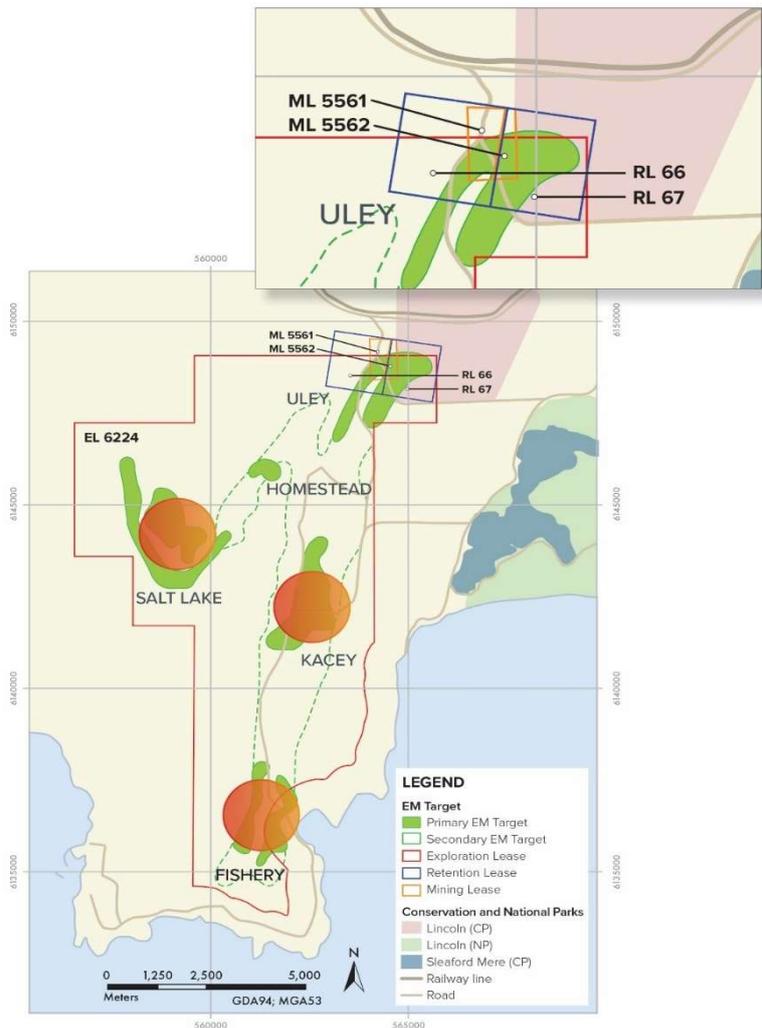
Longer term growth in Reserves and Resources will be generated from the Company's significant and highly prospective exploration permit EL 6224. In addition to the Uley mineralised envelope, EL 6224 contains a number of further mineralised zones including Homestead, Salt Lake, Kacey and Fishery (see mineral tenements map in Schedule of Tenements below).

As announced during the period, the Company will commence exploration activities with the conduct of airborne geophysical TEM (transient electro-magnetic) surveys across currently defined anomalies. This is anticipated to generate significant additional data for the Company's regional geological model and contribute to the identification of several drilling targets.

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

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



Corporate Information and Announcements

As at 31 December 2021 the Company had 293,000,000 ordinary shares and 28,571,429 unlisted options on issue and 1,108 shareholders. The top 20 shareholders held 61.48% of the issued ordinary shares in the Company.

As at 31 December 2021 the Company held cash at bank of \$1,768,230.51. As at 20 January 2022 the Company held cash at bank of \$1,725,872.24.

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

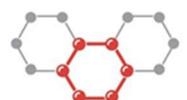
All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', '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's 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

For further information contact:

Company Secretary
Quantum Graphite Limited
T: +61 3 8614 8414
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 December 2021

		\$A'000	
Consolidated statement of cash flows		Current quarter	Year to date
		31/12/2021	(6 months)
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)	(46)
	(e) administration and corporate costs	(254)	(672)
1.3	Dividends received (see note 3)		-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
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	(277)	(718)
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)	(493)	(596)
	(e) investments	-	-
	(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	(493)	(596)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	859	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	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	2,121	1,846
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	417	1,236
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(277)	(718)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(493)	(596)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,121	1,846
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,768	1,768
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	Previous quarter
5.1	Bank balances	-	-
5.2	Call deposits	1,768	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)	1,768	417
6	Payments to directors of the entity and their associates		
6.1	Aggregate amount of payments to these parties included in item 1.2	(137)	(137)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	-	-

7	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,262	1,262
7.2	Credit standby arrangements	488	488
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,750	1,750

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)	(277)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(493)
8.3	Total relevant outgoings (Item 8.1 and Item 8.2)	(770)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,768
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,768
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.30

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

1. 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:

2. 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:

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:	20 January 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.