

Quarterly Activity Report and Appendix 5B for 31 March 2024

Highlights

Corporate

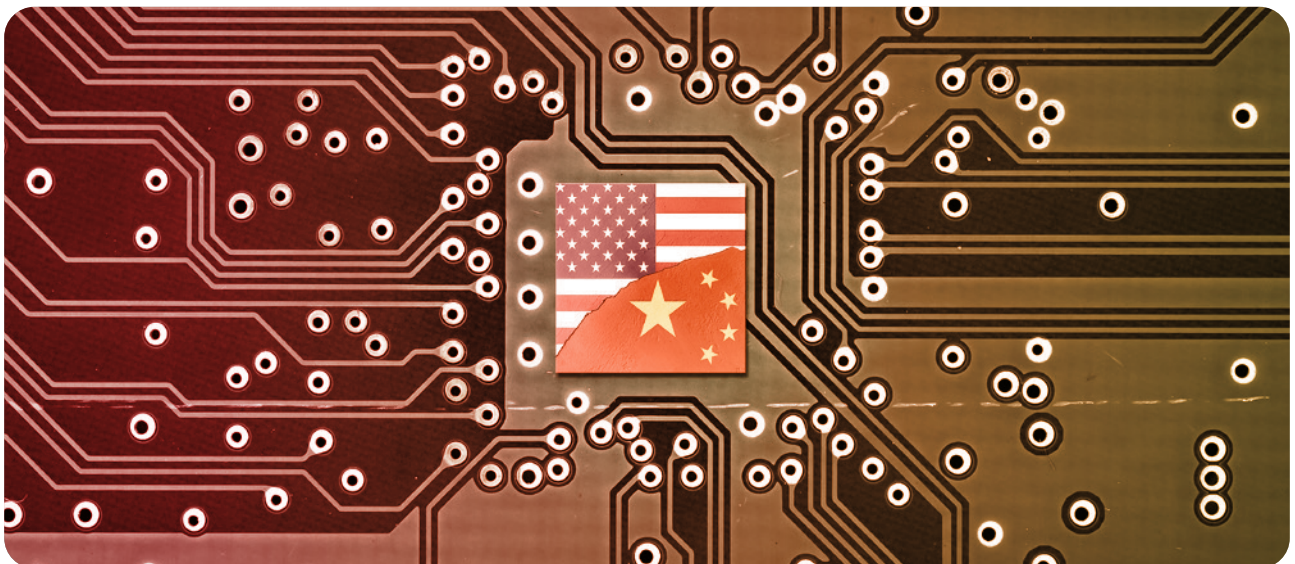
- Uley 2 Financing – Briefing of US Government agencies, US EXIM Bank (EXIM) and Department of Energy (DOE) completed, and funding application agreed to be filed with EXIM. Briefing detailed the capability of Uley 2 flake high-purity graphite (99.9% purity) to meet key downstream markets in the US Southeast
- Impact of China's restriction of flake graphite exports – effect of restrictions extends well beyond supply chains and raises complex geopolitical issues
- S&P Dow Jones Indices includes the Company's securities in the ASX All-Ordinaries Index

Explorations Activities and the Uley 2/3 Resource Expansion Program

- Uley 2/3 Resource Expansion Program – program plan concluded and drill targets confirmed, surveyed and waiting on mobilisation of drilling crew
- Completion of airborne geophysical survey and analysis and interpretation commenced. Broader Uley/Mikkira regional drill targets to be identified within the next three months once interpretation is completed

Research and Development Activities

- Key Projects Plans - following AusIndustry's issue of the Advance and Overseas Finding Certificate, the Company and Sunlands Energy Co. have finalised project plans with their foreign partners



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.



ABOUT SUNLANDS POWER

Sunlands Power is our joint venture with Sunlands Energy Co. for the manufacture of coarse natural flake based thermal storage media and the manufacture of complete TES Graphite Cell facilities. The flake for the storage media will be sourced exclusively from the QGL's Uley mine. The manufactured media will be fitted within TES Graphite Cells and the completed facility delivered to Sunlands Energy Co. for deployment as a grid connected long duration energy storage solution. <https://www.sunlandsco.com/>

Uley 2 Financing

During the period, the Company’s Uley 2 financing activities resumed after the holiday season with further diligence meetings conducted in Europe with the prospective financiers that had been provided access to the Company’s electronic Data Room. Negotiations with these financiers are advanced however have not yet progressed to terms sheet stage.

The Company delivered a series of detailed briefings to US agencies, US EXIM Bank (EXIM) and Department of Energy (DOE) during the period, in connection with the integration of the mining and downstream activities of Quantum Graphite and Sunlands Energy Co.

The purpose of the briefings was to outline the parties’ capability of building an integrated independent supply chain for the production of high purity graphite utilising the group’s proprietary technologies.

EXIM and DOE are interested in financing critical minerals projects under various initiatives that have been introduced specifically to support the development of supply chains to service the Western Hemisphere including Japan and South Korea and, specifically, the United States.

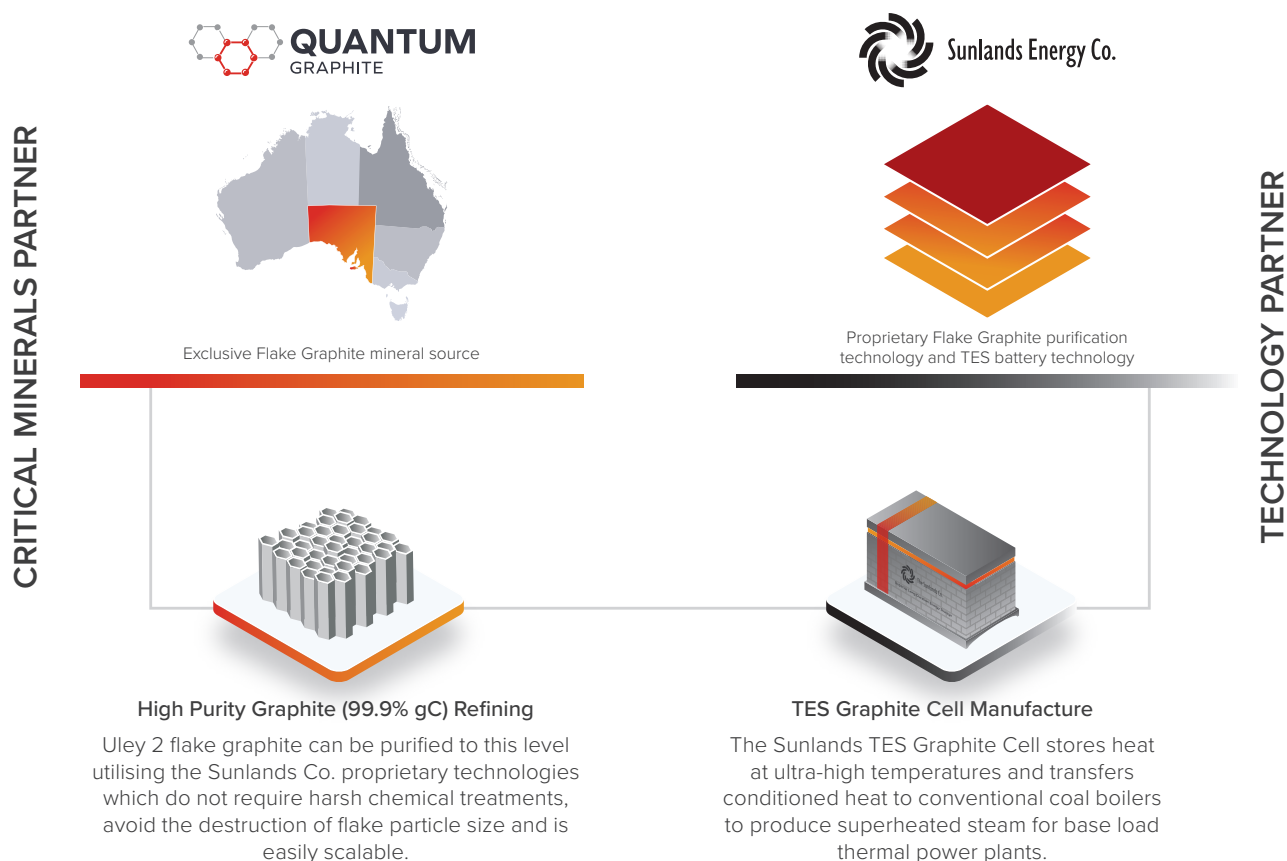


Figure 1: Quantum Graphite - Sunlands Energy Co. Partnership

The briefing focused on the potential of Quantum Graphite’s Uley mine and its greater Uley/Mikkira resource region to provide a long-term sustainable supply to a US-based large scale flake graphite purification facility operated by the Sunlands Energy Co.

The proposed facility would take delivery of approximately 100,000 tonnes per annum from Uley 2 and produce approximately 95,000 tons per annum of high purity graphite including in the form of spheronised high purity graphite.

At this rate of high purity production, it is assumed that all of the Company’s annual Uley 2 production of 100,000 tonnes, as proposed in the revised definitive feasibility study prepared by Lycopodium Minerals (see ASX market release of 11th December 2023, Uley 2 DFS Financial Update), would be processed at the US-based facility.

A significant factor underpinning this rate of production is the benign geochemistry of the Uley orebodies that are capable of being processed and refined to high purity graphite without harsh chemical treatment and further reduction in flake size.

The proposed facility would be the single largest supplier of high purity graphite outside of China and serve the key advanced manufacturers of isostatic graphite, Li-ion anode, and Sunlands Power's manufacture of TES Graphite Cells.

The Company and Sunlands Energy Co. have accepted an invitation by the agencies to submit to the funding application processes under the respective agencies' programs. The Company expects to lodge an application for an EXIM Letter of Interest within the next month.

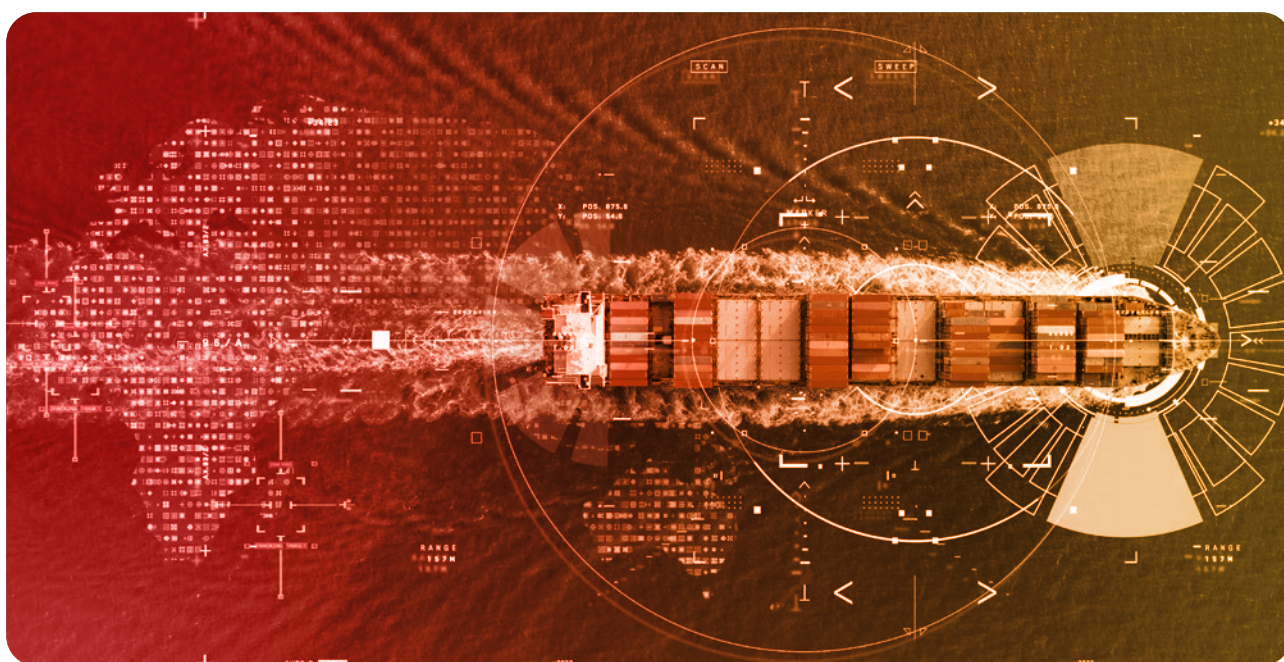
Impact of China restriction of flake graphite exports

China's overwhelming dominance of the global graphite market has never been more apparent. The implementation of its recently imposed export restrictions is disrupting key manufacturing supply chains and raising complex geopolitical issues.

Over the last 2 years in response to China's market dominance, a number of countries have themselves implemented various countervailing policy initiatives to meet the deficiency in graphite supplies. The United States, the European Union, Japan and Korea have taken unprecedented action, initially in the form of subsidies, and now aggressively extending to direct investment in miners, processors and refiners of flake graphite.

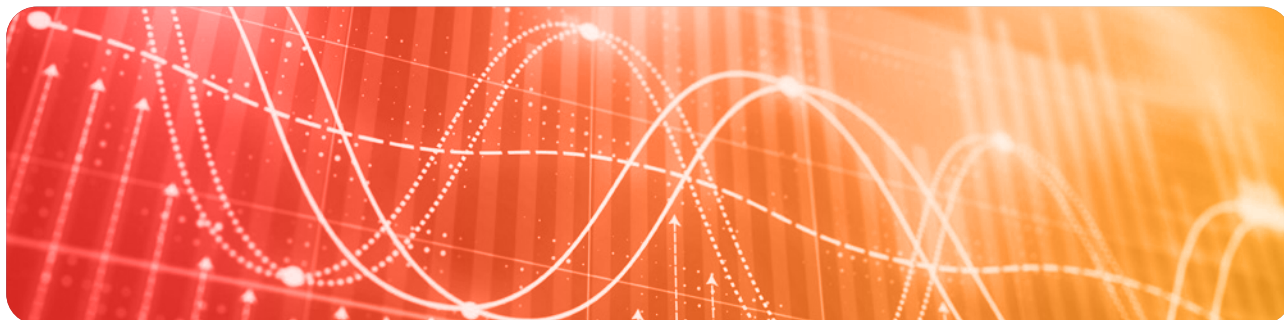
This has created competitive tension between them and a recognition that the transition to electric vehicles requires a closer examination and coordination of transition plans. The South Korean Minister of Trade, Industry and Energy, Mr. Ahn Duk-geun explained in a recent Financial Times article that the total exclusion of graphite sourced from China and China related suppliers to qualify for generous subsidies (e.g., such as those available under the US Inflation Reduction Act) *could result in no vehicles manufactured in the US qualifying for the subsidies.*

The Board considers that the Company's (including Sunlands Energy Co.) integrated supply chain solution directly deals with the challenges raised by the transition. This solution delivers the capability to provide a sustainable and reliable supply of high purity graphite well within two years.



S&P Dow Jones Indices includes the Company's securities in the All Ordinaries Index

Effective prior to the ASX Market Open on 18 March 2024, the Company's securities were included in the ASX's All Ordinaries Index. The All Ordinaries Index is rebalanced in March each year and tracks the top 500 Australian listed companies by market capitalisation, and unlike the S&P/ASX 200 index, it does not have a liquidity requirement.



Exploration Activities and Uley 2/3 Resource Expansion Program

In late March, QGL conducted an air-borne electromagnetic (EM) survey over the entirety of its tenements package that covers substantially all of the Uley/Mikkira flake graphite region of the Southern Eyre Peninsula.

The survey totalled approximately 900 line kilometres at 100 metre spacings and followed the ATV ground based geophysical survey of the Company's mining leases, MLs 5561 and 5562s completed at the end of December 2023. Technical details of the scope of this survey were included in the previous Quarterly Activity Report released to the market on 30 January 2024.



Figure 2: Airborne geophysical survey flightlines over EL 6224, RLs 66 and 67 and MLs 5561 and 5562

EM is an extremely effective remote sensing tool to identify and define graphite occurrences world-wide and has proven to be a particularly effective tool within the Uley/Mikkira flake graphite region.

Data from the Company's significant drilling database, the ATV ground-based survey, and the data acquired from the airborne survey are the key inputs in the development of priority drilling targets over the whole of the Uley/Mikkira region.

The ATV ground-based survey data has been the subject of interpretation by Southern Geoscience Consultants (SGC) which was retained to conduct detailed interpretation of all geophysical surveys and assist the Company's geology team finalise drill targets.

The ground based survey was an 'orientation' survey over the Company's MLs to test the response over the well-known areas of the Uley 2 and 3 deposits. Survey data highlighted the coherent conductivity anomaly over Uley 2 and 3.

This conductivity pattern is faithfully correlated with the economic graphitic mineralisation defined by previous drilling of these deposits and results have generated the conductivity image shown in Figure 3.

The targets for the drilling essential to the Uley 2/3 Resource Expansion Program were then identified following SGC analysis and review by the Company's geology team. By the end of the period, drill hole locations had been surveyed and site preparations completed. Drilling activities are now waiting on the mobilisation of drilling contractors. An update of this drilling program will be the subject of a further announcement within the next two weeks.

SGC is undertaking further modelling and final results will be available once all survey data, including the air-borne survey data, is processed and interpreted. The identification of drilling targets within the Company's exploration license, EL 6224 is now the priority for the Company's geology team.

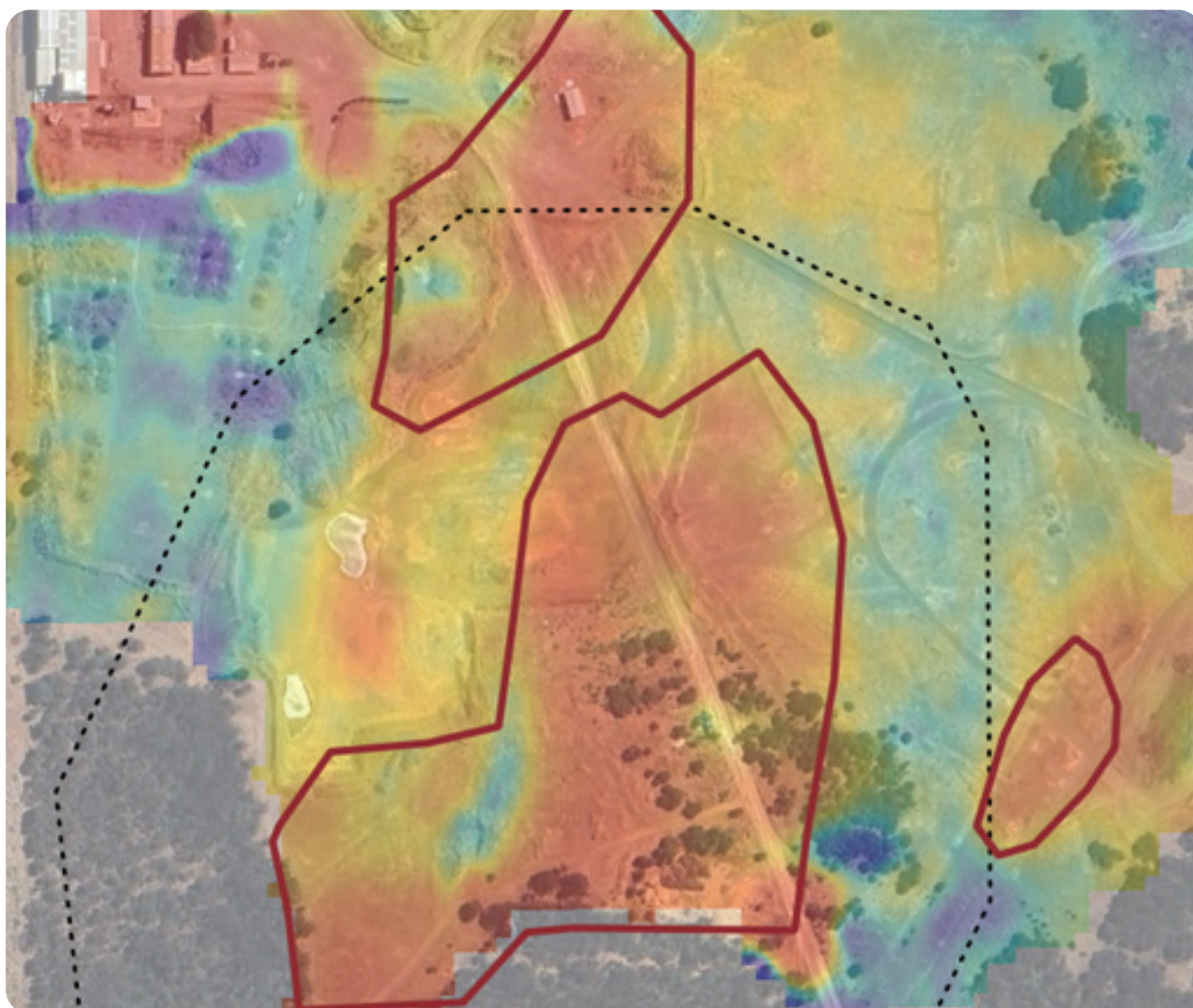


Figure 3: ATV ground-based EM orientation survey highlighting the conductive anomalies (red) with Uley 2 Pit border shown as broken black line

Research and Development Activities

During the period the Company and Sunlands Energy Co. finalised project plans with their foreign research and development partners following AusIndustry's issue of Advance and Overseas Finding Certificates (see ASX market release 14 Dec 2023 AusIndustry Issues Advance and Overseas Finding for Overseas R & D Activities).

The projects will advance the two main areas of focus for the Company and Sunlands Energy Co., i.e., the enhancement of the thermal storage media for TES Graphite Cells to be manufactured by Sunlands Power and the increase in the commercial scale of the refining technologies developed by Sunlands Energy Co.

Corporate Information and Announcements

As at 31 March 2024 the company had 337,884,169 ordinary shares on issue and 1,671 shareholders. The top 20 shareholders held 60.21% of the issued ordinary shares in the Company.

As at 31 March 2024 the company held cash at bank of \$767,055.10. As at 30 April 2024 the Company held cash at bank of \$640,565.74.

Related party payments in the amount of \$104,500.00 were made in the period. These payments were made to SC Capital Pty Ltd and WyerPlanVC for technical services.

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, 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 CONTACT:

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

ABOUT LDES

A scalable energy storage system that can store energy predominantly from renewable sources for more than 12 hours and deliver dispatchable, inertia restoring energy to grid networks as required especially when renewables generation is not available. LDES is the critical solution underpinning the decarbonisation of grid networks.



ABOUT PROTHERM

Protherm Systems, founded in July 1987, is a leading thermal process engineering company, based in South Africa. The Company designs and supplies a wide range of thermal and related thermal processing plant and equipment for industrial users world wide, such as Plate Heat Exchangers, Shell and Tube Heat Exchangers, Air Dryers and Evaporators.



ABOUT INEMET

The Institute for Non-Ferrous Metallurgy and High Purity Materials focuses on sustainable and innovative processes that rethink existing production processes and the handling of supposed waste products in the spirit of the circular economy and zero waste thinking. INEMET's dedicated team work toward a greener future and the revolutionizing of non-ferrous metallurgy. It develops existing processes within pyrometallurgy, hydrometallurgy and the semiconductor industry in working groups and in a variety of projects. <https://tu-freiberg.de/en/fakult5/inemet>

Appendix 5B

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

Name of entity

Quantum Graphite Limited

ABN

41 008 101 979

Quarter ended ("current quarter")

31 March 2024

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	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(75)	(225)
(e) administration and corporate costs	(408)	(1,337)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	321	321
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(160)	(1,239)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(3)
(d) exploration & evaluation	(59)	(265)
(e) investments	-	-
(f) other non-current assets	-	-

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
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	(62)	(268)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	1,300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	989	974
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(160)	(1,239)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(62)	(268)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,300

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
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	767	767

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	767	989
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)	767	989

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	(105)
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,711	3,711
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	3,711	3,711
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.		
<p>The finance facility was provided by Chimaera Capital Limited at an interest rate of 11.5%, the maturity date has been extended to the earlier of 1 July 2025 or the date of any capital raising being undertaken by the Company.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(160)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(59)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(219)
8.4 Cash and cash equivalents at quarter end (item 4.6)	767
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	767
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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:	
8.8.2 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:	

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

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

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 30 April 2024
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ROCHELLE PATTISON
COMPANY SECRETARY
Authorised by:
(Name of body or officer authorising release – see note 4)

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.