



## Company Update

### IMPLEMENTATION OF DEEDS OF COMPANY ARRANGEMENT (DOCAs)

The Company today announces the achievement of the following milestones in respect of the implementation of the DOCAs:

- (a) The release of the auditor reviewed *Interim Financial Report for the half year ended 31 December 2016*, the audited *Annual Financial Report for the full year ended 30 June 2017* and the auditor reviewed *Interim Financial Report for the half year ended 31 December 2017*;
- (b) The abovementioned 2017 Annual Financial Report will be presented to shareholders at the 2017 Annual General Meeting proposed to be held in May 2017 (2017 AGM);
- (c) The issue of shares to all unsecured creditors (see Notice of Meeting dated 17 November 2017 (2016 NOM)). This issue of shares was approved by the Company's shareholders at the AGM held on 18 December 2017 (2016 AGM) and satisfies a key term of the DOCAs, specifically, that unsecured creditors convert all debts owed to them to equity in the Company;
- (d) In respect of the issue of shares to the Secured Creditor Group (see 2016 NOM) for which approval was granted by the Company's shareholders at the 2016 AGM, the Company has made a partial issue of shares (292,500,000) only at this stage. The Company has applied for a waiver to the Australian Securities Exchange (ASX) seeking an extension to 30 April 2018 to issue the balance of the shares to the Secured Creditor Group. This application was made to overcome the delays suffered by the Company as a result of the undertaking sought by the Takeovers Panel (and granted by the Company) to refrain from issuing these shares pursuant to the shareholder approval obtained at the 2016 AGM. The additional time sought will ensure the timely completion of all formalities relating to the conversion of the secured facilities to equity and the release of the senior securities held for the benefit of the Secured Creditor Group. If the ASX does not grant the extension of time, the Company will seek the approval of shareholders for the share issue at the 2017 AGM; and
- (e) The Company expects that the remaining obligations and formalities under the DOCAs will be completed within 30 days of the 2017 AGM following which the Company will seek the reinstatement of its securities to Official Quotation on the ASX.

### RENEWAL OF MINING TENEMENTS

On 9 May 2017, the Company received notification from the South Australian Mineral Resources Division of the Department of the Premier and Cabinet (MRD) of the renewal of the Uley Mine leases located in Uley, Port Lincoln, South Australia, specifically, Mining Leases 5561 and 5562 and Retention Leases 66 and 67.

The Mining Leases have been renewed for 7 years commencing 17 March 2017 and the Retention Leases have been renewed for 5 years commencing on 2 October 2016.

On 19 March 2018, the MRD notified the Company that it will be granted a renewal of Exploration Licence 4778 for a period of 2 years based upon the Company's work program (and expenditure commitment of A\$280,000) as submitted to the MRD.

## SUCCESSFUL RESOLUTION OF TAKEOVERS PANEL PROCEEDINGS

A shareholder of QGL sought a declaration of unacceptable circumstances in respect of an issue of shares to a service provider in consideration for the provision of mine site maintenance and remediation work undertaken on behalf of the Deeds Administrators during the course of the administration.

Following submissions by the Deeds Administrators, the Takeovers Panel dismissed the application having regard to several matters including *“the potential advantages to creditors and shareholders if the DOCA is fully implemented and Quantum’s shares recommence trading on ASX”*.

In the course of the proceedings the shareholder acknowledged that, contrary to its announcement of 21 November 2017, it had made no application for forfeiture of the Company’s mining tenements.

## APPOINTMENT OF INTERIM BOARD OF DIRECTORS

As a result of the operation of Division 9 of Part 2G.2 of the Corporations Act 2001 (Cth), the Directors have resigned following the appointment, with the approval of the Deeds Administrators, of Mr. Robert Mencil, Mr. Robert Osmetti and Mr. David Trimboli as Directors of the Company to form an interim board for the purposes of completing the outstanding matters under the DOCAs, including the holding of the 2017 AGM.

Sal Catalano will continue as Company Secretary and Mr Bruno Ruggiero and Mr Steven Chadwick will continue to provide services to the Company in connection with preparations and planning at the Uley Mine Site for the resumption of operations once the DOCAs are fully implemented. Mr Catalano, Mr Ruggiero and Mr Chadwick will seek re-election to the Board of Directors at the 2017 AGM.

Pursuant to shareholder approval at the 2016 AGM, the abovementioned former directors were issued their respective entitlement of shares for the first quarter of 2018 only. In light of the resignation of these directors, the Company will seek shareholder approval at the 2017 AGM for the Director’ share-based compensation on the same terms as those approved by shareholders at the 2016 AGM.

The Company and the Deeds Administrators thank Mr Bruno Ruggiero, Mr Steven Chadwick and Mr Sal Catalano for their diligence in the management of the Company through the DOCAs process and their stewardship over the assets of the Company, particularly maintenance of the Uley Mine site and the mining tenements.

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Contacts details:

Sal Catalano  
[compliancegroup@chimaerafinancial.com](mailto:compliancegroup@chimaerafinancial.com)

Garth O’Connor-Price  
[garth.oconnorprice@williambuck.com](mailto:garth.oconnorprice@williambuck.com)

**Laurence Fitzgerald**  
**Joint & Several Deeds Administrator**  
**William Buck**

**Sal Catalano**  
**Company Secretary**  
**Quantum Graphite Limited**