

Exploration Program Update

Following the Company's release of the maiden resource for Uley 3, the exploration plan has been updated to accommodate the further information obtained from the recent drill program and importantly reflects the Company's current geological modelling.

Confidence in the exploration methodology has been increased by the successful resource delineation at Uley 3. This methodology uses the geophysical data obtained from geophysical anomalies such as the anomaly previously referred to as the Eastern Conductor as one of the key exploration tools to identify high-grade graphite mineralisation.

The Uley 3 drilling program, completed in October 2021, was completed within the Company's Mining Leases (ML) 5561 and 5562.

The respective classification and Resource tonnes for both Uley 3 and the Uley 2 Project are set out in the table below:

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	7,200	10.5	2.1	757

The majority of Ore Reserve growth potential now exists within Exploration Licence (EL) 6224, a large-scale licence of approximately 75km² (area bordered in red in Figure 1) that includes primary and secondary electromagnetic targets (indicated in Figure 1 as the areas shaded green and bounded by the green dotted line respectively).

An application for renewal of this this licence was lodged in September 2021 and the Company expects the application to be approved following discussions with the South Australia Department of Energy and Mining (SA DEM).

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.

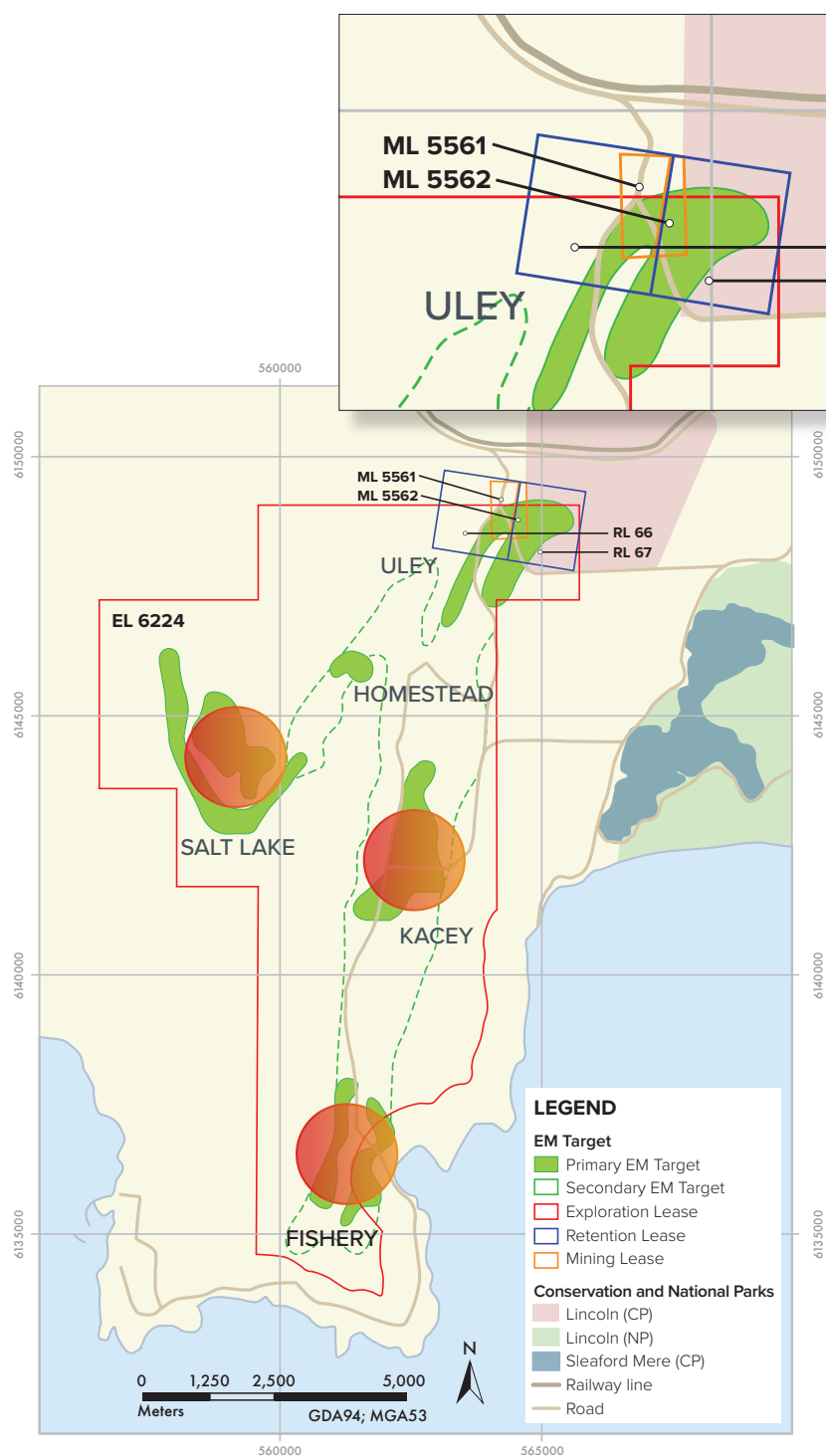


Figure 1 EL6224 with conductive targets

1.0 Revised Exploration Program

The exploration plan for EL 6224 will now include the following:

- Adding to Quantum's Ore Reserve Inventory with the likely extension of the Uley 2 Ore Reserve to the South and infill drilling at Uley 3 aimed at upgrading the Mineral Resource classification to the Indicated level.
- Conducting airborne geophysical TEM (transient electro-magnetic) surveys across currently defined anomalies.
- Salt Lake, Kacey and Homestead conductive anomaly wide-spaced explorative drilling.

The priority of exploration activities in respect of each of the above items will be generally driven by commercial pressures from customers to expand the Uley 2 project's mineral resources and the strategic objective of growing and diversifying the Company's resources outside of the Uley mineralised envelope.

2.0 Exploration Activities

2.1 Uley 2 Ore Reserve and near-mine extension targets

Initial drilling activities within EL6224 will target extension of the Ore Reserve to the south of the current 2019 Uley 2 Ore Reserve and other near-mine extension targets. Drilling activities within MLs 5561 and 5562 will be directed at in-fill drilling of Uley 3 to upgrade the Mineral Resource classification to the Indicated level. Priorities are listed and presented in Figure 2 below. Since Priorities 1 to 3 sit within the Retention Leases, RLs 66 and 67, these activities can continue pending the renewal of EL 6224.

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

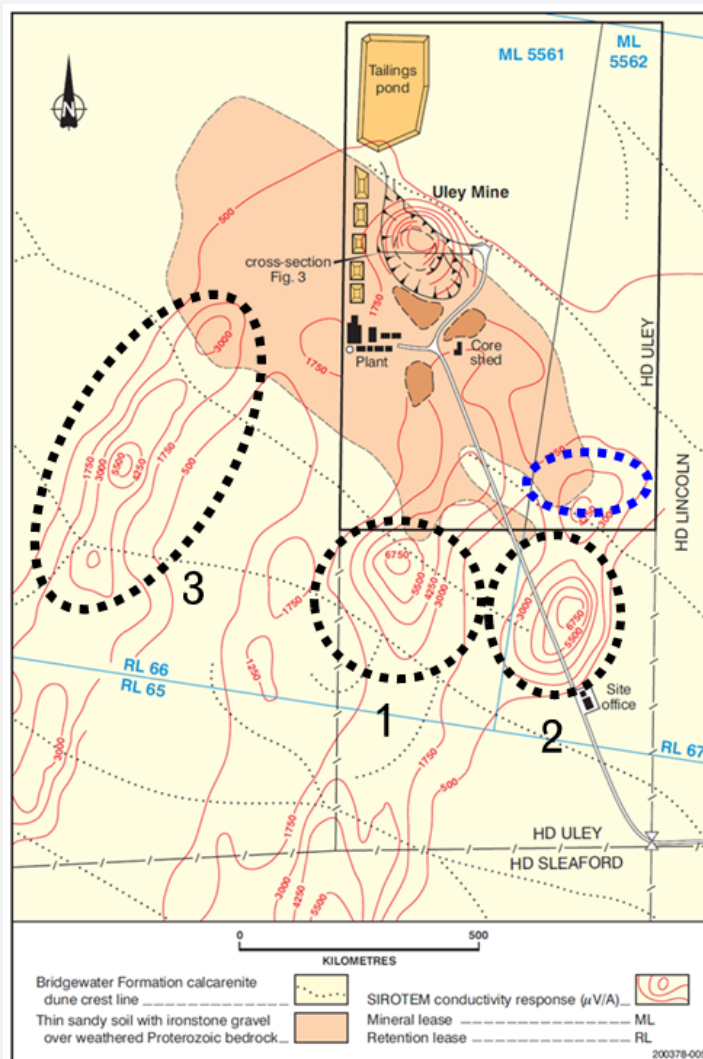


Figure 2 Uley 2 Ore Reserve and near-mine extension target priorities

2.2 Geophysical airborne electromagnetic surveys

The airborne surveys will include utilising a helicopter to fly a TEM survey over EL 6224. The total survey at 100 m line intervals is estimated at 900-line km. Infill lines at 50m intervals are also planned for the mining leases and the retention leases representing 70-line km.

It is intended to commence with the fly over survey of the mining leases and the retention leases to calibrate the method over the known geology at Uley 2. This is also likely to provide a good indication of detail to expect from the rest of the airborne survey, i.e., whether problems with conductive regolith are evident and/or the line spacing for the balance of the survey should be adjusted.

2.2 Other Exploration Targets

Based on the result of the above geophysical surveys, drill programs will be devised to delineate any potential economic graphite mineralisation at Salt Lake, Homestead, Kacey and eventually Fishery. Drilling will be designed as for the Uley mineralisation with an initial drill spacing of 100m by 50m along strike of the defined anomaly.

2.3 Timing of Activities

The Company's exploration activities are ongoing within the mining leases and principally focused on resource extension directly associated with Uley 2. These activities include further development of:

- the Company's geological model for Uley 3 and its relationship with Uley 2 (see market release of 18 November 2021, *Uley 3 Drill Program Results In A Maiden Mineral Resource Estimate*); and
- targets for further Uley 3 drilling (see Priority 2, Section 2.1 above).

Outside the mining leases, within EL 6224 (and within Retention Leases RLs 66 and 67), mine site activities continue and are focussed on the work required to complete the Exploration Program for Environmental Protection and Remediation submission to enable drilling and geophysical activities.

FOR FURTHER INFORMATION CONTACT:

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Competent Person Statement

The information in this announcement is based on, and fairly represents, information and supporting documentation prepared by Mrs Vanessa O'Toole, a competent person who is a member of the Australasian Institute of Mining and Metallurgy. Mrs O'Toole is a consultant to Quantum Graphite Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs O'Toole consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.