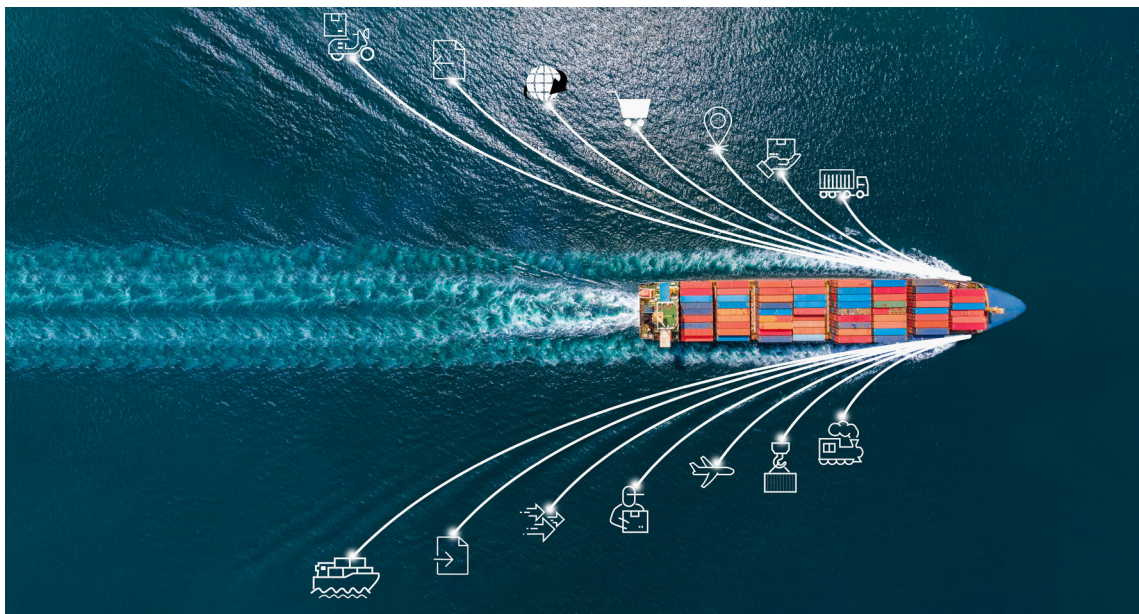


Execution of Binding Offtake Agreement for 100% of Uley 2, Stage 1 Production

The Company is pleased to announce that it has executed a binding agreement (Offtake Agreement) with Swiss based global metal and minerals trading group MRI Trading AG (MRI) for the sale of 100% of its Uley 2 production for a term ending 5 years from the first delivery of Uley 2 flake graphite production.

MRI is a leading global metals and mining trading group based in Zug, Switzerland. It is uniquely positioned to add flake graphite seamlessly to its existing minerals coverage and provide the Company with ready access to MRI's customer base across Europe and Japan.

The head of MRI's Japanese commercial team, Mr Andrew Briscoe, commented that "The synergies with QGL are compelling. Our due diligence showed us the obvious overlap in both the key markets and key customers. The icing on the cake is our logistics fit in Australia and the Asia-Pacific region generally. Our diversified freight capabilities offer options beyond the Company's reach and deliver a clear competitive advantage."



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.

QGL Managing Director, Mr Sal Catalano added, “The parties were acutely aware in negotiations that the agreement had to extend well beyond a simple minerals supply arrangement. Emerging thermal storage technologies, the explosive demand forecast for Li-ion battery production and the changes to the existing supply chain paradigm required an agreement structure that would cope with rapid change in the marketplace.”

The parties have developed an innovative pricing methodology to govern the determination of selling price, FOB Port Adelaide, for the term of the Offtake Agreement.

The first step is the determination of the prevailing market price for the relevant flake specification. This price (Agreed Market Price) is obtained directly from the schedule of prices published by market data providers. The official market data providers are strictly limited to those specified in the Offtake Agreement. Where a price is not available for a particular specification of Uley 2 flake, the market price adopted will be that applicable to the flake specification closest to the relevant Uley 2 flake product.

The parties will determine the premium or discount by reference to specific customer agreements that MRI seeks to conclude with counterparties. The parties recognise that the forecast demand for graphite is likely to generate significant upward pricing pressures and create opportunities to maximise price in certain regions and within key market segments. This mechanism provides the parties with the flexibility for MRI to contract strategically with prospective customers in different regions and market segments, e.g., concluding contracts at prices that may vary across the same specification of Uley 2 flake for different market segments or within the same market segment in different regions.

[illegible]

Each party is granted the right to terminate the Offtake Agreement if they fail to agree the applicable premium or discount. The Company considers that this termination right fairly balances the commercial interests of the parties. For the Company, a negotiated premium or discount provides it with the optionality to share in higher prices and a structure to attract preferred counterparties. For MRI, this mechanism delivers it the necessary legal protection to manage its contracting profile and overall risk exposure without compromising its discretion to contract.

Key Supply Conditions

In addition to customary terms, the Offtake Agreement is conditional on the Company satisfying the following:

- (a) Commencing production by 31 December 2026; and
- (b) Delivering the minimum Uley 2 flake specifications set out in the table below.

Size Fraction (µm)	Size Fraction (Mesh)	Approx. Weight Dist. (%)	Graphitic C Purity (%)
+300	+50	10	96
-300+150	-50+100	35	96
-150+75	-100+200	28	96
-75	-200	27	90

The specifications tabled are well within those determined by the Company's Uley 2 definitive feasibility study and represent the specifications on which the 2019/2020 Uley 2 JORC 2012 Mining Study and Mineral Reserve Statement is based.

Impact of Termination

Termination of the Offtake Agreement resulting from a failure to meet either of the above conditions or failure to agree an applicable premium or discount for pricing purposes, will trigger certain protections for the Company. These protections are structured as specific obligations imposed on MRI to ensure minimal interruption to Uley 2 sales and marketing activities and especially customers of Uley 2 flake.

Upon termination, MRI will be subject to the following dual set of obligations directed at a seamless transition of sales and marketing activities to the Company free from any potential interference:

- (a) MRI is required to provide the Company with all relevant information in respect of existing customers and marketing activities including discussions and negotiations with prospective customers; and
- (b) For a period of 2 years MRI will be precluded from dealing in natural flake graphite products globally.

Key Persons and Change of Control

Distinct from the rights of termination described above, a party has the right to terminate the Offtake Agreement within 180 days of the change of control of the other party. In the case of the Company, change of control is defined as the major shareholder, the Chimaera Group, ceasing to hold 15% or more of the Company and ceasing to be the Company's largest shareholder.

The parties acknowledge the limitations of change of control provisions but consider the provisions contained in the Offtake Agreement a pragmatic approach to addressing the risks associated with the introduction of new controllers.

In addition to change of control, the Company has the right to terminate the Offtake Agreement within 180 days of the cessation of employment of MRI key trading personnel. The Company recognised that the close and coordinated working relationship of the parties is likely to present key (MRI) personnel risks for the Company. This right provides the Company with an effective mechanism to manage this risk.

Logistics

Silver Fir Pte Ltd (Silver Fir), a related party of the Chimaera Group, will be responsible for logistics from the Uley mine site to Port Adelaide. Under the Offtake Agreement, Silver Fir will prepare a logistics plan and must provide the final plan to MRI no later than 3 months prior to the commencement of production of Uley 2 flake.

The logistics plan will include a complete intermodal solution for the delivery of Uley 2 flake to Port Adelaide's Outer Harbor in certified, tagged and sealed international TEUs ready for immediate export. The plan requires that Silver Fir manage the testing and certification process of all Uley 2 cargo including the supervision of technical personnel and independent consultants.

Commencement of Sales and Marketing Activities

MRI will commence sales and marketing activities immediately. Planning of the initial handover of the Company's existing commercial relationships has commenced including establishing an appropriate process for the Company to provide all necessary technical support to MRI in its dealings with prospective customers.

A critical handover is the Quantum Sunlands Partnership (QSP), the joint venture between the Company and Sunlands Co., responsible for the manufacture of the flake graphite thermal storage media required for Sunlands Co. energy storage cells. Under the joint venture terms, the Company is the exclusive supplier of flake graphite to QSP. MRI will now assume responsibility for the supply to QSP.



MRI and QSP will commence discussions as soon as the joint venture operating agreement between the the Company and Sunlands Co. has been concluded. As announced in the Company's most recent Quarterly Activities Report, this is expected to be finalised by the end of next month.

QGL director Mr David Trimboli, returning from Zug, commented that, "An advantage of our arrangement with MRI is the combination of a fairly unique set of skills across the two companies. We're confident this gives us an unmatched coverage of the market for natural flake graphite. At a corporate level the advantage is a sharper focus of the Company's commercialisation resources on product development and the emerging and growing market uses for flake graphite".

FOR FURTHER INFORMATION CONTACT:

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About MRI Trading AG

MRI is a global leader in trading, metals and minerals and freight based in Zug, Switzerland. Built upon detailed market intelligence developed over 25 years of successful operations, MRI's aim is to continue to grow its global trading footprint and sustain its position as the partner of choice for minerals producers. MRI's nine offices around the world provide it with unmatched local knowledge and international coverage ensuring its trading partners can access the international markets confident of securing the most competitive terms



**QUANTUM SUNLANDS
PARTNERSHIP**

About The Quantum Sunlands Partnership

QSP is a joint venture between the Company and The Sunlands Co. Ltd for the manufacture of coarse natural flake based thermal storage media. The coarse flake will be exclusively sourced from the Company's Uley mine. The finished media will be fitted within Sunlands Co.'s long duration energy storage cells.

<https://www.sunlandsco.com/>