

ASX Appendix 4D

under ASX Listing Rule 4.2A.1

This reporting period

1 July 2022 to 31 December 2022

Prior corresponding period

1 July 2021 to 31 December 2021

RESULTS FOR ANNOUNCEMENT TO MARKET

	% Change	This Period	Prior Period
Total revenue from ordinary activities	304%	303,686	75,151
(Loss)/profit from ordinary activities after tax attributable to members	(170%)	(3,092,716)	(1,146,674)
Net (loss)/profit attributable to members	(170%)	(3,092,716)	(1,146,674)

DETAILS RELATING TO DIVIDENDS

No dividends are proposed and no dividends were declared or paid during the current or prior period.

NET TANGIBLE ASSETS

	As at 31 Dec 2022	As at 31 Dec 2021
Net tangible asset per ordinary share (cents per share)	5.99	6.20

OTHER

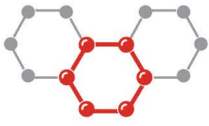
Additional Appendix 4D disclosure requirements and further information can be found in the Financial Report for the Half Year to 31 December 2022.

This report is based upon the Financial Report for the Half Year to 31 December 2022 which has been reviewed by RSM Australia Partners. The auditors have issued an unmodified opinion.

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.

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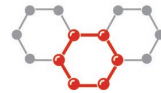


QUANTUM
GRAPHITE

INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2022
to be read in conjunction with the
30 June 2022 Annual Report.

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The financial statements cover Quantum Graphite Limited (ABN41 008 101 979) as a consolidated entity consisting of Quantum Graphite Limited and its subsidiary, Quantum Graphite Operations Pty Ltd (ABN 46 004 947 004), collectively referred to as "the Group". The financial report is presented in the Australian currency, which is Quantum Graphite Limited's functional and presentation currency.

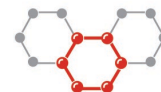
Quantum Graphite Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office	349 Collins Street Melbourne VIC 3000
Principal place of Business	349 Collins Street Melbourne VIC 3000
Website	quantumgraphite.com

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2023.

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Company" or 'consolidated entity') consisting of Quantum Graphite Limited (referred to hereafter as the 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Board of Directors

The following persons were directors of Quantum Graphite Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Bruno Ruggiero - Chairman and Independent Non-Executive Director

Sal Catalano - Executive Director

Robert Osmetti - Independent Non-Executive Director (retired 4 August 2022)

David Trimboli - Independent Non-Executive Director

Michael Wyer - Independent Non-Executive Director (appointed 22 August 2022)

Principal Activities

Principal activities are the exploration, mining and processing of natural flake graphite and the manufacture of flake graphite products. The Company has historically supplied high purity large flake graphite powders from its Uley 1 mine operation and processing facility to the refractories markets in Europe and North Asia.

Review of Operations and Financial Results

The loss of the consolidated entity for the period was \$3,092,716 (31 December 2021: loss of \$1,146,673). The loss results primarily from the ongoing technical activities related to the Uley 2 project and the downstream technical activities undertaken within the Quantum Sunlands Partnership (QSP). The Company's financial performance remains broadly in line with plan.

Director Remuneration

Following shareholder approvals obtained at the 2022 AGM, the Company issued directors with 920,538 shares at \$0.59 per share as their quarterly director fees for the period 1 January 2022 to 31 December 2022:

Directors	No. Shares	Fees (\$) per quarter
B Ruggiero	267,908	18,000
S Catalano	267,908	18,000
R Osmetti ¹	145,410	12,000
D Trimboli	178,604	12,000
M Wyer ²	60,708	12,000
Total	920,538	72,000

¹Rob Osmetti retired from the Board, effective 4 August 2022.

²Michael Wyer joined the Board, effective 22 August 2022.

The issued and outstanding securities following the above issue are 336,400,000 fully paid ordinary shares and 3,000,000 options.



Directors' Report (continued)

Significant changes in the state of affairs

Board Changes

During the first half of FY2022, Bob Osmetti announced his retirement from the Board, effective 4 August 2022. Bob was an integral part of the restructure of the Company and played a critical role in the development of the plans for Uley 2. Together with David Trimboli, Bob was instrumental in the strategic positioning on the Company's relationship with Sunlands Co. and establishing the Quantum Sunlands Partnership.

On 5 August 2022, the Company announced the appointment of Mr Michael Wyer to the Board effective 15 August 2022. Michael is a highly credentialed professional with more than 25 years' experience in global banking including resources and commodities financing and has held senior executive roles in finance and operations. This diversity of experience enhances the Board's overall skill set and is an excellent strategic fit as the Company moves to the next phase of its plans for Uley 2 and the Quantum Sunlands Partnership.

Capital Raising

During the first half of FY2023, the Company completed the following issue of securities:

- a) On 28 July 2022, the Company completed a Placement to sophisticated investors and issued 10,526,316 at A\$0.38 per share to raise approximately \$4,000,000. In connection with this capital raising, on 1 August 2022, the Company issued 3,000,000 options to Shaw and Partners, Mercury Asset Management (WA) Pty Ltd and Pareto Nominees Pty Ltd with an exercise price of A\$0.75 per share expiring on 31 January 2024.
- b) On 1 August 2022, The Company completed a Placement to sophisticated investors and issued a further 1,176,884 shares at A\$0.38 per share to raise approximately \$447,000.
- c) On 5 August 2022, the Company issued 17,865,000 fully paid ordinary shares pursuant to the exercise of 17,865,000 unlisted restructure options (Nil exercise price, expiry 23 July 2023). Following this exercise, the balance of the restructure options outstanding is 10,706,429.
- d) On 2 December 2022, The Company issued 1,018,225 fully paid ordinary shares in lieu of director fees and company secretary fees accrued to 31 December 2022.
- e) On 8 December 2022, the Company exercised 10,706,429 options at A\$0.0882 per option to raise approximately \$944,307.
- f) On 20 December 2022, The Company issued 675,346 fully paid ordinary shares in lieu of consultant fees accrued to 31 December 2022.

During the period the Company negotiated an extension to the repayment date of the Credit Facility Deed entered into between the Company and Chimaera Capital Limited, on 7 December 2021 from 16 January 2023 to the earlier of 31 January 2024 or the next capital raising.

Takeover Offer

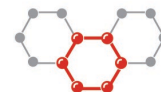
On 9 August 2022, the Company made a takeover offer (Offer) for all the shares of Lincoln Minerals Limited (Lincoln) on issue as at the date of the Offer. The Offer price is one (1) of the Company's shares for every forty (40) Lincoln shares.

Lincoln holds several mineral tenements within South Australia's Eyre Peninsula with graphite resource potential including the Kookaburra Gully Project. The development of the Kookaburra Gully Project within the Company's Uley 2 business has the potential to deliver significant synergies that will generate greater value for the shareholders of both companies compared to Lincoln's separate development of Kookaburra Gully.

The Company sought relief from the Takeovers Panel during the period but was unsuccessful. The Company's application to the Takeovers Panel was based on the following Lincoln failures:

- a) The continued failure to maintain a shareholders' register as required by section 169 of the Corporations Act (Cth);
- b) The continued failure by several Lincoln shareholders to disclose their relationship as associates for the purposes of the Corporations Act (Cth);
- c) The continued failure by certain Lincoln directors to disclose their relationship as associates of several Lincoln shareholders for the purposes of the Corporations Act (Cth); and
- d) The issue of certain disclosure documents, including the Target Statement and the prospectus for the entitlements offer that closed shortly after the period, that failed to meet the minimum disclosure requirements required by the Corporations Act (Cth).

The Offer has been extended and will remain open until 6 March 2023.



Directors' Report (continued)

Grant Thornton Legal Action

On 30 November 2022 the Company initiated proceedings against Grant Thornton in respect of its failure to deliver an audit opinion for the 2020 Annual Financial Reports. The actions of Grant Thornton have caused loss and damage to the Company including delaying the development of the Uley 2 Project. Grant Thornton is expected to file a defence to the Company's statement of claim in February 2023.

Uley 2 Project Site Preparation Works

During the first half of FY2023, significant site works at Uley 2 were undertaken in preparation for the installation of the new process plant. These siteworks targeted remediation of Uley legacy plant and related civil works, construction of the firebreak network and refurbishment of certain buildings.

Remediation works extended to the legacy process plant area and surrounds, various holding ponds supporting the legacy process plant and the removal of all remaining legacy plant except the existing infrastructure required for the Uley 2 Project. Remediation is substantially complete except for certain civil works associated with the fill and compaction of former ponds. This work is scheduled to be completed as part of the preparation of the pad to be constructed for the purpose of installation of the new process plant.

A requirement of the insurance package being negotiated by the Company for Uley 2 is the construction of an extensive firebreak network across the Uley 2 mining leases. This work was completed during the period and the Company's ongoing site maintenance plan will extend to the seasonal control of this network.

Several portable, demountable buildings, not required for the Uley 2 Project, were sold and removed from the site. The remaining buildings, including the main building formerly housing the legacy process plant, will now be refurbished and repurposed. The Company expects that no further buildings will be required for Uley 2 other than temporary shedding during the Uley 2 construction period.

INEMET Thermal Energy Storage Test Work Completion

On 18 November 2022, the Company announced the successful completion of the test work program undertaken at TU Freiburg's INEMET campus. After frustrating delays of more than 12 months due to the pandemic, the extensive program prepared by thermal process engineers ProTherm Systems (Pty) Ltd and QSP was completed.

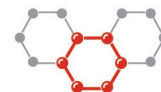
The program tested and conclusively measured the thermal performance of QSP's flake graphite-based storage media (Uley Media) under the same ultra-high temperature conditions of the long duration energy storage (LDES) battery developed by Sunlands Co. Uley Media is manufactured by QSP using Uley 2 flake products as the critical ingredient.

INEMET produced a comprehensive data set covering the Company's total flake product range i.e., the full range of Uley flake purity and flake size, 90% to 97% and 75microns to 300microns respectively.

On 28 November 2022 the Company released detailed results of the test work program. A key finding was the high temperature performance of the Uley Media which achieved substantially the same levels of heat storage capacity as high-grade isostatic graphite.

The results highlights of the program are summarised below:

- **Heat storage capability** - Confirmation of the heat storage capacity and performance of Uley Media for Sunlands Co. LDES battery cells driving utility scale turbine generation facilities
- **High Performance** - Uley Media performs at substantially similar levels to that of high-grade isostatic products thereby significantly reducing the unit cost of LDES battery cells
- **Uniformity** - Uley Media performance is consistent across the purity and size fractions of Uley 2 flake products used to manufacture the media
- **Scale of Manufacturing** – The uniformity and performance of Uley Media enable QSP's manufacture of Uley Media to be undertaken at a far greater scale than anticipated
- **Purity** – the level of volatilisation of impurities within the Uley Media during the experimental program strongly suggests a material increase in purity and the potential viability of thermal purification of Uley 2 flake for the Li-ion battery anode market.



Directors' Report (continued)

Completion of the program marked the final milestone for the determination of the unit contribution to the Company of every tonne of media sold by QSP to Sunlands Co. and commencement of construction of the long duration energy storage Pilot Plant.

As announced in November 2022, the program data will be the subject of the next phase of test work aimed at assessing the viability of the thermal purification of Uley flake for the production of anode.

Research and Development

The Company continues to progress with Research and Development (R&D) workstreams covering two distinct projects; the first is the continuing research and development on advanced processing pathways for the further upgrading of Uley 2 coarse flake products including for the production of battery grade purified graphite. The second relates to the manufacturing pathway for the local production of thermal storage media for Sunlands Co.'s energy storage cells.

Mining Titles

All mining titles are current and remain in good standing. On 9 February 2023, the company was notified of the renewal of EL6224 to 12 October 2027. EL6224 extends for approximately 76 square kilometres and includes the highly prospective Mikkira graphite deposit.

Events Arising Since the End of The Reporting Period

Shares to the value of \$315,000 were issued on 6 March 2023 in satisfaction of professional fees payable to contractors for services rendered.

There were no other events that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 5 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

Bruno Ruggiero
Chairman
16 March 2023

Sal Catalano
Executive Director
16 March 2023

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Quantum Graphite Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

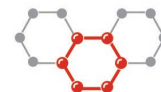


RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

16 March 2023
Melbourne, Victoria

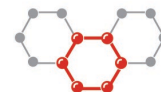


Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Other income	2	303,686	75,151
Corporate and asset management expenses	3	(3,359,803)	(1,181,758)
Depreciation	3	(16,491)	(36,567)
Total operating loss		(3,072,608)	(1,143,174)
Interest income		2,788	60
Interest expense		(22,896)	(3,559)
Net financing expense		(20,108)	(3,499)
Loss before tax		(3,092,716)	(1,146,673)
Income tax benefit		-	-
Loss for the period attributable to owners of the parent entity		(3,092,716)	(1,146,673)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to owners of the parent entity		(3,092,716)	(1,146,673)
Loss per share from continuing operations			
Basic and diluted loss – cents per share	4	(0.97)	(0.40)

This statement should be read in conjunction with the notes to the financial statements.

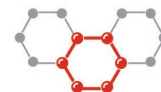


Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31 December 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents		2,622,987	1,004,704
Receivables		448,871	198,683
Total current assets		3,071,858	1,203,387
Non-current assets			
Security deposit with the Department of State Development		1,073,863	1,073,863
Plant and equipment	5	263,731	280,222
Intangible assets		7,189	7,189
Development assets	6	15,201,616	14,807,253
Exploration and evaluation assets	7	2,682,285	2,522,839
Total non-current assets		19,228,684	18,691,366
TOTAL ASSETS		22,300,542	19,894,753
Current liabilities			
Payables		1,279,738	1,194,753
Borrowings		1,279,062	1,289,754
Total current liabilities		2,558,800	2,484,507
Non-current liabilities			
Rehabilitation provisions		558,369	558,369
Total non-current liabilities		558,369	558,369
TOTAL LIABILITIES		3,117,169	3,042,876
NET ASSETS		19,183,373	16,851,877
EQUITY			
Issued capital	8	67,899,974	60,025,762
Reserves	9	70,000	2,520,000
Accumulated losses		(48,786,601)	(45,693,885)
TOTAL EQUITY		19,183,373	16,851,877

This statement should be read in conjunction with the notes to the financial statements.

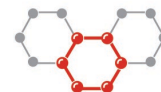


Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Share Capital \$	Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2022	60,025,762	2,520,000	(45,693,885)	16,851,877
Share placements	4,317,862	-	-	4,317,862
Shares issued in lieu of directors' fees	543,117	-	-	543,117
Shares issued in lieu of company secretary fees	57,635	-	-	57,635
Shares issued in lieu of services fees	435,598	-	-	435,598
Issue of shares upon exercise of options	2,520,000	(2,520,000)	-	-
Share-based payments	-	70,000	-	70,000
Transactions with owners in their capacity as owners	7,874,212	(2,450,000)	-	5,424,212
Comprehensive income:				
Loss after income tax for the reporting period	-	-	(3,092,716)	(3,092,716)
Other comprehensive income for the reporting period, net of tax	-	-	-	-
Total comprehensive loss for the reporting period	-	-	(3,092,716)	(3,092,716)
Balance as at 31 December 2022	67,899,974	70,000	(48,786,601)	19,183,373
	Share Capital \$	Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2021	58,454,228	2,520,000	(43,442,605)	17,531,623
Shares issued in lieu of directors' fees	308,958	-	-	308,958
Shares issued in lieu of company secretary fees	24,000	-	-	24,000
Issue of share capital	858,540	-	-	858,540
Transactions with owners in their capacity as owners	1,191,498	-	-	1,191,498
Comprehensive income:				
Loss after income tax for the reporting period	-	-	(1,146,673)	(1,146,673)
Other comprehensive income for the reporting period, net of tax	-	-	-	-
Total comprehensive loss for the reporting period	-	-	(1,146,673)	(1,146,673)
Balance as at 31 December 2021	59,645,726	2,520,000	(44,589,278)	17,576,448

This statement should be read in conjunction with the notes to the financial statements.

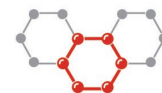


Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
Cash flow from operating activities		
Payments to suppliers and employees	(2,348,481)	(868,858)
Interest received	2,788	60
Net cash used in operating activities	(2,345,693)	(868,798)
Cash flow from investing activities		
Payments for exploration and evaluation assets	(187,848)	(163,120)
Payments for development assets	(386,038)	(530,894)
Proceeds from disposal of plant and equipment	220,000	-
Net cash used in investing activities	(353,886)	(694,014)
Cash flow from financing activities		
Proceeds from borrowings	-	1,261,872
Proceeds from issue of share capital	4,317,862	858,540
Net cash from financing activities	4,317,862	2,120,412
Net increase in cash and cash equivalents	1,618,283	557,600
Cash and cash equivalents at the beginning of the reporting period	1,004,704	1,236,231
Cash and cash equivalents at the end of the reporting period	2,622,987	1,793,831

This statement should be read in conjunction with the notes to the financial statements.



Notes to the consolidated financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of operations

Quantum Graphite Limited's principal activity is the exploration and mining of graphite deposits in South Australia and the manufacture of high-grade flake graphite products.

(b) General information and basis of preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards AASB 134 results in compliance with the International Financial Reporting Standards (IFRS) IAS 134 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

(c) Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

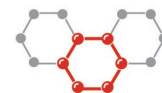
As disclosed in the financial statements, the consolidated entity incurred a loss of \$3,092,716 and had net cash outflows from operating activities of \$2,345,693 for the six months ended 31 December 2022. These matters indicate a material uncertainty which may cast significant doubt over the ability of the consolidated entity to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Despite the above-mentioned matters, the Directors, after reviewing the cash flow forecast for a period of twelve months after the signing of this financial report, concluded that there are reasonable grounds to believe that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Directors' assessment considered the following factors:

- The directors are planning to raise additional capital from existing and new shareholders and are confident that this is feasible based on the Group's history of successful capital raises; and
- Except for minimum expenditure commitment under the terms of the exploration license renewal (refer Note 11), the Group has the flexibility to adjust some of the timing and scope of its exploration and evaluation activities as and when funds are available.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.



Notes to the consolidated financial statements (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends of economic data, obtained both externally and within the Group.

Key estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Decommissioning provision

Estimates and assumptions of the appropriate discount rate at which to discount the liability, the timing of cash flows, the application of relevant environmental legislation and the future expected costs of decommissioning are all used in determining the carrying value of the decommissioning provision.

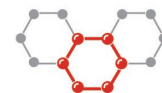
R&D Tax Concession

To the extent that research and development costs are eligible under the 'Research and development tax incentive' programme, a 43.5% refundable offset is available for companies with annual turnover of less than \$20million. Research and development tax incentive income is recognised at fair value when there is a reasonable expectation that the income will be received. The expected future R&D tax incentive for qualifying R&D expenditure has been accrued and is also recognised as other income in the statement of profit or loss. The Company has estimated the amount of future R&D incentive receivable on ongoing projects on the basis that the expected amount of the incentive can be reliably measured and receipted.

Key judgements

Development expenditure and plant and equipment

The future recoverability of fixed assets and capitalised development expenditure has been assessed by the directors and is dependent on a number of factors, including commodity prices, the level of reserves and resources, foreign currency rates and future technological changes that could impact the costs of mining and processing and future legal changes. Significant judgements and assumptions are required in making assessments regarding the presence of impairment indicators. This is particularly so in the assessment of long-life assets.



Notes to the consolidated financial statements (Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting estimates and judgements (continued)

Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

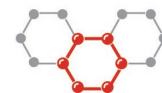
Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

2. OTHER INCOME

	31 December 2022	31 December 2021
	\$	\$
R&D tax incentive ¹	97,318	75,151
Gain on disposal of plant and equipment	200,000	-
Foreign exchange gain	6,368	-
Total	<u>303,686</u>	<u>75,151</u>

¹ R&D tax incentive income consists of an accrual of \$97,318 which is an estimate based on costs to be submitted for the future claim to be completed for 30 June 2023.



Notes to the consolidated financial statements (Continued)

3. EXPENSES

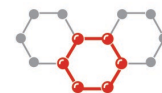
31 December 2022	Corporate \$	Commercialisation \$	Pre-commissioning \$	Total \$
Advertising & Marketing costs	978,847	-	-	978,847
Brokerage costs	70,000	-	-	70,000
Consultant fees	495,280	-	-	495,280
Data & Communication equipment	91,800	-	-	91,800
Directors' salary expense	132,000	-	-	132,000
Legal & professional fees	531,909	-	-	531,909
Loss on issue of shares ¹	307,953	-	-	307,953
Research & development	223,718	-	-	223,718
Rental expense	112,200	-	-	112,200
Sundry service fees	102,000	-	-	102,000
Other expenses ¹	314,096	-	-	314,096
Subtotal	3,359,803	-	-	3,359,803
Depreciation expense	16,491	-	-	16,491
Total	3,376,294	-	-	3,376,294

31 December 2021	Corporate \$	Commercialisation \$	Pre-commissioning \$	Total \$
Advertisement & marketing costs	22,525	-	-	22,525
Brokerage costs	600	-	-	600
Consultant fees	24,000	-	-	24,000
Data & communications equipment	91,800	-	-	91,800
Directors' salary expense	120,000	-	-	120,000
Legal & professional expenses	428,407	-	-	428,407
Loss on issue of shares ¹	68,959	-	-	68,959
Research & development	96,300	-	-	96,300
Rental expense	112,200	-	-	112,200
Sundry service fees	102,000	-	-	102,000
Other expenses	114,967	-	-	114,967
Subtotal	1,181,758	-	-	1,181,758
Depreciation expense	36,567	-	-	36,567
Total	1,218,325	-	-	1,218,325

¹ Loss on issue of shares in respect of directors' remuneration and company secretary fees for the period 1 January 2022 to 31 December 2022 total \$307,953 (31 December 2021 \$68,959).

Commercialisation expenses include sales and marketing and other expenses directed towards the development of value-added products and associated markets. Pre-commissioning expenses include costs of establishing operational readiness at Uley and pre-production testing of the plant. Other expenses include expenses relating to the regulatory administration and compliance (including maintenance) of the company's mining titles.

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Notes to the consolidated financial statements (Continued)

4. EARNINGS PER SHARE

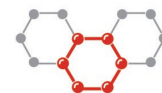
The weighted average number of shares for the purpose of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to December 2022	6 months to December 2021
Loss after income tax attributable to the owners of Quantum Graphite Limited (\$)	(3,092,716)	(1,146,673)
Weighted average number of shares used in basic earnings per share	320,237,326	283,552,951
Basic and Diluted Loss per share (cents)	(0.97)	(0.40)

In accordance with AASB 133 'Earnings per Share', Options issued and outstanding at the end of the reporting period have not been included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive in nature due to the losses incurred during the current and previous reporting periods.

5. PLANT AND EQUIPMENT

31 December 2022	Plant & Equipment \$	Motor vehicles \$	Total \$
Gross carrying amount			
Opening balance	793,174	39,566	832,740
Balance as at 31 December 2022	793,174	39,566	832,740
Depreciation and impairment			
Opening balance	(512,952)	(39,566)	(552,518)
Depreciation	(16,491)	-	(16,491)
Balance as at 31 December 2022	(529,443)	(39,566)	(569,009)
Carrying amount as at 31 December 2022	263,731	-	263,731



Notes to the consolidated financial statements (Continued)

5. PLANT AND EQUIPMENT (continued)

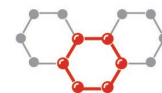
30 June 2022	Plant & Equipment \$	Motor vehicles \$	Total \$
Gross carrying amount			
Opening balance	797,454	39,566	837,020
Disposals	(4,280)	-	(4,280)
Balance as at 30 June 2022	793,174	39,566	832,740
Depreciation and impairment			
Opening balance	(461,118)	(39,566)	(500,684)
Depreciation	(56,114)	-	(56,114)
Accumulated depreciation on disposal	4,280	-	4,280
Balance as at 30 June 2022	(512,952)	(39,566)	(552,518)
Carrying amount as at 30 June 2022	280,222	-	280,222

The carrying amount does not exceed the directors' assessment of the recoverable value of the plant and equipment.

6. DEVELOPMENT ASSETS

	31 December 2022 \$	30 June 2022 \$
Gross carrying amount		
Opening balance	14,807,253	14,245,139
Expenditure on exploration during the reporting period	394,363	562,114
Closing balance	15,201,616	14,807,253

The closing balance represents the capitalised portion of Uley 2 project expenditure. The directors have assessed that the carrying amount of the Uley 2 project (including all plant and equipment, environmental infrastructure e.g., Tailings Storage Facilities, mining titles, JORC 2012 Reserves and Resources and all project approvals under the South Australian Mining Act 1971) does not exceed the recoverable amount. The carrying value of development assets has been tested for impairment as part of a single cash-generating unit (CGU) represented by the Uley 2 Project.



Notes to the consolidated financial statements (Continued)

7. EXPLORATION AND EVALUATION ASSETS

	31 December 2022 \$	30 June 2022 \$
Opening balance	2,522,839	1,991,005
Expenditure on exploration during the reporting period	159,446	531,834
Closing balance	<u>2,682,285</u>	<u>2,522,839</u>

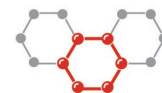
Impairment testing

For the purposes of assessing impairment, the Group's assets are grouped and reviewed for impairment at the CGU level (determined by management as equivalent to its operating segments). The Group has determined that it has a single cash-generating unit (CGU) represented by the Uley 2 Project. Accordingly, the associated plant and equipment, development assets, exploration and evaluation assets ("the Uley 2 Assets") have been allocated to the CGU.

The Group considers both qualitative and quantitative factors when determining whether an asset or CGU may be impaired. The Directors have reviewed the carrying value and recoverable amount of the Uley 2 Assets and noted no indicators of impairment as at 31 December 2022.

8. ISSUED CAPITAL

	Number of shares #	31 December 2022 \$
(a) Issued and paid up capital		
Fully paid ordinary shares	336,400,000	67,899,974
(b) Movements in fully paid ordinary shares		
Opening balance as at 30 June 2022	294,431,800	60,025,762
Shares issued on 28 July 2022	10,526,316	3,896,740
Shares issued on 1 August 2022	1,176,884	421,121
Shares issued on 5 August 2022 – exercise of unlisted share options	17,865,000	1,575,693
Shares issued on 2 December 2022 – in lieu of directors fees	920,538	543,118
Shares issued on 2 December 2022 – in lieu of company secretary fees	97,687	57,635
Shares issued on 8 December 2022 – exercise of unlisted share options	10,706,429	944,307
Shares issued on 22 December 2022 – in lieu of service fees	675,346	435,598
Balance as at 31 December 2022	<u>336,400,000</u>	<u>67,899,974</u>



Notes to the consolidated financial statements (Continued)

9. RESERVES

	Number of options #	31 December 2022 \$
(a) Share options reserve		
Share options reserve	3,000,000	70,000

On 1 August 2022, the Company issued 3,000,000 share options with exercise price of \$0.75 to acquire ordinary shares in the Company with an expiry date of 31 January 2024. In accordance with AASB 2, the Company has used the Black Scholes Model to determine the fair value of these options.

	Number of options #	\$
(b) Movements in share options reserve		
Opening balance as at 30 June 2022	28,571,429	2,520,000
Share options issued on 1 August 2022	3,000,000	70,000
Exercise of unlisted share options on 5 August 2022	(17,865,000)	(1,575,693)
Exercise of unlisted share options on 8 December 2022	(10,706,429)	(944,307)
Balance as at 31 December 2022	3,000,000	70,000

10. OPERATING SEGMENTS

The directors have considered the requirements of AASB 8 *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

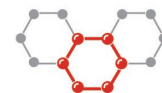
11. COMMITMENTS AND CONTINGENCIES

Exploration commitments

On 22nd February, the Company was notified of the renewal of EL6224 to 12 October 2027. The Company has met all expenditure commitments in respect of EL6224 as at 31 December 2022. The minimum expenditure commitment for renewal of this license is \$80,000 over the two years to 12 October 2023.

Contingent liabilities and assets

The Group has no contingent assets or liabilities as at 31 December 2022 (30 June 2022: \$Nil).



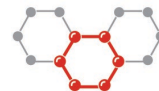
Notes to the consolidated financial statements (Continued)

12. RELATED PARTY TRANSACTIONS

Chimaera Capital Limited is responsible for corporate and asset management services.

	31 December 2022	31 December 2021
	\$	\$
(a) Transactions during the period		
Chimaera Capital Limited (substantial shareholder in the Group)		
Office rent charged	112,200	112,200
Tenement administration charged	102,000	102,000
IT services charged	91,800	91,800
Accounting services charged	102,000	102,000
Corporate administration fees charged	35,700	35,700
Research and development	66,300	66,300
Loan interests	22,896	3,559
Exercise of share options	2,520,000	-
SC Capital Pty Ltd (director-related entity)		
Consultancy services charged	150,000	45,000
(b) Outstanding balances at 31 December 2022		
	31 December 2022	30 June 2022
	\$	\$
Payables	488,128	504,002
Borrowings	1,279,062	1,289,754

In addition to providing these services, \$2,614,822 (30 June 2022: \$996,420) of the Group's Cash and Cash Equivalents is held with Chimaera Custody Services, a division of Chimaera Capital Limited.



Notes to the consolidated financial statements (Continued)

12. RELATED PARTY TRANSACTIONS (continued)

(c) The Sunlands Co. Pty Ltd Collaboration (director-related entity)

Prior to the formation of the joint venture with The Sunlands Co. Pty Ltd (Sunlands Co.), the Company and Sunlands Co. were parties to a Memorandum of Understanding (MOU) from 21 November 2019 to 23 June 2021. The provisions of the MOU detailed the technical and commercial collaboration between the parties in respect of Sunlands Co.'s thermal energy storage (TES) technology. Activities were directed at supporting Sunlands Co.'s development of its test work programs and commercial deployment strategies including the planning and development of a commercial pilot facility.

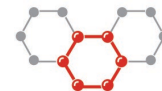
On 23 June 2021, the Company announced that it had entered into a joint venture with Sunlands Co. to manufacture the graphite based thermal storage media for the TES battery cells. Each party holds a 50% interest in the joint venture. On 22 December 2021, The Quantum-Sunlands Partnership Pty Ltd (QSP) was formed. The parties have negotiated a Shareholder Deed which governs the joint venture relationship including the grant of Sunlands Co. intellectual property to QSP and the supply of Uley 2 flake production to QSP. As at 31 December 2022, there was no investment made into QSP.

The Company's collaboration with Sunlands Co. was transformed to a manufacturing partnership responsible for production of the thermal storage media to be fitted in Sunlands Co.'s thermal energy storage cells. The Board views the relationship with Sunlands Co. as a strategic opportunity to participate in the global energy markets. QSP represents the structural arrangement within which the Company will participate in the manufacture of the Uley 2 graphite flake storage media, critical to the delivery of Sunlands Co.'s proprietary thermal energy storage technology to the global energy markets.

13. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

Shares to the value of \$315,000 were issued on 6 March 2023 in satisfaction of professional fees payable to contractors for services rendered. This is consistent with the Company's practice of offering service providers an equity option. This has the added benefit of assisting the management of the Company's cash position.

There are no events that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.



Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Bruno Ruggiero
Chairman
16 March 2023

Sal Catalano
Executive Director
16 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Quantum Graphite Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Quantum Graphite Limited ('the Company'), and its subsidiaries (together referred to as 'the Consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Consolidated entity does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quantum Graphite Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the interim financial report, which indicates that during the half year ended 31 December 2022 the Consolidated entity incurred a loss of \$3,092,716 and had net cash outflows from operating activities of \$2,345,693. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "R J Morillo Maldonado".

R J MORILLO MALDONADO

Partner

16 March 2023
Melbourne, Victoria