QUANTUM GRAPHITE

ASX Appendix 4D
under ASX Listing Rule 4.2A.1

This reporting period	1 July 2024 to 31 December 2024
Prior corresponding period	1 July 2023 to 31 December 2023

RESULTS FOR ANNOUNCEMENT TO MARKET

	% Change	This Period	Prior Period
Total revenue from ordinary activities	93%	178,702	92,785
(Loss)/profit from ordinary activities after tax attributable to members	(172%)	(4,360,701)	(1,600,797)
Net (loss)/profit attributable to members	(172%)	(4,360,701)	(1,600,797)

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 2024	As at 31 Dec 2023
Net tangible asset per ordinary share (cents per share)	4.39	4.85

CONTROL GAINED AND LOSS OF CONTROL OVER ENTITIES

Not applicable

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable

OTHER

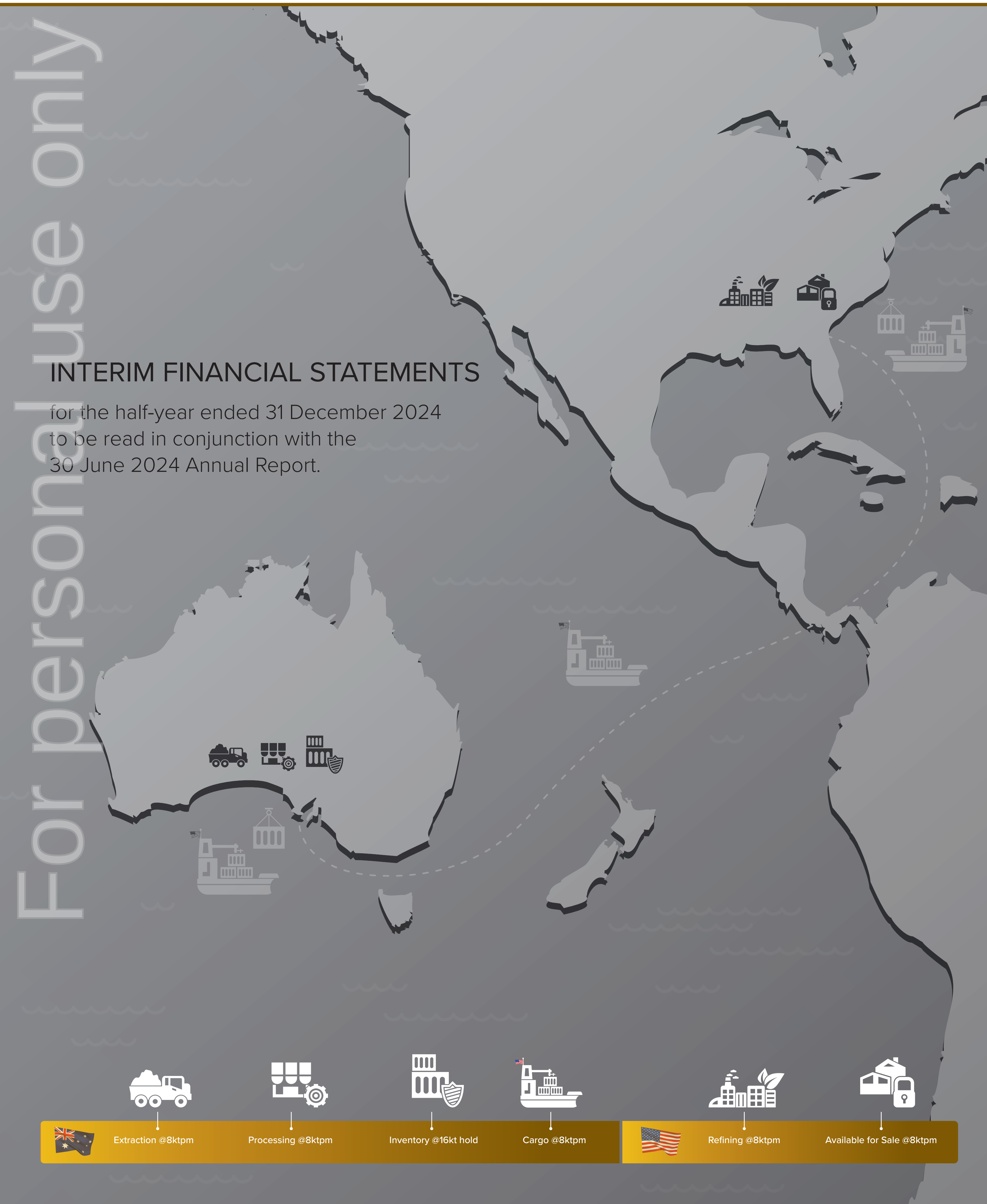
Additional Appendix 4D disclosure requirements and further information can be found in the Financial Report for the Half Year to 31 December 2024.

This report is based upon the Financial Report for the Half Year to 31 December 2024 which has been reviewed by RSM Australia Partners. The auditors have issued an unmodified conclusion.

QUANTUM GRAPHITE

INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2024
to be read in conjunction with the
30 June 2024 Annual Report.



Contents

The financial statements cover Quantum Graphite Limited (ABN 41 008 101 979) as a consolidated entity consisting of Quantum Graphite Limited and its subsidiaries, Quantum Graphite Operations Pty Ltd (ABN 46 004 947 004) and Quantum Graphite Explorations Pty Ltd (ACN 667 887 667), 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 14 March 2025.

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 2024.

The Graphite World Order

By the end of the period, the global flake graphite market appeared to have fully digested the impact of the May 2024 regulatory change to the rules governing U.S. tax rebate eligibility for purchases of new electric vehicles under the US Inflation Reduction Act (IRA).

Prior to the May 2024 change, IRA tax rebate eligibility explicitly required Li-ion battery components (and critical minerals essential in the manufacture of these components) be manufactured in the U.S or a U.S FTA country. To assist automakers comply with this requirement they were permitted a transition period to establish appropriate supply chain arrangements.

In response to concerns from automakers that alternative supply chains could not be established within the transition period, the U.S. Federal Treasury together with the Department of Energy issued the revised rules in May 2024.

This regulatory change permits up to 20 percent of the critical minerals in the manufacture of battery components to be sourced from non-U.S, non FTA country sources i.e., China or China-owned processors and manufacturers in the Li-ion battery supply chain. Importantly, this opened the way for IRA tax concession eligibility for all vehicles manufactured for sale in the U.S. by U.S., European, Japanese, and Korean automakers.

In the Company's 2024 Annual Financial Report we concluded that this directly resulted in most non-China Li-ion battery cell manufacturers easing their efforts to diversify their graphite and anode supply chains.

However by the end of the period, these manufacturers were reviewing this position with some actively reprioritising the development of alternative flake graphite and anode supply chains. This change reflected the continuing trade tensions between the US and China and the perception that rapid escalation in these tensions would result in immediate disruption to graphite and anode supply arrangements.

The Company's Project Utile strategy is well positioned to serve the global needs for an alternative, reliable independent graphite supply chain. The dedicated Australia-US graphite supply chain feature of Project Utile delivers certainty of supply and a platform for the growth in US anode manufacturing capability.

Principal Activities

The Company's 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.

Directors' Report (continued)

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

David Trimboli - Independent Non-Executive Director

Michael Wyer - Independent Non-Executive Director

Director Remuneration

Following the 2024 annual general meeting shareholder approvals, the Company issued Directors with 451,890 shares as quarterly Director fees for the period 1 January 2024 to December 2024 as set out in the table.

Directors	No. Options	Fees ($) Quarterly
B Ruggiero	135,567	18,000
S Catalano	135,567	18,000
D Trimboli	90,378	12,000
M Wyer	90,378	12,000
Total	**451,890**	**60,000**

The issued and outstanding securities following the above issue is 350,008,387 fully paid ordinary shares and 576,000 options.

Review of Operations and Financial Results

The loss of the consolidated entity for the period was $4,360,701 (31 December 2023: loss of $1,600,797). The loss exceeded plan and reflects commitments of significantly greater resources than planned to the finalisation of the Uley Region and District Exploration Plans and the lodgement of the US$300 million formal funding application with US EXIM Bank. Specifically, these commitments relate to:

(a) the increase in the scope of works required to develop the Uley Region Exploration Plan and the District Exploration Plan. The scope increase included the addition of a substantial workstream focused on an in-depth analysis of the extensive historical record and its reconciliation with the recently acquired tenements wide geophysical data; and

(b) the increase in specialist resources required to prepare the US EXIM Bank formal funding application. The application included the technical, financial and commercial details of all activities of Project Utile, the project developed by the Company, its joint venture partner Sunlands Energy Co. and US EXIM Bank. Project Utile encompasses all the activities of an end-to-end independent Australia-US flake graphite supply chain, i.e., the Company's Uley 2 Project (i.e., the production of 100kt of graphite concentrate), inventory management and warehousing facilities and the US based flake graphite refining facility proposed to be located in South Carolina.

Directors' Report (continued)

Significant Changes in the State of Affairs

- US EXIM Bank Financing of Project Utile (incl. Uley 2)

On 19 December 2024, the Company and its joint venture partner, Sunlands Energy Co. lodged the formal application for the US$300 million financing of Project Utile. Following the issue of the Letter of Interest and Terms Sheet in July 2024 (LOI), the joint venture parties undertook the preparation of an exhaustive set of materials covering the whole of Project Utile as defined in the LOI. These materials included technical, financial and commercial information and formed part of the application lodged on 19 December 2024

- Mining Titles

All mining titles are current and remain in good standing. On 15 October 2024, the Company was notified of the renewal of ML5561 and ML5562. On 10 October 2024, the company was notified of the grant of exploration licence EL7019 which covers substantially all the area between the western boundary of EL6224 and the southwestern coastline of the Eyre Peninsula.

- Events Arising Since the End of The Reporting Period

On 14 February 2025 the Company settled the proceedings initiated against Grant Thornton in connection with its failure to deliver an audit opinion for the 2020 Annual Financial Reports. Under the terms of the settlement Grant Thornton agreed to make a payment to the Company.

On 18 February 2025 the Minister for Industry and Science, the Hon. Ed Husic MP granted Major Project Status to the Quantum Sunlands Eyre Peninsula Graphite Hub. The Hub activities include all Project Utile activities plus the addition of the manufacturing activities of Sunlands Power, the Company's joint venture with Sunlands Energy Co. Sunlands Power will undertake the manufacturing of the thermal energy storage cells at the Hub.

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
14 March 2025

Sal Catalano
Executive Director
14 March 2025

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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 2024, 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

Date: 14 March 2025
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2024

	Notes	31 December 2024 $	31 December 2023 $
Other income	3	178,702	92,785
Corporate and asset management expenses	4	(4,328,523)	(1,585,828)
Depreciation	4	(13,154)	(14,250)
Total operating loss		(4,162,975)	(1,507,293)
Interest revenue		-	1,827
Interest expense		(197,726)	(95,331)
Net financing expense		(197,726)	(93,504)
Loss before tax		(4,360,701)	(1,600,797)
Income tax benefit / (expense)		-	-
Loss for the period attributable to owners of Quantum Graphite Limited		(4,360,701)	(1,600,797)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the period attributable to owners of Quantum Graphite Limited		(4,360,701)	(1,600,797)
Loss per share from continuing operations			
Basic and diluted loss - cents per share	5	(1.26)	(0.47)

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

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	31 December 2024 $	30 June 2024 $
ASSETS			
Current assets			
Cash and cash equivalents		2,066,634	1,435,917
Receivables		1,161,072	690,955
Prepayments		7,210	-
Total current assets		3,234,916	2,126,872
Non-current assets			
Security deposit with the Department for Energy and Mining		1,104,863	1,104,863
Plant and equipment	6	210,103	223,257
Intangible assets		7,189	7,189
Development assets	7 (a)	15,756,885	16,027,608
Exploration and evaluation assets	7 (b)	3,265,476	3,114,800
Total non-current assets		20,344,516	20,477,717
TOTAL ASSETS		23,579,432	22,604,589
LIABILITIES			
Current liabilities			
Payables		2,103,179	3,216,748
Total current liabilities		2,103,179	3,216,748
Non- current liabilities			
Payables		1,000,000	1,000,000
Rehabilitation provisions		135,245	563,954
Borrowings		4,956,071	4,208,345
Total non-current liabilities		6,091,316	5,772,299
TOTAL LIABILITIES		8,194,495	8,989,047
NET ASSETS		15,384,937	13,615,542
EQUITY			
Issued capital	8	74,621,342	68,767,726
Reserves	9	276,480	70,000
Accumulated losses		(59,512,885)	(55,222,184)
TOTAL EQUITY		15,384,937	13,615,542

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 2024

	Share Capital $	Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2024	68,767,726	70,000	(55,222,184)	13,615,542
Share options lapsed	-	(70,000)	70,000	-
Shares issued for consultancy fees	1,860,000	-	-	1,860,000
Share placements	1,500,000	-	-	1,500,000
Shares issued for corporate finance services	2,238,750	-	-	2,238,750
Share-based payments	-	276,480	-	276,480
Shares issued for directors' and company secretary fees	254,866	-	-	254,866
Transactions with owners in their capacity as owners	5,853,616	206,480	70,000	6,130,096
Comprehensive income:				
Loss after income tax for the reporting period	-	-	(4,360,701)	(4,360,701)
Other comprehensive income for the reporting period, net of tax	-	-	-	-
Total comprehensive loss for the reporting period	-	-	(4,360,701)	(4,360,701)
Balance as at 31 December 2024	74,621,342	276,480	(59,512,885)	15,384,937

	Share Capital $	Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2023	68,428,374	70,000	(50,853,351)	17,645,023
Shares issued for directors' and company secretary fees	339,352	-	-	339,352
Transactions with owners in their capacity as owners	339,352	-	-	339,352
Comprehensive income:				
Loss after income tax for the reporting period	-	-	(1,600,797)	(1,600,797)
Other comprehensive income for the reporting period, net of tax	-	-	-	-
Total comprehensive loss for the reporting period	-	-	(1,600,797)	(1,600,797)
Balance as at 31 December 2023	68,767,726	70,000	(52,454,148)	16,383,578

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 2024

	31 December 2024 $	31 December 2023 $
Cash flow from operating activities		
Payments to suppliers and employees	(1,163,546)	(1,015,534)
Net cash used in operating activities	(1,163,546)	(1,015,534)
Cash flow from investing activities		
Payments for exploration and evaluation assets	(42,335)	(127,517)
Payments for development assets	(213,402)	(142,749)
Net cash used in investing activities	(255,737)	(270,266)
Cash flow from financing activities		
Proceeds from borrowings	550,000	1,300,000
Proceeds from issue of share capital	1,500,000	-
Net cash from financing activities	2,050,000	1,300,000
Net increase in cash and cash equivalents	630,717	14,200
Cash and cash equivalents at the beginning of the reporting period	1,435,917	974,450
Cash and cash equivalents at the end of the reporting period	2,066,634	988,650

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 2024 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 Group incurred a loss of $4,360,701 and had net cash outflows from operating activities of $1,163,546 for the six months ended 31 December 2024.

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 this it is appropriate to adopt the going concern basis in the preparation of the financial statements. The Directors' assessment considered the following factors:

- The Group's expenditure commitments, under the terms of the exploration licenses, have been met and currently there are no other significant operational commitments. The Group has the discretion to vary the timing and scope of its exploration and evaluation activities;

- Subsequent to 31 December 2024, 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 1 February 2026 to the earlier of 1 October 2026 or the next capital raising; and

- 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.

Accordingly, the Directors believe that the Group 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.

Notes to the consolidated financial statements (continued)

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies that are material to the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Quantum Graphite Ltd ("company" or "the parent entity") as at 31 December 2024 and the results of all subsidiaries for the half year then ended. Quantum Graphite Ltd and its subsidiaries are together referred to in these financial statements as "the Group" or "the consolidated entity".

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2024. Subsidiaries are all entities (including structured entities) over which the Group has:

(i) the power to direct the relevant activities;
(ii) exposure to significant variable returns; and
(iii) the ability to utilise power to affect the Group's own returns.

Subsidiaries are fully consolidated from the date on which control is fully transferred to the Group. They are deconsolidated from the date that control ceases. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Joint ventures

Joint ventures are accounted for under the equity method. Joint ventures are entities in which the Company exercises joint control by virtue of a contractual agreement.

Under the equity method, on initial recognition the investment in an associate or joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of acquisition.

(b) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. The financial information of the parent entity has been prepared on the same basis as the consolidated financial statements, other than investments in controlled entities which are carried at cost less impairment.

(c) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Notes to the consolidated financial statements (continued)

Operating segments have been identified based on the information provided to the chief operating decision makers – being the Board. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted. Operating segments that meet the quantitative criteria, as prescribed by AASB 8 Operating Segments, are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the Board in allocating resources have concluded that at this time there are no separately identifiable segments.

(d) Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss.

Interest income is recognised as it accrues in the profit or loss, using the effective interest rate method.

(e) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the profit or loss during the reporting period in which they were incurred.

Plant and equipment under construction is accumulated until it is installed and ready for use at which time the costs are transferred to plant and equipment and depreciated.

Depreciation is calculated using the diminishing value method to allocate asset costs over their estimated useful lives, as follows:

Plant and equipment 3-20 years

The assets' residual values and useful lives are reviewed and adjusted at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that right of tenure is current, and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and operations in relation to the area are continuing.

Accumulated costs, in relation to an abandoned area, are written off in full against profit in the period in which the decision to abandon the area is made.

(g) Development expenditure

Development expenditure represents the accumulation of all acquired exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest being prepared for mining or in which economic processing of a mineral reserve has commenced. Amortisation of costs is provided on the unit of production method, with separate calculations being made for each mineral resource. The unit of production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. The net carrying value is reviewed regularly and, to the extent to which this value exceeds its recoverable amount that excess is fully provided against in the financial year in which this is determined.

Notes to the consolidated financial statements (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The Group records the present value of the estimated cost of legal and constructive obligations (such as those under the consolidated entity's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. Site restoration costs include the dismantling and removal of plant and equipment, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs and current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the provisions to the instrument. For financial assets, this is equivalent to date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit and loss', in which case the costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest method. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value.

The Group does not designate any interest in subsidiaries as being subject to the requirements of accounting standards specifically applicable to financial instruments.

- Financial assets at fair value through profit or loss (equity investments)

  Financial assets at fair value through profit or loss include financial assets held for trading, e.g., financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

- Financial liabilities

  Non-derivative financial liabilities are subsequently measured at amortised cost.

Notes to the consolidated financial statements (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(i) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not probable to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less allowances for expected credit losses.

(k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are measured at amortised cost and are not discounted.

(l) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries or associates and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the consolidated financial statements (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

To the extent that research and development costs are eligible under the "Research and development tax incentive" programme, a 43.5% refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as Other income, in profit or loss.

Tax consolidation

Quantum Graphite Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and the subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the consolidated financial statements (continued)

(p) Share-based payments

The Company operates equity-settled based remuneration plans for its directors. None of the Company plans features any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is appraised at the grant dates and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimated are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. Non-adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

When the share options are forfeited or cancelled after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

(q) Employee benefits

The Group provides post-employment benefits through various defined contribution plans.

A defined contribution plan is a superannuation plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several plans and insurances for individual employees that are considered defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

Employee benefits, including annual leave entitlement, are included in 'employee provisions', measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

(r) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(s) 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.

Notes to the consolidated financial statements (continued)

3. OTHER INCOME

	31 December 2024 $	31 December 2023 $
R&D tax incentive[1]	183,309	99,959
Gain on issue of shares[2]	9,132	-
Foreign exchange (loss) / gain - net	(13,739)	(7,174)
Total	**178,702**	**92,785**

[1] R&D tax incentive income consists of an accrual of $183,309 which is an estimate based on costs to be submitted for the future claim to be completed for 30 June 2025.

[2] Gain on issue of shares in respect of directors' remuneration and company secretary fees for the period 1 January 2024 to 31 December 2024 was $9,132 (31 December 2023: loss of $50,284).

4. EXPENSES

	31 December 2024 $	31 December 2023 $
Advertising & Marketing costs	13,540	23,213
Share-based payment expense	276,480	-
Consultant fees	2,707,011	122,587
Data & Communication equipment	91,800	118,552
Directors' salary expense	120,000	120,000
Legal & professional fees	202,245	329,414
Loss on issue of shares	-	50,284
Research & development	421,401	229,792
Rental expense	112,200	112,200
Sundry service fees	102,000	102,000
Other expenses[1]	281,846	377,786
Subtotal	4,328,523	1,585,828
Depreciation expense	13,154	14,250
Total	**4,341,677**	**1,600,078**

[1] Other expenses include expenses relating to the regulatory administration and compliance (including maintenance) of the company's mining titles.

Notes to the consolidated financial statements (continued)

5. EARNINGS PER SHARE

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

	6 months to December 2024	6 months to December 2023
Loss after income tax attributable to the owners of Quantum Graphite Limited ($)	(4,360,701)	(1,600,797)
Weighted average number of shares used in basic earnings per share	345,050,536	337,462,215
Basic and Diluted Loss per share (cents)	(1.26)	(0.47)

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.

6. PLANT AND EQUIPMENT

31 December 2024	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Gross carrying amount				
Opening balance	793,174	39,566	5,475	838,215
Balance as at 31 December 2024	793,174	39,566	5,475	838,215
Depreciation and impairment				
Opening balance	(574,178)	(39,566)	(1,214)	(614,958)
Depreciation	(13,154)	-	-	(13,154)
Balance as at 31 December 2024	(587,332)	(39,566)	(1,214)	(628,112)
Carrying amount as at 31 December 2024	205,842	-	4,261	210,103

Notes to the consolidated financial statements (continued)

6. PLANT AND EQUIPMENT (continued)

30 June 2024	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Total $
Gross carrying amount				
Opening balance	793,174	39,566	-	832,740
Additions	-	-	5,475	5,475
Balance as at 30 June 2024	793,174	39,566	5,475	838,215
Depreciation and impairment				
Opening balance	(545,755)	(39,566)	-	(585,321)
Depreciation	(28,423)	-	(1,214)	(29,637)
Balance as at 30 June 2024	(574,178)	(39,566)	(1,214)	(614,958)
Carrying amount as at 30 June 2024	218,996	-	4,261	223,257

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

7. (a) DEVELOPMENT ASSETS

	31 December 2024 $	30 June 2024 $
Gross carrying amount		
Opening balance	16,027,608	15,330,963
Rehabilitation provision	(428,709)	-
Expenditure on development during the reporting period	157,986	696,645
Closing balance	**15,756,885**	**16,027,608**

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. (b) EXPLORATION AND EVALUATION ASSETS

	31 December 2024 $	30 June 2024 $
Opening balance	3,114,800	2,848,035
Expenditure on exploration during the reporting period	150,676	266,765
Closing balance	**3,265,476**	**3,114,800**

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, and 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 included in their assessment the results of the DFS Update (2023 DFS) that followed the release of the Value Engineering Assessment (VEA) in November 2023.

The VEA was prepared as part of the Company's plans to maximise production to meet the forecast increase in demand for natural flake products by the end of 2025. It resulted in a revision of both the capital and operating costs as at the end of Q2 2023 (2023 Costs Estimate) which were then incorporated in the 2023 DFS published by the Company in December 2023.

The 2023 Costs Estimate was prepared:

- at a standard commensurate with a definitive feasibility study (accurate to +/- 20%)
- at a foreign exchange rate of US$1.00/ AU$1.54
- based on an EPCM contract execution strategy

The 2023 DFS economic and financial results are based on:

- maximising mill throughput to 1,200,000 tpa (cf. 550,000 tpa 2019 DFS)
- revised capital costs of A$152.7 million (cf. A$79.8 million 2019 DFS)
- revised production costs (Av LOM) of US$401 dmt (cf. US$368 dmt 2019 DFS)
- increasing the basket price to US$1,225 per tonne of gC (cf. US$919 per tonne 2019 DFS)

All other inputs to the 2019 DFS including the modifying factors forming part of the 2012 JORC Ore Reserve Estimate remain unchanged for the purpose of the 2023 DFS.

Based on the above, the Directors noted no indicators of impairment as at 31 December 2024.

Notes to the consolidated financial statements (continued)

8. ISSUED CAPITAL

	Number of shares #	31 December 2024 $
(a) Issued and paid-up capital		
Fully paid ordinary shares	350,008,387	74,621,342
(b) Movements in fully paid ordinary shares		
Opening balance as at 30 June 2024	337,884,169	68,767,726
Consultancy fees	3,700,000	1,860,000
Share placement	3,404,450	1,500,000
Consultancy fees for capital raising	4,477,500	2,238,750
Shares issued for directors' fees	451,890	212,388
Shares issued for company secretary fees	90,378	42,478
Balance as at 31 December 2024	**350,008,387**	**74,621,342**

Notes to the consolidated financial statements (continued)

9. RESERVES

	Number of shares #	31 December 2024 $
(a) Share options reserve		
Share options reserve	576,000	276,480

On 20 December 2024, the Company issued 576,000 share options with an exercise price of $0.48 to acquire ordinary shares in the Company with an expiry date of 31 December 2025 at $Nil exercise price. In accordance with AASB 2, the Company has applied the Black Scholes Model to determine the fair value of the share options.

	Number of options #	$
(b) Movements in share options reserve		
Opening balance as at 30 June 2024	0	70,000
Share options lapsed during FY2023-24 year	(0)	(70,000)
Share options issued on 20 December 2024	576,000	276,480
Balance as at 31 December 2024	**576,000**	**276,480**

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

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. On 24 August 2023, the Company's Retention Leases (RL) 66 and 67 were renewed to 1 October 2026. EL7019 was granted on 10 October 2024.

Contingent liabilities and assets

The Group has no contingent assets or liabilities as at 31 December 2024 (30 June 2024: $Nil).

Notes to the consolidated financial statements (continued)

12. RELATED PARTY TRANSACTIONS

	31 December 2024 $	31 December 2023 $
Transactions during the period		
Chimaera Capital Limited (substantial shareholder in the Group) is responsible for corporate and asset management services		
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 interest	197,726	95,331
SC Capital Pty Ltd (director-related entity)		
Consultancy services charged	150,000	150,000
Markets Nominees Pty Ltd (director-related entity)		
Consultancy services charged	2,238,750	2,238,750

Outstanding balances at 31 December 2024

	31 December 2024 $	30 June 2024 $
Payables	2,297,972	1,873,610
Borrowings	4,956,071	4,208,345

In addition to providing these services, $1,508,918 (30 June 2024: $277,958) 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)

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

The Company and SEC each hold a 50% interest in Sunlands Power Pty Ltd (formerly The Quantum-Sunlands Partnership Pty Ltd). Sunlands Power is the incorporated joint venture established by the parties in June 2021 to manufacture the thermal storage media required by SEC for the production of its long duration energy storage TES Graphite Cells. In May 2023, the parties expanded Sunlands Power's activities as a result of the grant by SEC of exclusive OEM rights to manufacture complete TES Graphite Cells. As at 31 December 2024, no investment has been made into Sunlands Power.

13. EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

On 17 February 2025 the Company announced that the legal proceedings it issued against Grant Thornton has been settled. Grant Thornton has agreed to make a payment to the Company.

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 2024 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
14 March 2025

Sal Catalano
Executive Director
14 March 2025

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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 as 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2024, 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 material accounting policy information 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 Group does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2024 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 Group 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 2024 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.

RSM AUSTRALIA PARTNERS

R J MORILLO MALDONADO

Partner

Date: 14 March 2025
Melbourne, Victoria