MEDIA RELEASE
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Appearance before House of Representatives Inquiry

Impact of Critical Minerals Projects on Social Licence and Development Outcome

The Company's Managing Director, Sal Catalano, recently appeared as a witness before the House of Representatives Standing Committee on Primary Industries Inquiry into "Social Licence and Economic Development Outcomes in Critical Minerals Projects Across Australia". The evidence given included the attached submission on behalf of Quantum Graphite Limited, Sunlands Pure Eyre Peninsula Pty Ltd and The Sunlands Energy Co., Pty Ltd.

FOR MORE INFORMATION PLEASE CONTACT:
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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, quantumgraphite.com

ABOUT SUNLANDS PURE GROUP

Sunlands Pure Group is the refining technology partner of Quantum Graphite Limited, the Australian Securities Exchange listed owner and operator of the century old Uley natural flake graphite mine located on the Eyre Peninsula in South Australia. The Sunlands Pure Group technologies are uniquely capable of purifying natural flake graphite to a purity of 99.9% graphitic carbon and delivering this critical material to key markets including manufacturers in the Li-ion battery anode, isostatic graphite and thermal energy storage market segments

ABOUT SUNLANDS ENERGY CO.

Sunlands Energy Co. is the leading developer of thermal energy storage technology (TES Graphite Cells) designed to drive commercial, industrial and utility-scale steam turbine generators. The company's TES Graphite Cells are capable of restoring baseload generation, delivering critical synchronous support to grid networks and eliminating the large-scale curtailment of renewables generation. For further information, www.sunlandsco.com

Witness appearance at the House of Representatives Standing Committee on Primary Industries Inquiry into "Social Licence and Economic Development Outcomes in Critical Minerals Projects Across Australia".

11.20AM Friday 16 October (via Webex)

Sal Catalano on behalf of The Sunlands Energy Co., Quantum Graphite Limited and Sunlands Pure Eyre Peninsula Pty Ltd

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Opening Statement

The QGL Sunlands Group is establishing an international flake graphite supply chain anchored on the Southern Eyre Peninsula in South Australia.

I refer the Committee to our submission which provides a summary of the project and direct responses to the Committee's Terms of Reference.

Before taking questions, I would like to make the following points:

- The critical importance of graphite is detailed in our submission, but suffice to say, you are all using it as we speak. Flake graphite is in the batteries in your smartphones and laptops, as well as EVs, and home and grid connected storage, etc., and, of course, a myriad of aerospace and military applications.
- All forecasts show a clear consensus. Demand for flake graphite will continue to increase significantly. This has been especially visible of late. We have all seen the jump in demand in this country for EVs since the fuel price rises caused by the closure of the Straits of Hormuz.
- China's dominance of the global graphite market is undisputed (i.e., it currently supplies 98% of world's refined flake graphite). It is extremely difficult to raise finance for flake graphite projects (and numerous other industrial mineral, small tonnage projects).
- There is simply no discoverable "market price" for flake graphite concentrate, the feedstock for flake graphite refineries. The pricing of concentrate is the first domino to fall when the Chinese exercise market power. Prices are manipulated easily to ensure value is driven from the upstream mining and initial processing to the refining and shaping end of the supply chain. At this end of the supply chain, prices are discoverable. We know the prices, within a relatively tight range, of flake graphite that is refined, shaped and coated ready for anode manufacture.
- This is just one of the results of the intense competition between Chinese market participants. This phenomenon has a name: "INVOLUTION", essentially self-defeating or self-destructing competition.
- The globally significant flake graphite resource of the Southern Eyre Peninsula (high quality and massive resource tonnes) is not enough to support its economic development. If Australia wants to be a participant in the flake graphite industry, we need to satisfy two key conditions;
  - a downstream refining partnership that's integrated with the Australian mining and processing operations; and
  - our government must play a role to support the Australian leg of this global supply chain.

- After more than two years of unsuccessful negotiations with the US Government, we identified a reliable and far-sighted refining partner in the Sultanate of Oman and also hopefully, in the Australian Government for the local development.
- We know that the path to establishing a successful flake graphite-based industry in Australia relies on us playing to our strengths and not trying to be everything to everyone.
- Oman shares our vision. As the only country in the world with free trade agreements with the USA and India it is uniquely placed to take advantage of its expertise in refining and partner Australia to build a global markets platform.
- The parties know that it is possible to establish the world's largest graphite operation outside of China by integrating Southern Eyre Peninsula mining and processing with northern Oman refining at the standard required by international EV manufacturers.
- We have all the essential ingredients to build this supply chain. And we have one more thing that's eluded other flake graphite projects: pricing power. We are more than competitive with China.
- The Oman financing will be deployed to build a complete refining ecosystem on land granted to the group by Madayn, Oman's industrial land development agency. The land concession also comes with energy and water at world's best prices. The site is co-located with large limestone mines; limestone is a critical component for neutralising and remediating the refinery waste stream.
- How is the Australia-Oman vision executed?
    i. the flake refinery ecosystem in northern Oman will directly support the establishment of an anode manufacturing hub. Oman has already signed contracts with a number of international companies;
    ii. the hub on the Southern Eyre Peninsula (granted Federal Major Product status in 2025) will anchor global supply, not just with QGL's resources but all other graphite miners will be invited to participate;
    iii. these developments across two continents are not just "nice to have". Underpinning this investment is the expansion plan. To service the anticipated growth in demand, the parties have scheduled the increase in production from 100,000tpa to 500,000tpa within 7 years.
- In addition, our local R&D activities will be centralised at the Southern Eyre Peninsula hub together with the manufacturing facilities to build our long duration thermal energy storage battery cells (LDES Graphite Cells)
- Our group's focus is far broader than servicing Li-ion battery anode production. Our refined graphite will also be utilised in the manufacture of LDES Graphite Cells.
- The unique feature of the Sunlands Energy Co.'s cells is the storing of heat indefinitely up to 2500°C utilising excess electricity produced by renewable generation. When renewables are not available, LDES Graphite Cells deliver dispatchable generation.
- This Australian technology remains the only thermal energy storage technology that can drive a commercial or utility scale steam turbine generator and thereby replace coal and gas in conventional synchronous electricity generation.

I welcome your questions.

Sal Catalano
Managing Director
Quantum Graphite Limited