



Australian Government

Takeovers Panel

MEDIA RELEASE

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Quantum Graphite Limited (subject to Deed of Company Arrangement) - Panel Receives Application

The Panel has received an application from Strategic Energy Resources Limited in relation to the affairs of Quantum Graphite Limited (subject to Deed of Company Arrangement) (**Quantum**). The applicant is a shareholder in Quantum.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 15 July 2016, Quantum was placed into administration by the board of Quantum and Mr Laurence Andrew Fitzgerald and Mr Michael James Humphris of William Buck (**Deed Administrators**) were appointed as joint and several administrators of Quantum. A Deed of Company Arrangement has been entered into (and varied) in respect of Quantum.

On 21 September 2017, Quantum issued 29,852,400 as consideration for services.

On 18 December 2017, Quantum held an annual general meeting at which a number of resolutions were considered and approved, including:

1. the issue of shares to unsecured creditors
2. the issue of shares and options to “secured creditor beneficiaries” (as defined in the Deed of Company Arrangement, as varied) and
3. the issue of shares to the directors of Quantum in satisfaction of annual directors’ fees payable to them for the 2018 calendar year.

The applicant submits that:

1. the issue of shares on 21 September 2017 constituted “an issue to a party for the purposes of artificially affecting control” and gave rise to the acquisition of a substantial interest
2. the issue of shares and options to the relevant secured creditor beneficiaries will result in an unacceptable control transaction, as it will allow shares equivalent to 19.5% of Quantum to be issued to Chimaera Capital Limited and could result in Chimaera obtaining a relevant interest in greater than 20% of Quantum
3. Chimera is associated with the recipient of the shares issued on 21 September 2017 and with Mr Ian Pattison who is a director of Chimera and
4. Quantum shares will be issued to Mr Pattison, his spouse and four entities controlled by them, which will result in a contravention of section 606 of the *Corporations Act 2001* (Cth).

The applicant seeks interim orders, including that no action be taken to issue shares pursuant to the above resolutions until the Panel finally resolves the application.

The applicant seeks final orders:

1. to the effect that the shares issued on 21 September 2017 be divested or cancelled
2. preventing Quantum from issuing shares pursuant to the above resolutions and
3. declaring all resolutions passed at the 2017 annual general meeting of Quantum invalid.

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