



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP22/59

Monday, 31 October 2022

Lincoln Minerals Limited 03 – Panel Receives Application

The Panel has received an application from Quantum Graphite Limited (**Quantum or QGL**) in relation to the affairs of Lincoln Minerals Limited (**Lincoln**). Lincoln is the subject of an off-market takeover bid for all the ordinary shares in Lincoln by Quantum.

Details of the application, as submitted by Quantum and drawn from publicly available information, 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 9 August 2022, Quantum lodged a bidder's statement and subsequently, on 6 September 2022, lodged a replacement bidder's statement.

On 27 September 2022, Lincoln announced that it intended to conduct a fully underwritten entitlement offer to raise approximately \$4.6 million.

On 5 October 2022, Lincoln lodged its target's statement in which the board of Lincoln recommended that Lincoln shareholders reject the takeover bid.

On 12 October 2022, Lincoln issued a notice of meeting for its 2021 annual general meeting seeking shareholder approval to undertake the entitlement offer and issue shortfall shares to the underwriter and its nominee(s) or sub-underwriters.

On 24 October 2022, Lincoln released an announcement disclosing that four substantial holders, Poly Minerals Investments Limited, Poan Group Holdings, Good Make Inc, and Regal Fortress Inc, holding in total 52.28% of Lincoln's shares "*reject the takeover offer made by [Quantum] at the current price of 1 QGL share for every 40 LML shares*".

Lincoln has been the subject of an earlier Panel application and is currently the subject of another Panel application (see [TP22/20](#), [TP22/53](#) and [TP22/57](#) for details).

Quantum submits (among other things) that the following constitute unacceptable circumstances:

- the entitlement offer being a frustrating action and having a control effect contrary to the principles in Chapter 6 of the Corporations Act
- Lincoln's recommendations in the target's statement being without a substantive basis, containing inaccuracies and being misleading
- inadequate governance by Lincoln including failure to accurately maintain its share register and concerns regarding the recent resignations of three directors within 2 months of their appointment
- the rejection statement being ambiguous, a lack of information about the holdings of the shareholders providing the rejection statement and that an inference can be drawn of an association between the rejecting shareholders and Lincoln and
- inaccurate and inadequate disclosure including with respect to the entitlement offer, the relative merits of the bid with the reasons for the board's recommendation to reject the bid and details of the proposed relisting of Lincoln.

Quantum seeks interim orders including that Lincoln address the alleged disclosure deficiencies in the target's statement, the rejection statement announcement and with respect to the entitlement offer.

Quantum seeks final orders that Lincoln not proceed with the entitlement offer unless certain conditions are met including that Lincoln obtain an independent valuation and that shareholder approval be obtained for Australia Poly Minerals Investments Pty Ltd to sub-underwrite the entitlement offer for the purposes of section 611 and Chapter 2E.

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