

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Dear Sir / Madam

OFF-MARKET TAKEOVER BID BY QUANTUM GRAPHITE LIMITED (ASX: QGL) FOR LINCOLN MINERALS LIMITED (ASX: LML)

In accordance with item 5 of section 633(1) of the *Corporations Act 2001* (Cth), Quantum Graphite Limited (**Company**) attaches a bidder's statement in relation to the Company's off-market takeover bid for all of the ordinary shares in Lincoln Minerals Limited (ACN 050 117 023) (**Lincoln**) (**Bidder's Statement**).

A copy of the Bidder's Statement was lodged with the Australian Securities and Investments Commission and sent to Lincoln today.

Yours faithfully


Rochelle Pattison
Company Secretary

FOR FURTHER INFORMATION CONTACT:

Company Secretary
Quantum Graphite Limited
T: +61 3 8614 8414
E: info@qgraphite.com



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](https://www.qgraphite.com).



ABOUT THE QUANTUM SUNLANDS PARTNERSHIP

QSP is our joint venture with Sunlands Co. for the manufacture of coarse natural flake based thermal storage media. The flake will be sourced exclusively from the QGL's Uley mine. The manufactured media will be fitted within Sunlands Co.'s long duration energy storage cells. <https://www.sunlandsc.com/>



This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your broker, financial, tax, legal or other professional adviser immediately.

Bidder's Statement

Accept the Offer

by

Quantum Graphite Limited (ACN 008 101 979)

to purchase all of your ordinary shares in

Lincoln Minerals Limited (ACN 050 117 023)

For the Offer Price of one (1) Quantum Graphite Share for every forty (40) of your Lincoln Minerals Shares.

If you have any questions, including in relation to how to accept the Offer, please call the Quantum Graphite Limited Offer Information Line.

The Offer closes at [insert] (Melbourne time) on [insert], unless extended or withdrawn.

Legal adviser



Important information

Key dates

Event	Date
Date of Bidder's Statement	9 August 2022
Despatch of Bidder's Statement and Offer opens (date of Offer)	[insert]
Date of Offer conditions notice	[insert]
Offer closes (unless extended)	[insert]

Nature of this document

This is a Bidder's Statement dated 9 August 2022 given by Quantum Graphite Limited (**Quantum**) to Lincoln Minerals Limited (**Lincoln**) and each holder of Lincoln Shares under Part 6.5 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This Bidder's Statement was approved by a unanimous resolution of the Board of Quantum.

This Bidder's Statement is an important document and you should read it in its entirety.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and ASX on 9 August 2022. ASX, ASIC and their officers take no responsibility for the contents of this Bidder's Statement.

Investment advice

In preparing this Bidder's Statement, Quantum have not taken into account the individual objectives, financial situation or needs of individual Lincoln Shareholders. Accordingly, before deciding whether or not to accept the Offer, you may wish to consult with your financial, tax, legal or other professional adviser.

Disclaimer as to forward looking statements

Except for historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty.

Forward-looking statements, which are based on assumptions and estimates and describe Quantum's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. Lincoln Shareholders are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which Quantum and Lincoln operate as well as general economic conditions and prevailing exchange rates and interest rates. Actual events or results may differ materially.

All forward-looking statements attributable to Quantum, or persons acting on behalf of Quantum, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required by the Corporations Act, Quantum makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Quantum, Quantum's Directors, any person named in this Bidder's Statement or any other person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Disclaimer as to Lincoln and Combined Group information

The information on Lincoln, Lincoln Shares and the Lincoln Group contained in this Bidder's Statement has been prepared by Quantum using publicly available information. Further, the information in this Bidder's Statement concerning Lincoln and the assets and liabilities, financial position and performance, profits and losses and prospects of the Lincoln has not been independently verified by Lincoln. Accordingly, subject to the Corporations Act, Quantum does not make any representation or warranty (express or implied) as to the accuracy or completeness of any such information.

The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Lincoln and the Lincoln Group, has also been prepared using publicly available information. Accordingly, such information is subject to the foregoing disclaimer.

Further information relating to Lincoln's business may be included in Lincoln's Target Statement, which Lincoln must provide to Lincoln Shareholders in response to this Bidder's Statement.

Foreign jurisdictions

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Bidder's Statement does not constitute an offer (whether to sell or buy securities) in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Quantum or to otherwise permit a public offering of Quantum Shares outside Australia. Quantum Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**Securities Act**)

and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from the register requirements of the Securities Act and applicable United States state securities laws.

None of the US Securities Exchange Commission, any United States securities commission or any other United States regulatory authority has passed comment upon or endorsed the merits of the Offer or the accuracy, adequacy or completeness of this Bidder's Statement.

Privacy

Quantum has collected your information from the register of Lincoln Shareholders for the purpose of making the Offer and, if accepted, administering acceptances of the Offer in respect of your holding of Lincoln Shares. The Corporations Act requires the name and address of Lincoln Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Related Bodies Corporate and external service providers of Quantum, and may be required to be disclosed to regulators such as ASIC.

The registered address of Quantum is Level 5, 349 Collins Street, Melbourne VIC 3000.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 13, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless the context requires otherwise, references in this document to "this Bidder's Statement", "the date of this Bidder's Statement" or similar expressions are references to this Bidder's Statement dated 9 August 2022.

Internet sites

Quantum and Lincoln each maintain internet sites. The URL location for Quantum is quantumgraphite.com and for Lincoln is lincolnminerals.com.au. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in the Bidder's Statement are for information purposes only.

Estimates and assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Quantum's management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of rounding

Fractional entitlements of Lincoln Shareholders who accept the Offer will be rounded:

- (a) up to the nearest whole number of Quantum Shares (if equal to a fraction of 0.5 or greater); or
- (b) down to the nearest whole number of Quantum Shares (if equal to a fraction of less than 0.5).

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Quantum or Lincoln in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Corporate Directory

Directors:

Sal Catalano (Executive Director)
Bruno Ruggiero (Chairman and Non-Executive Director)
David Trimboli (Non-Executive Director)
Michael Wyer (Non-Executive Director), effective 15 August 2022

Company Secretary:

Ms Rochelle Pattison

Registered Office and Principal Place of Business Address:

Level 5, 349 Collins Street
Melbourne VIC 3000
+61 3 8614 8414
quantumgraphite.com

Auditors:

RSM Australia Partners*
Level 21, 55 Collins Street
Melbourne VIC 3000

Australian Legal Adviser:

Holding Redlich
Level 8, 555 Bourke Street
Melbourne VIC 3000

Financial Advisor:

Chimaera Capital Markets
349 Collins Street
Melbourne VIC 3000

Securities Exchange Listing:

Australian Securities Exchange
ASX Code: **QGL**

Share Registry

Link Market Services Limited*
Tower 4, 727 Collins Street
Melbourne VIC 3008
(03) 9847 9125

** These entities have not been involved in the preparation of this Bidder's Statement and have not consented to being named in this Bidder's Statement. Their names are included for information purposes only.*

Table of Contents

1.	Managing Director's letter.....	9
2.	Why you should accept the Offer	11
2.1	Summary.....	11
2.2	Reasons to accept the Offer.....	11
3.	Overview of the Offer and frequently asked questions	13
4.	Information on the Quantum Group	17
4.1	Overview of Quantum	17
4.2	Quantum Financial Information.....	17
4.3	Directors of Quantum.....	19
4.4	Publicly available information about Quantum	20
5.	Information on Quantum's securities	21
5.1	Quantum's capital structure	21
5.2	Recent trading of Quantum Shares.....	21
5.3	Rights and liabilities attaching to Quantum Shares	21
5.4	Substantial holders of Quantum	24
6.	Information on Lincoln	25
6.1	Disclaimer	25
6.2	Overview of Lincoln.....	25
6.3	Lincoln's Business Strategy	25
6.4	Overview of Lincoln's Projects	25
6.5	Directors	28
6.6	Substantial holders of Lincoln	29
6.7	Lincoln Financial Information.....	29
6.8	Publicly available information about Lincoln	30
7.	Information on Lincoln's securities.....	31
7.1	Summary.....	31
7.2	Lincoln's issued securities.....	31
7.3	Information regarding convertible notes	31
7.4	Takeovers Panel application	32
7.5	Substantial holders of Lincoln	33
7.6	Quantum and its Associates' in Lincoln's securities	33
7.7	Disclosure of interests of Quantum Directors in Lincoln Shares	33
8.	Effect of the Offer on Quantum and the profile of the Combined Group	33
8.1	Overview of the Combined Group	33
8.2	Effect on capital structure of Combined Group.....	33
8.3	Pro forma historical consolidated statement of financial position for the Combined Group	34
9.	Quantum's intentions in relation to Lincoln	37
9.1	Introduction	37
9.2	Intentions for Lincoln as a wholly-owned controlled entity.....	37

9.3	Intentions for Lincoln as a part owned controlled entity	39
9.4	Intentions for Lincoln if not controlled by Quantum.....	39
9.5	Other Intentions.....	40
9.6	Limitation on Intentions	40
10.	Risk factors	41
10.1	Introduction	41
10.2	Risks relating to the Offer	41
10.3	Risks relating to Quantum and the Combined Group.....	43
10.4	Risks relevant to the mining and exploration sector	45
10.5	General risks	46
11.	Additional information	48
11.1	Status of defeating conditions	48
11.2	Date for determining holders of Lincoln Shares	48
11.3	Consents	48
11.4	No pre-offer benefit	49
11.5	No escalation agreements	49
11.6	Ineligible Foreign Shareholders.....	49
11.7	Social security and superannuation implications of Offer	49
11.8	Disclosure of interests of certain persons	50
11.9	Disclosure of fees and benefits received by certain persons	50
11.10	Disclosure of interests of Directors	51
11.11	Expiry date	51
11.12	No other material information	51
12.	The terms and conditions of the Offer.....	53
12.1	Offer	53
12.2	Consideration for the Offer	54
12.3	Offer Period	54
12.4	How to accept this Offer.....	55
12.5	Validity of acceptances	56
12.6	The effect of acceptance	56
12.7	Provision of consideration	59
12.8	Ineligible Foreign Shareholders.....	61
12.9	Conditions of this Offer	62
12.10	Nature and benefit of conditions.....	65
12.11	Freeing the Offer of conditions.....	65
12.12	Notice on status of conditions	66
12.13	Official quotation of Quantum Shares.....	66
12.14	Withdrawal of this Offer.....	66
12.15	Variation of this Offer.....	66
12.16	No stamp duty or brokerage.....	66
12.17	Governing laws.....	67
12.18	Other terms	67
13.	Definitions and interpretation.....	68
13.1	Definitions.....	68

13.2	Interpretation	71
14.	Approval of Bidder's Statement	72

1. Managing Director's letter

9 August 2022

Dear Lincoln Shareholder,

Offer for your Lincoln Shares

On behalf of Quantum Graphite Limited, I am pleased to make this Offer to acquire all of your Lincoln Shares.

The implied value of the Offer is approximately \$0.0102 per Lincoln Share, based on the two day volume weighted average price for Quantum Shares of \$0.4067 as at 8 August 2022, being the last full Trading Day prior to the Announcement Date. The implied value of the Offer represents an attractive premium of more than 30% to Lincoln's most recent share price (prior to its ASX suspension) and a 210% premium to the minimum conversion price (\$0.005) of the Convertible Notes proposed to be issued to APMI, a related party of the Company's former director (who also controls Poly Mineral Investment Ltd, a substantial holder of Lincoln).

There are a number of other reasons why you should choose to participate in the Offer including;

- (a) Quantum's management team and world leading extensive technical capability has demonstrated expertise and experience in Lincoln's assets and will ensure that an appropriate evaluation of the assets is undertaken to determine their prospectivity and ultimate commercial exploitation;
- (b) the development of Lincoln's assets within the Quantum business has the potential to deliver significant synergies that will generate greater value for Lincoln shareholders compared to the development of these assets by Lincoln on a standalone basis; and
- (c) acceptance of the Offer delivers immediate liquidity for Lincoln shareholders.

About Quantum

Quantum is the owner of the Uley flake graphite mineral deposits located south-west of Port Lincoln, South Australia. Quantum's Uley 2 Graphite 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.

Quantum's downstream business, the QSP, is the joint venture with The Sunlands Company Pty Ltd (ACN 131 765 583) (**Sunlands Co.**) for the manufacture of coarse natural flake based thermal storage media. The flake will be sourced exclusively from the Quantum's Uley Mine. The manufactured media will be fitted within Sunlands Co's long duration energy storage cells. This business represents direct participation in the new energy market and underpins Quantum's diversified commercial strategy of exposure to multiple markets.

Conclusion

Details of the Offer, including its terms, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement carefully, and to accept the Offer as soon as possible.

The Offer is open for your acceptance until [insert] (Melbourne time) on [insert], unless otherwise extended.

To accept the Offer, you should follow the instructions in this Bidder's Statement and in the enclosed Acceptance Form.

If you have any questions about the Offer, please call the Offer Information Line between 9.00 am and 5.00 pm Monday to Friday (Melbourne time) during the Offer Period.

Thank you for your consideration of our Offer. We look forward to receiving your acceptance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sal Catalano', is written over the printed name.

Sal Catalano

Managing Director
Quantum Graphite Limited

2. Why you should accept the Offer

2.1 Summary

The key reasons why you should accept the Offer, which are summarised below in section 2.2, include:

- (a) the implied value of the Offer is a material premium to Lincoln's traded value; and
- (b) You will become a shareholder of Quantum which has:
 - (i) liquidity and scale;
 - (ii) a proven management team with world leading technical capability and demonstrated performance in delivering resource projects; and
 - (iii) deep local knowledge of the area in which the Lincoln assets are located and established local relationships.

2.2 Reasons to accept the Offer

- (a) **The value of the Offer represents a premium to the most recent trading price of Lincoln Shares**

Under the Offer Price, you will receive one (1) Quantum Shares for every forty (40) of your Lincoln Shares if the Offer becomes unconditional.

The implied value of the Offer is approximately \$0.0102 per Lincoln Share, based on the two day volume weighted average price for Quantum Shares of \$0.4067 as at 8 August 2022, being the last full Trading Day prior to the Announcement Date. The implied value of the Offer represents an attractive premium of more than 30% to Lincoln's most recent share price (prior to its ASX suspension), and a 210% premium to the minimum conversion price (\$0.005) of the Convertible Notes proposed to be issued to APMI, a related party of the Company's former director (who also controls Poly Mineral Investment Ltd, a substantial holder of Lincoln).

- (b) **If you accept the Offer and the Offer becomes unconditional, you will become a shareholder of Quantum, which has liquidity and scale**

By accepting the Offer, you will receive Quantum Shares if the Offer becomes unconditional. Quantum has a current market capitalisation of approximately \$140 million on a fully diluted basis¹, and during the 1 month ending 8 August 2022, an average of approximately 132,748 Quantum shares were traded per day. The volume weighted average price of Quantum Shares during the month ended 8 August 2022 was \$0.423.

- (c) **Lincoln has been suspended from trading since September 2020**

Lincoln has been suspended from official ASX quotation since 20 September 2020. The suspension was imposed by ASX, due to its determination that Lincoln's operations were not adequate to warrant the continued quotation of its securities, and therefore the company was in breach of ASX Listing Rule 12.1.

ASX advised, via the Suspension from Official Quotation announcement dated 21 September 2020, that Lincoln will stay suspended until it is able to demonstrate

¹ Refer to Quantum's current capital structure, as outlined in section 5.1(a).

compliance with Listing Rule 12.1, which states that “the level of an entity’s operations must, in ASX’s opinion, be sufficient to warrant the continued quotation of the entity’s securities and its continued listing”.

As at the date of this Bidder’s Statement, no disclosures have been made by Lincoln which demonstrate its compliance with Listing Rule 12.1.

Under Guidance Note 33, ASX’s policy is to remove entities from the official list if their securities have been suspended from quotation for a continuous period of 2 years. The removal will usually take effect from the open of trading on the first trading day after the expiration of the 2 year period. ASX may agree to a short extension of this 2 year deadline if an entity can demonstrate that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities.

As at 20 September 2022, Lincoln will have been suspended from the official list for a total of 2 years. As such, in accordance with Guidance Note 33, unless Lincoln can demonstrate that it will imminently implement a transaction to resume trading, Quantum expects that Lincoln will be removed from the official list on **21 September 2022**.

- (d) **If you accept the Offer and the Offer becomes unconditional, you will become a shareholder of Quantum which will be the owner of one of the developed world’s largest holders of graphite assets.**

The combination of the graphite assets of Quantum and Lincoln delivers a diversity and scale of resources that provides Quantum with the potential to an industry leader the sustainable supply of coarse flake from the developed world.

3. Overview of the Offer and frequently asked questions

This section 3 answers some basic questions that you may have about the Offer. The information is a summary only, which you should read in conjunction with the entire Bidder's Statement before deciding whether to accept the Offer.

Table 1: Summary of frequently asked questions in relation to the Offer

Question	Answer	Further information
What is the Offer?	Quantum is offering to buy all of your Lincoln Shares, on the terms and conditions set out in this Bidder's Statement.	Section 12.1
What will I receive if I accept the Offer?	<p>If you accept the Offer, subject to the fulfilment or waiver of the conditions, you will be entitled to receive 1 Quantum Share for every 40 Lincoln Shares that you own.</p> <p>The implied value of the Offer is approximately \$0.0102 per Lincoln Share, based on the two day volume weighted average price for Quantum Shares of \$0.4067 as at 8 August 2022, being the last full day of trading prior to the Announcement Date, and represents a premium to the market price for Lincoln Shares prior to the announcement of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder and elect to participate in the Offer, you will not receive Quantum Shares. Instead you will be paid by the Nominee the net proceeds of the sale of the Quantum Shares you would have received.</p>	Sections 12.2, 11.6 and 12.8.
When does the Offer close?	<p>The Offer closes at [insert] unless it is extended or withdrawn under the Corporations Act.</p> <p>The Offer Period can be extended at the election of Quantum, up to a maximum Offer Period of 12 months. Lincoln Shareholders will be sent written notice of any extension, and the extension will be announced to the ASX.</p>	Section 12.3
When will I receive payment?	<p>Quantum will provide your Offer Consideration to you on or before the earlier of:</p> <ul style="list-style-type: none">▪ One month after this Offer becomes unconditional; and▪ 21 days after the end of the Offer Period. <p>Full details of when Offer Consideration will be provided are set out in section 12.7 of this Bidder's Statement.</p>	Sections 12.7, 11.6 and 12.8.

Question	Answer	Further information
	Ineligible Foreign Shareholders will be provided with the net proceeds of the sale to which they are entitled under the Offer at a different time.	
What are the conditions to the Offer?	<p>The Offer is subject to a number of conditions, including (by way of summary only):</p> <ul style="list-style-type: none"> ▪ (Minimum acceptance) Quantum obtaining a relevant interest in at least 50.1% of Quantum Shares (on a fully diluted basis) 50.1%; ▪ (No Prescribed Occurrences) no Prescribed Occurrences occurring in relation to Lincoln; ▪ (No material adverse event) no material adverse event occurring with respect to Lincoln; ▪ (Lincoln Tenements) no changes in respect of the Lincoln Tenements and public confirmation of: there being no encumbrances over, and compliance with licence conditions (including expenditure) in respect of Lincoln Tenements; ▪ (No restraints) no restraints imposed in connection with the Offer; ▪ (Authorisations) receipt of all Authorisations required; and ▪ (Financial Position) Lincoln publicly confirms (including by ASX announcement) and reasonably substantiates that as at the Announcement Date, there has not been any material adverse change in Lincoln's financial position, as compared with each of: <ul style="list-style-type: none"> (a) Lincoln's 2021 Annual Report; and (b) Lincoln's Quarterly Activities Report lodged with ASX on 13 July 2022. 	Section 12.9
What happens if the conditions of the Offer are not satisfied or waived?	<p>If the conditions of the Offer are not satisfied or waived by the closing date, the Offer will lapse and your acceptance will be void.</p> <p>Quantum will notify Lincoln Shareholders if the conditions of the Offer are satisfied or waived during the Offer Period.</p>	Section 12.11
How can I accept the Offer?	<p>Issuer sponsored shareholders</p> <p>If your Lincoln Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the</p>	Section 12.4

Question	Answer	Further information
	<p>enclosed Acceptance Form), to accept this Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.</p> <p>CHESS shareholders</p> <p>If your Lincoln Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer by either:</p> <ul style="list-style-type: none"> • completing and signing the Acceptance Form enclosed with this Bidder's Statement and returning it to the address indicated on the form; or • instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, before the Offer closes. <p>Participants</p> <p>If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.</p>	
Can I accept the Offer for part of my holding?	No. You cannot accept for part of your holding. You can only accept the Offer for ALL of your Lincoln Shares.	Section 12.4
What if I am an ineligible Foreign Shareholder?	<p>Ineligible Foreign Shareholders that accept the Offer will not receive Quantum Shares. Rather, the Quantum Shares that Ineligible Foreign Shareholders would have been entitled to receive will be issued to, and sold by, a Nominee, and the net proceeds attributable to each Ineligible Foreign Shareholder will be paid to them by cheque in Australian dollars drawn on an Australian bank account.</p> <p>Quantum's determination of whether a Lincoln Shareholder is an Ineligible Foreign Shareholder shall be final.</p>	Section 11.6 and 12.8.
What happens if I do not accept the Offer?	<p>You will remain a Lincoln Shareholder and will not receive the Consideration. If Quantum becomes entitled to compulsorily acquire your Lincoln Shares, it intends to proceed with compulsory acquisition.</p> <p>Refer to sections 9.3 and 9.4 for details regarding Quantum's intentions if Quantum does not become entitled to compulsorily acquire your Lincoln Shares.</p>	Sections 9.2, 9.3, 9.4 and 10.2(e)

Question	Answer	Further information
Are there risks if I accept the Offer?	<p>Are there risks if I accept the Offer?</p> <p>There are a range of risks which may arise if you decide to accept the Offer. These risks include:</p> <ul style="list-style-type: none"> ▪ Risks relating to the Offer as set out in 10.2; ▪ Specific risks that may affect Quantum and the Combined Group as set out in 10.3; ▪ Risks relevant to the mining and exploration sector as set out in 10.4; and ▪ General risks as set out in 10.5. 	Section 10
What are the tax implications of accepting the Offer?	You should consult your tax adviser for personalised advice before deciding whether or not to accept the Offer.	Section 10.2(h)
Will you need to pay brokerage or stamp duty on acceptances?	<p>You will not pay stamp duty on accepting the Offer.</p> <p>If you have an Issuer Sponsored Holding on acceptance of the Offer, you will exchange your Lincoln Shares for Quantum Shares without incurring brokerage fees.</p> <p>If your Lincoln Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Lincoln Shares are registered in the name of a broker, bank custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p>	Section 12.16
Where can I obtain further information?	<p>For queries on how to accept the Offer, see the enclosed Acceptance Form or call the Offer Information Line.</p> <p>Calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of Quantum or its advisers.</p>	Sections 11 and 12
Important notice	<p>The information in this section is a summary only of Quantum's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement.</p> <p>You should read the entire Bidder's Statement and the Target Statement that Lincoln will shortly be sending to you, before deciding whether to accept the Offer.</p>	

4. Information on the Quantum Group

4.1 Overview of Quantum

This section 4 contains a summary of Quantum's activities. Further information on Quantum can be obtained from Quantum's website, Quantum's 2021 annual report, 2022 half-yearly report and each of the quarterly reports issued in respect of the 2022 financial year which contain a schedule of the company's tenements and its JORC 2012 Mineral Reserves and Resources.

(quantumgraphite.com).

Quantum is a proven producer of flake graphite products supporting the full spectrum of applications from traditional refractory markets to the emerging expanded graphite sectors and the fast moving energy technologies sector.

It is the only company that provides exposure to both Li-ion electrical based batteries and long duration deep energy storage batteries utilising the latest thermal energy storage technologies.

Quantum's key project is the Uley 2 Graphite Project, which is part of the Uley flake graphite mineral deposits located south-west of Port Lincoln. South Australia. The company's Uley 2 Graphite 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.

The Uley Mine has a long history of producing high purity coarse flake graphite with a product mix serving several thermal applications including refractories and oil and gas drilling fluids.

Recent investments in proprietary advanced processing technologies has positioned Quantum to expand its customer markets to Li-ion batteries and high temperature thermal applications such as expanded graphite.

Utilising Sunlands Co. technologies, QSP is developing a manufacturing process for the supply of flake graphite based thermal storage media for Sunlands Co.'s long duration energy storage cells.

The Uley 2 Graphite Project is fully described in the technical documents and reports forming part of Quantum's definitive feasibility for the Uley 2 Graphite Project and include:

- (a) The JORC 2012 Metallurgical Testwork Results prepared by Lycopodium Minerals Pty Ltd and Jorvik Resources Pty Ltd released to the market on 11 June 2019;
- (b) The JORC 2012 Mineral Resource Statement prepared by Wicklow Resources Pty Ltd and released to the market on 15 July 2019;
- (c) The JORC 2012 Mining Study and Mineral Reserve Estimate prepared by Jorvik Resources Pty Ltd released to the market on 27 November 2019 and 11 December 2019; and
- (d) details including summary financial information, the Schedule of JORC 2012 Minerals Reserves and Resources and set out below.

4.2 Quantum Financial Information

- (a) **Basis of preparation of historical financial information**

The historical financial information below relates to Quantum on a stand-alone basis and accordingly does not reflect any impacts of the Offer. This information has been taken from the audited financial statements of Quantum for the years ended 30 June 2021 and 30 June 2020, and the audit reviewed financial report for the half year ended 31 December 2021. You should note that past performance is not a guide to future performance.

(b) **Quantum consolidated statement of financial position**

The historical statements of the financial position of Quantum set out below have been derived from the audited consolidated statements of financial position of Quantum as at 30 June 2021 and 30 June 2020, and the audit reviewed financial report for the half year to 31 December 2021.

	31 December 2021 (\$)	30 June 2021 (\$)	30 June 2020 (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	1,793,831	1,236,231	13,436
Trade and other receivables	270,551	261,082	142,977
Total current assets	2,064,382	1,497,313	156,413
Non-current assets			
Deposit with SA Department of Mining and Energy	1,073,863	1,073,863	1,073,863
Intangible assets	7,189	7,189	7,189
Development assets	14,744,608	14,245,139	13,748,705
Exploration and evaluation assets	2,161,827	1,991,005	1,754,371
Plant and equipment	299,769	336,336	383,601
Total non-current assets	18,287,256	17,653,532	16,967,729
Total assets	20,351,638	19,150,485	17,124,142
LIABILITIES			
Current liabilities			
Payables	463,262	1,060,853	1,170,213
Total current liabilities	463,262	1,060,853	1,170,213
Non-current liabilities			
Borrowings	1,753,559	-	-
Rehabilitation provisions	558,369	558,639	558,369
Total non-current liabilities	2,311,928	558,369	558,369
Total liabilities	2,775,190	1,619,222	1,728,582
Net assets	17,576,448	17,531,623	15,395,560
EQUITY			
Issued capital	59,645,726	58,454,227	54,249,795
Reserves	2,520,000	2,520,000	2,520,000
Accumulated losses	(44,589,278)	(43,442,604)	(41,374,235)
Total equity	17,576,448	17,531,623	15,395,560

4.3 Directors of Quantum

Brief profiles of the Directors of Quantum as at the date of this Bidder's Statement are set out below.

Name	Position	Qualifications and experience
Sal Catalano	Executive Director and Chairman of the Audit Committee	Mr Catalano has extensive experience across business, the law and investment banking. He brings strong leadership skills and international business experience to the Board. He was a former Principal of Paloma Partners' securities financing group, Head of Donaldson Lufkin & Jenrette's (Pershing Division) Asian securities business and a Director of Credit Suisse's Alternative Capital Group. He is a Principal of the Chimaera Financial Group.
Bruno Ruggiero	Non-Executive Chairman and Member of the Audit Committee	<p>Mr Ruggiero has multiple degrees in engineering and over 30 years' global experience in the minerals industry, crossing all facets from scoping to operations, and is a founding partner of the publicly listed Lycopodium Ltd.</p> <p>Currently Technical Director with Lycopodium Minerals, Mr Ruggiero sets the technical direction and standards for new project initiatives that Lycopodium Minerals undertakes globally</p>
David Trimboli	Non-Executive Director	<p>Mr Trimboli is an experienced global investor with significant experience in commodities financing and trading. He was formerly a long serving senior coal trader at the world's largest commodities trading group, Glencore International AG, and was a key member of the Glencore team when the group successfully completed its IPO in London and Hong Kong. Mr Trimboli has undertaken significant investments activities and holds diverse interests in commodities, industrial minerals, real estate and technology in Australia and internationally.</p> <p>Mr Trimboli is the founder of Seefeld Investments, with offices in London, Zug and Perth and has been an integral part of the rapid growth of the Seefeld Investments business. He brings a wealth of experience in cultivating partnerships and key commercial relationships globally.</p>
Michael Wyer	Non-Executive Director (effective 15 August 2022)	<p>Mr Wyer is an experienced banking and finance professional with extensive experience in corporate treasury management. Mr Wyer was former Global Head of Treasury & Corporate Finance, Director and General Manager of Australia at Rhodium, which specialises in physical trading of commodities and trade logistics.</p> <p>Mr Wyer commenced professional life in Chartered Accountancy in risk management and credit analysis. Has held numerous Board positions, Finance Director and CFO roles providing general business advice.</p>

4.4 Publicly available information about Quantum

Quantum is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Quantum is subject to the ASX Listing Rules which require continuous disclosure of any information Quantum has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. Quantum's file is available for inspection at the ASX during normal business hours.

In addition, Quantum is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Quantum may be obtained from, or inspected at, an ASIC office.

On request to Quantum and free of charge, Lincoln Shareholders may obtain a copy of:

- the annual financial report of Quantum for the year ended 30 June 2021 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- the half-yearly report of Quantum for the 6 months ended 31 December 2021; and
- any continuous disclosure notice given to the ASX by Quantum since the lodgement with ASIC of the 30 June 2021 annual report referred to above and before lodgement of this Bidder's Statement with ASIC.

A substantial amount of information about Quantum is available in electronic form from: quantumgraphite.com. A list of ASX Announcements made by Quantum since 30 June 2021 are set out in Schedule 1.

5. Information on Quantum's securities

5.1 Quantum's capital structure

(a) Current capital structure

Quantum's current capital structure is summarised below:

Type of security	Currently on issue
Listed fully paid ordinary shares	324,000,000
Unlisted Quantum options with an expiry date of 20 July 2023 and an exercise price of nil.	10,706,429
Unlisted Quantum Options with an expiry date of 31 July 2024 and an exercise price of \$0.75.	3,000,000

(b) Fully diluted capital table

The potential effect of this Offer on the capital structure of Quantum is set out in detail in section 8.2.

5.2 Recent trading of Quantum Shares

Key metrics in relation to the recent trading performance of Quantum Shares are summarised below:

Comparative trading period	Price of Quantum Shares (\$)
Lowest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC, on 9 August 2022	0.24
Highest trading price in the four months prior to the date this Bidder's Statement was lodged with ASIC, on 9 August 2022	0.52
Closing trading price on the last practicable day before the date Quantum announced the Offer	0.40
Last available closing sale price of Quantum Shares prior to the date this Bidder's Statement was lodged with ASIC	0.40
One month VWAP of Quantum Shares before the Announcement Date	0.4237
Three month VWAP of Quantum Shares before the Announcement Date	0.4302
Six month VWAP of Quantum Shares before the Announcement Date	0.3691

5.3 Rights and liabilities attaching to Quantum Shares

The Quantum Shares offered to Lincoln Shareholders under the Offer are fully paid ordinary shares in the capital of Quantum, and from the date of their issue will rank equally with existing Quantum Shares and will have the same rights and liabilities attaching to them. The rights and liabilities attaching to Quantum Shares are governed by the constitution of Quantum, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Set out below is a summary of the rights and liabilities attaching to Quantum Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Quantum Shareholders. You should seek your own advice when trying to establish your rights in specific circumstances. Full details of the rights attaching to Quantum Shares are set out in the constitution, a copy of which is available for inspection at Quantum's registered office during normal business hours.

The rights, privileges and restrictions attaching to Quantum Shares can be summarised as follows:

Voting	<p>Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands. On a poll, every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, registered in such Shareholder's name on the Company's share register.</p> <p>A poll may be demanded by the chairman of the meeting, by not less than five Shareholders entitled to vote at the meeting present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares of all those Shareholders having the right to vote on the resolution.</p>
Dividends	<p>The power to determine that a dividend is payable and to declare dividends is vested in the Directors who may fix the amount and the timing for payment and the method of payment of any dividend in accordance with the Constitution.</p>
Transfer of shares	<p>Subject to the Constitution, a member may transfer all or any of the member's Shares by:</p> <ul style="list-style-type: none"> ▪ a Proper ASTC Transfer; or ▪ an instrument in writing in any usual form or in any other form that the Directors approve. <p>The Company may ask ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer or may decline to register an instrument of transfer in certain circumstances including: (a) in the circumstances permitted or required under the ASX Listing Rules or the ASX Settlement Operating Rules, as applicable; (b) where the transfer is not in registrable form; (c) where the Company has a lien over any of the Shares transferred; (d) where the registration of the transfer may breach a law of Australia or would be in breach of any order of any Court; (e) where the transfer is paper-based and registration of the transfer will create a new holding, at the time the transfer is lodged, is less than a Marketable Parcel.</p> <p>Subject to the powers vested in the Directors to decline transfers as set out in the Constitution, where the Company receives a</p>

	complying instrument of transfer it must register the transferee named in the instrument as the holder of the Shares to which it relates.
Meetings and notice	<p>Each Shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the ASX Listing Rules.</p> <p>Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.</p>
Liquidation rights	If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.
Shareholder liability	As the Shares under the Offer are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
Changes to constitution	The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice, specifying the intention to propose the resolution as a special resolution must be given.
Unmarketable parcels	The Constitution contains provisions permitting it to sell Unmarketable Parcels of shares on terms consistent with the ASX Listing Rules. Notice must be given to the holder of the intended sale and the holder must be given at least six weeks to notify the Company that it wishes to retain its Shares.
Future increases in capital	Subject to the Constitution, the directors have the right to issue shares or grant options over unissued shares to any person or to settle the manner in which fractions of share, however arising, are to be dealt with, and they may do so at such times as they think fit and on the conditions they think fit subject to the ASX Listing Rules and the ASX Settlement Operating Rules and to any special rights conferred on the holders of any shares or any class of shares.
Variation of rights	<p>The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:</p> <ul style="list-style-type: none"> ▪ with the written consent of the holders of 75% of the shares of the class; or ▪ by a special resolution passed at a separate meeting of the holders of shares of the class.

ASX Listing rules	<p>The Company is admitted to the Official List, and as such despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done.</p> <p>Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).</p> <p>If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.</p>
--------------------------	--

5.4 Substantial holders of Quantum

Based on information known to Quantum as at the date of this Bidder's Statement, those persons which together with their associates have a voting power in 5% or more of the Shares on issue are set out below:

Holder	Shares held	Percentage held (%)
Chimaera Capital Ltd and associates	75,860,897	23.41
Ziziphus Pty Ltd	18,760,297	5.79

6. Information on Lincoln

6.1 Disclaimer

The information on Lincoln has been prepared by Quantum using publicly available information prior to the announcement of the Offer. The information has not been independently verified and Quantum does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

The information on Lincoln in this Bidder's Statement should not be considered comprehensive. Further information relating to Lincoln may be included in the Target Statement which Lincoln must provide to the Lincoln Shareholders in response to this Bidder's Statement.

6.2 Overview of Lincoln²

Lincoln is a mining exploration company which holds key mineral licences in the South Australian Eyre Peninsula. Within these licences, Lincoln has defined Mineral Resources including graphite, magnetite and hematite resources, copper and gold prospects in a region with a long history of graphite, iron ore, copper and gold mining. It aims to develop a sustainable and profitable business structure to enable the development of its flagship graphite project, Kookaburra Gully Graphite Project.

Lincoln formed its wholly-owned subsidiary, Australian Graphite Pty Ltd (**AGL**) in mid-2013 to hold key graphite assets, including ML 6460. ML 6460 relates to the Kookaburra Gully Graphite Project, which is discussed further at 6.4(d) below.

6.3 Lincoln's Business Strategy³

Lincoln's business strategy is to provide capital growth through exploration, discovery, development and sustainable mining of economic mineral deposits, in particular graphite, gold, iron ore and copper. Its strategy is to focus on metallogenic provinces close to established infrastructure within a stable political environment – two factors strongly evident across the Company's extensive Eyre Peninsula tenement holdings.

Lincoln is exploring graphite, gold, copper, zinc-lead-silver, iron and manganese targets on the Eyre Peninsula. The Eyre Peninsula is part of the highly endowed Gawler Craton mineral province that hosts iron ore mines of the Middleback Ranges but also the Olympic Dam, Prominent Hill, Carapateena mines and other notable copper deposits such as Oak Dam and Hillside.

The Eyre Peninsula is Australia's foremost graphite province and home to one of the largest resources of this strategically important mineral in Australia. Graphite is a key component of lithium-ion batteries that power electric vehicles and renewable energy storage systems. A key focus of all of Lincoln's operations is sustainable environmental and workplace health and safety management.

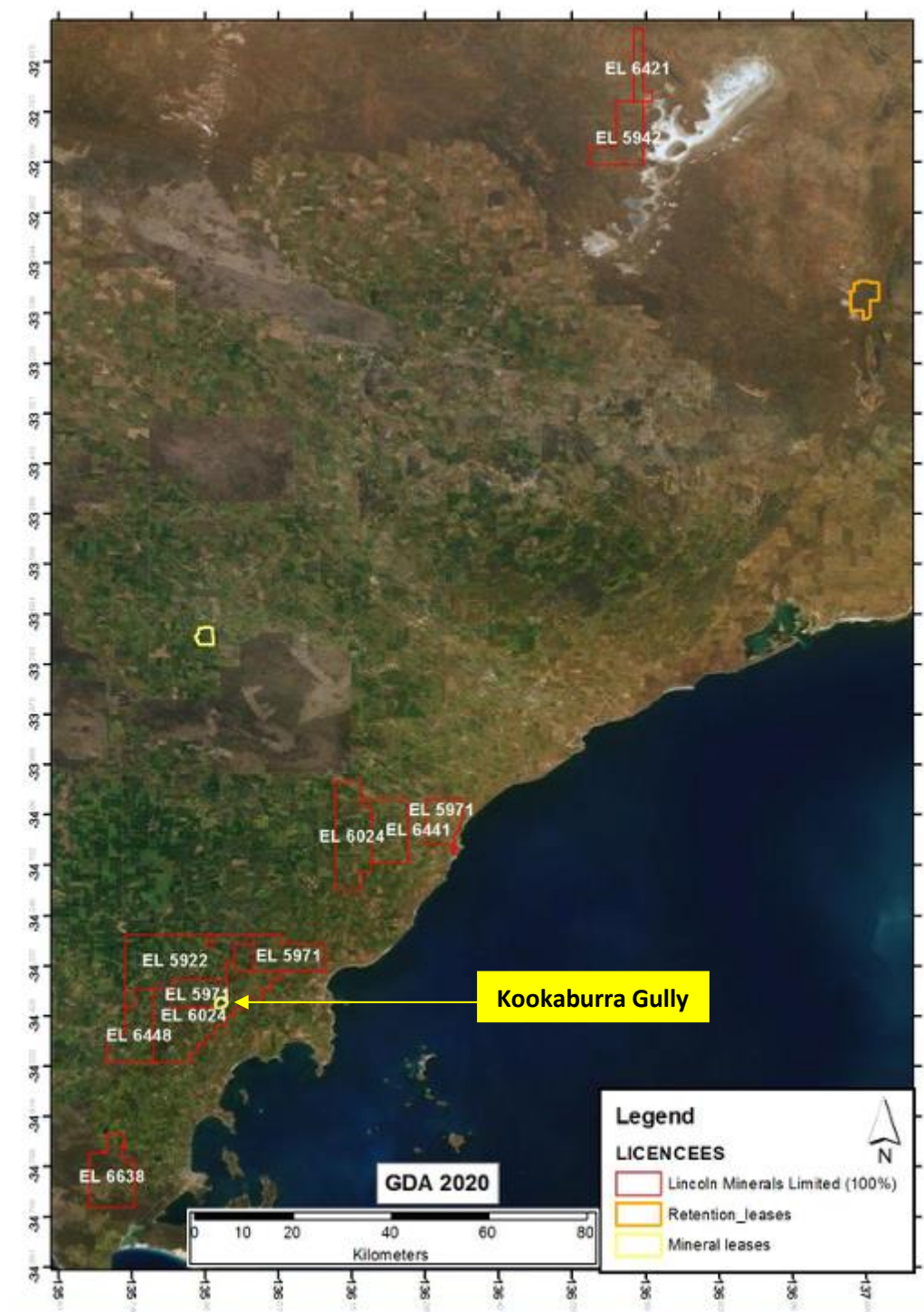
6.4 Overview of Lincoln's Projects

- (a) According to the Quarterly Activities Report dated 13 July 2022, the Lincoln Group held rights to South Australian lease holdings totalling 1,177km² as at 30 June 2022. Of this, the Lincoln Group has exclusive rights to:

² Based on information disclosed in Lincoln's 2021 Annual Report.

³ Based on information disclosed in Lincoln's 2021 Annual Report.

- (i) all minerals (*including* iron ore) on exploration licences totalling 1,025km²; and
- (ii) all minerals (*excluding* iron ore) on exploration licences totalling 152km².
- (b) The Quarterly Activities Report dated 13 July 2022, includes the map below of the Lincoln Group's licences:



(c) **Lincoln Tenements**

- (i) According to the Quarterly Activities Report dated 13 July 2022, Lincoln held the tenements outlined in columns 1 to 4.
- (ii) According to the 2021 Lincoln Annual Report, Lincoln held the tenement interests outlined in columns 5 to 7 as at 30 June 2021. Lincoln has not made any further disclosure with respect to its tenement interests since 30 June 2021.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
				Lincoln Tenement Interests		
Tenement	Expiry	Area (km ²)	Location	Graphite Rights	Iron Ore Rights	Other Mineral Rights
LINCOLN MINERALS HAS 100% OWNERSHIP OF ALL MINERAL RIGHTS						
EL 5942#	28-Jan-22	78	Eurilla	Lincoln 100%	Lincoln 100%	Lincoln 100%
EL 5922#	12-Feb-22	188	Wanilla	AGL 100%	Lincoln 100%	Lincoln 100%
EL 6421	28-Sep-22	26	Uno	Lincoln 100%	Lincoln 100%	Lincoln 100%
EL 6441	03-Nov-22	82	Dutton River	AGL 100%	Lincoln 100%	Lincoln 100%
EL 6638	06-Jan-26	92	Gum Flat	AGL 100%	Lincoln 100%	Lincoln 100%
EL 5971#	11-Apr-22	182	Tumby Bay	AGL 100%	Lincoln 100%	Lincoln 100%
EL 6024	05-Aug-22	295	Mount Hill	AGL 100%	Lincoln 100%	Lincoln 100%
EL 6448	15-Nov-22	79	Wanilla (Bald Hill)	AGL 100%	Lincoln 100%	Lincoln 100%
ML 6460	02-June-37	300.8 ha	Kookaburra Gully	AGL 100%	Lincoln 100%	Lincoln 100%
Subtotal		1,025				
LML HAS 100% OWNERSHIP OF ALL MINERAL RIGHTS (EXCLUDING IRON ORE)						
EL 5851	13-Aug-27	117	Minbrie	Lincoln 100%	0%	Lincoln 100%
ML 6344	11-Aug-29	916 ha	Wilgerup	Lincoln 100%	0%	Lincoln 100%
RL 129	07-Nov-26	2,547 ha	Kimba Gap	Lincoln 100%	0%	Lincoln 100%
Subtotal		152				
Grand Total		1,177				

Note: # means exploration licence renewals were in progress as at 30 June 2022, and **LML** means Lincoln. AGL is the wholly-owned subsidiary of Lincoln.

(d) **Kookaburra Gully Graphite Project⁴**

The Kookaburra Gully Graphite is the Lincoln Group's cornerstone graphite project, and is located approximately 35km north of Port Lincoln and 20km west of Tumby Bay on the Eyre Peninsula in South Australia.

AGL was granted ML 6460 for a period of 21 years, commencing 3 June 2016. As at 30 June 2021, Lincoln's board was working towards a strategy to fund the Kookaburra Gully

⁴ Based on information disclosed in Lincoln's 2021 Annual Report.

Graphite Project and complete the Program for Environment Protection and Rehabilitation (which was at the second stage of government approvals before mining could commence). As at the date of this Bidder's Statement, Lincoln has made no ASX Announcements which suggest that mining has commenced.

With reference to page 7 of Lincoln's 2021 Annual Report:

(i) Mineral Resources at 5% TGC cut-off grade are as follows:

Classification	Tonnes (Mt)	TGC (%)	Contained Graphite (t)
Kookaburra Gully			
Measured	0.39	14.9	58,110
Indicated	1.08	14.9	160,920
Inferred	0.56	16.0	89,600
Koppio			
Inferred	1.85	9.76	180,730
Total Resources	3.88	12.6	489,930

Note: Mt means million tonnes, TGC means Total Graphite Carbon, and t means tonnes

(ii) Ore Reserve Estimate at 8.5% TGC cut-off grade is as follows:

Classification	Tonnes (Mt)	TGC (%)	Contained Graphite (t)
Kookaburra Gully			
Probable	1.34	14.6	196,000

Note: Mt means million tonnes, TGC means Total Graphite Carbon, and t means tonnes

(e) **Eurilla Project**

Lincoln noted in its 2021 Annual Report that there is considerable potential for gold and/or base metal mineralisation associated with hydrothermal iron oxide and/or sericite alteration to occur on its tenements.

6.5 Directors

As at the date of this Bidder's Statement, and according to ASIC company searches, the Lincoln Directors are:

- (a) Mr Sam Barden – Managing Director and Chief Executive Officer;
- (b) Ms Ruiyu (Yoyo) Zhang – Non-Executive Director;
- (c) Mr Ross Loturco – Non-Executive Director;
- (d) Mr Shalain Singh – Non-Executive Director;
- (e) Mr Jason Foley – Independent Non-Executive Director; and

- (f) Mr Michael Wyles QC – Independent Non-Executive Director.

6.6 Substantial holders of Lincoln

Lincoln substantial holders, based on the 2021 Annual Report and the relevant substantial holder notices as released on the ASX⁵, are summarised in the table below.

Holder	Shares held	Percentage held (%)
Poly Mineral Investment Limited	114,500,000	19.91%
Poan Group Holdings Pty Ltd	75,418,955	13.12%
Good Make Inc.	58,695,560 <i>(Note: Lincoln's 2021 Annual Report states that Good Make Inc. holds 58,695,560 shares, however the substantial holder notice released by the ASX on 25 October 2017 states that Good Make Inc. holds 61,025,612 shares).</i>	10.21%
Regal Fortress Inc	51,977,235	9.04%
Mr Ying Kang Zhong	32,221,923	5.60%

6.7 Lincoln Financial Information

(a) Basis of preparation of historical financial information

The historical financial information below relates to Lincoln on a stand-alone basis and accordingly does not reflect any impacts of the Offer. This information has been taken from the audited financial statements of Lincoln for the years ended 30 June 2019, 30 June 2020 and 30 June 2021.

(b) Lincoln consolidated statement of financial position

The historical statements of financial position of Lincoln set out below have been derived from the audited consolidated statements of financial position of Lincoln as at 30 June 2019, 30 June 2020 and 30 June 2021.

⁵ Relevant substantial holder notices includes:

- with respect to Poly Mineral Investment Limited, there does not appear to be any substantial holder notice lodged on the ASX. Poly Mineral Investment Limited first appeared as a substantial holder in Lincoln's 2018 annual report released by the ASX on 26 September 2018, and no changes to its shareholding appear to have happened since this date;
- with respect to Poan Group Holdings Pty Ltd, the substantial holder notice released by the ASX on 24 October 2017;
- with respect to Good Make Inc., the substantial holder notice released by the ASX on 25 October 2017;
- with respect to Regal Fortress Inc., the substantial holder notice released by the ASX on 25 October 2017; and
- with respect to Mr Ying Kang Zhong, there does not appear to be any substantial holder notice lodged on the ASX. Poly Mineral Investment Limited first appeared as a substantial holder in Lincoln's 2021 Annual Report.

	30 June 2021 ⁶ (\$)	30 June 2020 ⁷ (\$)	30 June 2019 ⁸ (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	44,766	874,536	1,687,247
Trade and other receivables	148,905	72,338	64,236
Investment in associate company held for sale	63,000	-	-
Total current assets	256,671	946,874	1,751,483
Non-current assets			
Investments	30,000	-	-
Property plant and equipment	479,104	493,327	530,191
Exploration and evaluation assets	6,767,972	6,730,802	6,715,435
Intangible assets	26	46	243
Total non-current assets	7,277,102	7,224,175	7,245,869
Total assets	7,533,773	8,171,049	8,997,352
LIABILITIES			
Current liabilities			
Trade and other payables	168,052	67,801	49,070
Employee entitlements	89,346	82,235	65,394
Total current liabilities	257,398	150,036	114,464
Total liabilities	257,398	150,036	114,464
Net assets	7,276,375	8,021,013	8,882,888
EQUITY			
Contributed equity	37,239,123	37,239,123	27,239,123
Accumulated losses	(29,962,748)	(29,218,110)	(28,356,235)
Total equity	7,276,375	8,021,013	8,882,888

6.8 Publicly available information about Lincoln

Lincoln is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Lincoln is subject to the ASX Listing Rules which require continuous disclosure of any information Lincoln has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX maintains files containing publicly disclosed information about all listed companies. Lincoln's file is available for inspection at the ASX during normal business hours.

In addition, Lincoln is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Lincoln may be obtained from, or inspected at, an ASIC office.

⁶ Based on information disclosed in Lincoln's 2021 Annual Report.

⁷ Based on information disclosed in Lincoln's 2021 Annual Report and 2020 annual report released by the ASX on 25 November 2020.

⁸ Based on information disclosed in Lincoln's 2020 annual report released by the ASX on 25 November 2020.

A substantial amount of information about Lincoln is available in electronic form from Lincoln's website: lincolnminerals.com.au

7. Information on Lincoln's securities

7.1 Summary

The information below is current as at the date of this Bidder's Statement.

7.2 Lincoln's issued securities

Below is a summary of the Issued securities of Lincoln.

Type of security	Currently on issue
Listed fully paid ordinary shares	574,983,686 ⁹
Convertible Notes (Note: see <i>Error! Reference source not found.</i> and 7.4 below).	Up to 1,600,000

7.3 Information regarding convertible notes¹⁰

- (a) On 23 December 2021, Lincoln announced its entry into a convertible note agreement with Australia Poly Minerals Investments Pty Ltd (**APMI**) (a related party of the company's former Director, James Tenghui Zhang, who also controls a substantial shareholder of Lincoln, Poly Mineral Investment Ltd).

Based on Lincoln's ASX disclosures, the convertible note agreement contemplates the proposed issue of 1,600,000 unsecured convertible notes to APMI (**Convertible Notes**) subject to shareholder approval, with the following key terms:

Subscription amount: \$1,600,000, to be subscribed for in separate tranches¹¹

Interest Rate: 8% per annum

Maturity Date: 31 December 2022

⁹ Based on information disclosed in Lincoln's 2021 Annual Report and verified by an ASIC company extract dated 8 August 2022.

¹⁰ Based on information sourced from:

- (a) Convertible Note funding announcement released by the ASX on 23 December 2021;
- (b) TOV: Lincoln Minerals Limited – Panel Receives Application announcement released by the ASX on 10 February 2022;
- (c) Postponement of AGM announcement released by the ASX on 21 February 2022;
- (d) Postponed AGM update announcement released by the ASX on 24 February 2022;
- (e) Correction to terms of convertible note announcement released by the ASX on 2 March 2022;
- (f) Quarterly Activities Report and Appendix 5B announcement lodged on 13 July 2022; and
- (g) the Takeovers Panel media release TP22/20 titled 'Lincoln Minerals Limited – Panel Accepts Undertaking and Declines to Conduct Proceedings' and dated 7 March 2022.

¹¹ As reported in Lincoln's Quarterly Activities Report and Appendix 5B lodged on 13 July 2022, a total of \$510,000 has been advanced by APMI as at 30 June 2022. At least \$200,000 of this loan does not have conversion rights (according to the Notice of Annual General Meeting lodged on 21 January 2022).

- Conversion Price:** the *higher of*¹² \$0.005, and a 15% discount to the issue price/exercise price of shares/options offered under a capital raising of greater than \$500,000 prior to the Maturity Date;
- Conversion:** Lincoln has the exclusive right to elect to convert the Convertible Notes into shares *at any time prior to the Maturity Date*.
- Default Events:** The Company breaches the Convertible Note agreement and fails to rectify within 30 business days.
- Insolvency, failure to pay or repay amounts due to the note holder, **change of control**, failure to convert a Convertible Note, delisting from ASX, disposal of assets without note holder approval.
- Shareholder approval:** The issue of the Convertible Notes is subject to shareholder approval. If shareholder approval is not obtained, Lincoln must repay all monies advanced, plus any accrued interest.

Shareholder approval has not yet been received for the issue of the Convertible Notes. Lincoln issued a Notice of Annual General Meeting on 21 January 2022, however this Notice was withdrawn, and the AGM postponed, due to the Takeovers Panel matter described in 7.4 below.

- (b) Based on Lincoln's ASX disclosures, the consequences of failing to obtain shareholder approval for the Convertible Notes means that Lincoln will be required to repay any loan amounts advanced (currently \$510,000 per the Quarterly Activities/Appendix 5B Cash Flow Report lodged on 13 July 2022) plus interest.

7.4 Takeovers Panel application¹³

On 10 February 2022, the Takeovers Panel announced that it had received an application for Olary Holdings Limited (**Olary**) in relation to Lincoln's proposed issue of Convertible Notes. Olary alleged that the convertible notes were to be issued at an "extremely low price", and conversion would give APMI a relevant interest in Lincoln shares of **48.55%** (assuming a conversion price of \$0.005).

Olary's application was based on the conversion price originally disclosed by Lincoln on 23 December 2021, being the **lower of** \$0.005, and a 15% discount to the issue price/exercise price of shares/options offered under a capital raising of greater than \$500,000 prior to the Maturity Date.

The Takeovers Panel declined to conduct proceedings in relation to Olary's application, on the basis that it received an undertaking from Lincoln that it would (among other things):

- (a) Immediately advise the market that the conversion price for the Convertible Notes was erroneously described in the Notice of Annual General Meeting (by substituting the word "**lower**" with "**higher**"); and

¹² See section 7.4. Lincoln previously announced the conversion price being the "*lower of*" these measures. However this was subsequently corrected following action from the Takeovers Panel.

¹³ Based on information from the Takeovers Panel media release TP22/20 titled 'Lincoln Minerals Limited – Panel Accepts Undertaking and Declines to Conduct Proceedings' and dated 7 March 2022.

- (b) Issue a supplementary Notice of AGM which addresses the disclosure concerns of the Panel, including (among other things):
 - (i) Further details of the Convertible Note terms; and
 - (ii) The fact that, upon issue of the Convertible Notes, APMI will be able to require the issue of shares over time relying on the “3% creep” exception¹⁴ (**3% Creep**), which will ultimately give it more than 19.91% of Lincoln shares without the need for shareholder approval,

(Undertaking).

As at the date of this Bidder’s Statement, Lincoln has not yet issued a supplementary Notice of AGM, nor has it set a date for the postponed AGM.

In the event that Lincoln does not comply with its Undertaking, the Takeovers Panel has the power to apply to the Court to order Lincoln to comply with the Undertaking, pay compensation to any person who has suffered loss due to Lincoln’s breach, or any other order considered appropriate by the Court.

7.5 Substantial holders of Lincoln

The substantial holders of Lincoln are set out in section 6.6.

7.6 Quantum and its Associates’ in Lincoln’s securities

As at the date of this Bidder’s Statement and the date of the Offer:

- (a) Quantum does not have any Voting Power in Lincoln; and
- (b) Quantum does not have a Relevant Interest in any Lincoln securities.

7.7 Disclosure of interests of Quantum Directors in Lincoln Shares

No Quantum Director has a Relevant Interest in Lincoln Shares.

8. Effect of the Offer on Quantum and the profile of the Combined Group

8.1 Overview of the Combined Group

Other than as referred to elsewhere in this Bidder’s Statement, the acquisition of Lincoln is not expected to have a material effect on the existing assets and operations of Quantum.

Quantum is focused on the ongoing exploration and development of its Uley 2 Graphite Project and it is not anticipated that the strategy in relation to this will be altered as a result of the Offer.

8.2 Effect on capital structure of Combined Group

At various acceptance levels and based on the terms of the Offer (1 Quantum Share for every 40 Lincoln Shares), the effect on the capital structure of the Combined Group will be as follows:

¹⁴ The “3% Creep” is an exception to the general rule under the Corporations Act that a person cannot acquire voting securities in a company if it would result in their voting power exceeding 20%. The 3% Creep permits a person to increase their holding above 20% if it does so via gradual “creeping” acquisitions of no more than 3% voting power in a six month period.

Consideration shares at various acceptance levels						
Acceptance level assumption	50.1%	60.1%	70.1%	80.1%	90.1%	100.0%
Consideration shares to be issued (millions)	7.20	8.64	10.08	11.51	12.95	14.37
Consideration shares as a percentage of expanded Quantum issued share capital	2.17%	2.60%	3.02%	3.43%	3.84%	4.25%

The maximum effect of the Offer on the capital structure of Quantum on a post completion basis is as follows:

Securities	Numbers
Shares	
Current Quantum Shares	324,000,000
Maximum Quantum Shares to be issued under the Offer	14,374,593 ¹⁵
Total	338,374,593
Options	
Unlisted Quantum options with an expiry date of 20 July 2023 and an exercise price of nil.	10,706,429
Unlisted Quantum options with an expiry date of 20 July 2023 and an exercise price of nil.	3,000,000
Total	13,706,429
Total	
Maximum potential number of Quantum Shares post Offer	352,081,022

8.3 Pro forma historical consolidated statement of financial position for the Combined Group

(a) Introduction and basis of preparation

The unaudited pro forma statement of financial position provided in this section 8.3 indicates the financial impact on Quantum of Quantum acquiring all of the Lincoln Shares under the Offer. The financial information is provided for illustrative purposes only. In considering the information Lincoln Shareholders must take into account the following matters:

- (i) the carrying value of the Lincoln assets have not been subject to impairment reviews;
- (ii) the Offer Price is as stated under the terms of the Offer; and

¹⁵ Maximum Quantum Shares to be issued under the Offer are subject to any fractional entitlements of Lincoln Shareholders. Lincoln Shareholders who accept the Offer will be rounded:

- (a) up to the nearest whole number of Quantum Shares (if equal to a fraction of 0.5 or greater); or
- (b) down to the nearest whole number of Quantum Shares (if equal to a fraction of less than 0.5).

- (iii) it is assumed that 100% ownership of Lincoln is achieved under this Offer and hence the accounts of Lincoln are fully consolidated on a line-by-line basis.

The unaudited pro forma statement of financial position for the Combined Group has been prepared based on the Quantum audited consolidated statement of financial position as at 30 June 2021 and the Lincoln audited statement of financial position as at 30 June 2021¹⁶. The pro forma statement of financial position is set out in the table below for illustrative purposes as a guide to assist Lincoln Shareholders in considering the effect of completion of the Offer by Quantum. By its nature, pro forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information. The pro forma statement of financial position of the Combined Group has been produced by aggregating the individual statements of financial position of Quantum as at 30 June 2021 and of Lincoln as at 30 June 2021.

The pro forma information has been prepared using IFRS and reflects the accounting policies of Quantum. Its 30 June 2021 financial statements have been prepared on a 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.

Amounts in the table have been rounded. The pro forma statement of financial information assumes the acquisition of Lincoln by Quantum had been completed at 30 June 2021. The actual dates of the acquisition will be at a later date, following which Quantum will assess the fair value of identifiable net assets of Lincoln.

The pro forma statements of financial positions are unaudited and are for illustrative purposes only and based on assumptions that may or may not reflect the actual financial position of the Combined Group after completion of the Offer. In addition, these pro forma statements of financial position are presented in a summary format and do not contain all the disclosures applicable to IFRS standards.

Financial information relating to Lincoln has been sourced from its audited financial statements for the year ended 30 June 2021. Quantum has relied on this publicly available information, and this has not been independently verified by Quantum or its Directors, to prepare the pro forma financial information in this section. Quantum does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information. Risks may exist in relation to Lincoln (which may affect the Combined Group) of which Quantum is unaware. If any material risks are known to the Directors of Lincoln, they must be disclosed in the Target's Statement to be issued by Lincoln. Accordingly, subject to any applicable laws, Quantum makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

¹⁶ Based on information disclosed in Lincoln's 2021 Annual Report.

(b) **Unaudited pro forma historical statement of financial position of the Combined Group**

Below is the unaudited pro forma historical statement of financial position of the Combined Group for your consideration:

	Quantum 30 June 2021 (\$)	Lincoln 30 June 2021 (\$)	COMBINED (\$)
ASSETS			
Current Assets			
Cash and cash equivalents	1,236,231	44,766	1,280,997
Receivables	261,082	99,401	360,483
Inventory	-	-	-
Prepayments	-	49,504	49,504
Investment in associate company held for sale	-	63,000	63,000
Total current assets	1,497,313	256,671	1,753,984
Non-current assets			
Security deposit with the Department of State Development	1,073,863	-	1,073,863
Term deposits	-	30,000	30,000
Plant and equipment	336,336	479,104	815,440
Intangible assets	7,189	26	7,215
Development assets	14,245,139	-	14,245,139
Exploration and evaluation assets	1,991,005	6,767,972	8,758,977
Deferred tax assets	-	-	-
Total non-current assets	17,653,532	7,277,102	24,930,634
Total assets	19,150,845	7,533,773	26,684,618
LIABILITIES			
Current liabilities			
Trade and other payables	1,060,853	168,052	1,228,905
Employee provisions	-	89,346	89,346
Borrowings	-	-	-
Total current liabilities	1,060,853	257,398	1,318,251
Non-current liabilities			
Rehabilitation provision	558,369	-	558,369
Deferred tax liabilities	-	-	-
Total non-current liabilities	558,369	-	558,369
Total liabilities	1,619,222	257,398	1,876,620
Net assets	17,531,623	7,276,375	24,807,998
EQUITY			
Issued capital	58,454,227	37,239,123	95,693,350
Reserve	2,520,000	-	2,520,000
Accumulated losses	(43,442,604)	(29,962,748)	(73,405,352)
Total equity	17,531,623	7,276,375	24,807,998

9. Quantum's intentions in relation to Lincoln

9.1 Introduction

This section sets out Quantum's intentions in relation to:

- (a) the continuation of the business of Lincoln;
- (b) any major changes to the business of Lincoln and any redeployment of the fixed assets of Lincoln;
- (c) the compulsory acquisition and delisting of Lincoln;
- (d) any major changes to the board of Lincoln; and
- (e) any impact on employees of Lincoln.

The intentions of Quantum have been formed on the basis of publicly available facts and information known about Lincoln and the general business environment that is known to Quantum as at the date of preparation of this Bidder's Statement. Final decisions regarding these matters will only be reached by Quantum in light of material information, facts and circumstances at the relevant time. Accordingly, the statements set out in this section 9 are statements of current intention only and may vary as new information becomes available or circumstances change. The statements in this section should be read in this context.

9.2 Intentions for Lincoln as a wholly-owned controlled entity

(a) Summary

This section 9.2 describes Quantum's intentions if Quantum acquires a Relevant Interest in 90% or more of the Lincoln Shares, with the result that Quantum becomes entitled to proceed to compulsory acquisition of outstanding Lincoln in accordance with Part 6A.1 of the Corporations Act.

(b) Corporate matters

Quantum intends to:

- (i) proceed with compulsory acquisition of the outstanding Lincoln Shares in accordance with the provisions of Part 6A.1 of the Corporations Act;
- (ii) apply for Lincoln to be removed from the official list of the ASX;
- (iii) replace Lincoln non-executive Directors with the nominees of Quantum; while terminating the current executive Directors of Lincoln. Replacement Lincoln non-executive directors have not yet been identified by Quantum and their identity will depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement Lincoln non-executive Directors will be members of the Quantum board or management team; and
- (iv) if required to do so under section 663A of the Corporations Act, Quantum intends to give notices to holders of Lincoln Convertible Notes offering to acquire their Convertible Notes in accordance with section 663C of the Corporations Act.

(c) Operational matters

Quantum considers Lincoln's flake graphite assets to be an extension of its greater Mikkira flake graphite deposit. Combining these assets delivers a major opportunity to

derive significant economic and environmental efficiencies from their joint development.

Lincoln's main flake graphite assets consist of the Kookaburra Gully Graphite Project (**Project**).

The Project's local geology hosting the graphite flake mineralisation exhibits similar features and bears many of the same characteristics as that of the broader Uley geology. Importantly, the mineral resources of this Project contain an orebody whose metallurgical properties are similar to those of the Quantum's Uley Project's mineral reserves and resources.

The preferred mining method and the processing path for each of these projects is indistinguishable. Production from the Project would be marketed under the same commercialisation and marketing strategy planned for Uley.

Quantum has established a detailed intermodal framework for the transport of its material to the Port Adelaide Outer Harbour. This same logistics framework could be used for the Project which is en route to the Uley production's ultimate destination at Port Adelaide. Combining the production would generate significant economies of scale especially in relation to container handling and trucking schedules.

Combining the assets offers a several options for the processing of the Project's ore. These options deliver significant synergies and are otherwise not available to Lincoln were the Project developed on a standalone basis.

These synergies include the processing of the Project's run of mine (**ROM**) at the Uley Mine (including after the completion of the crushing of ROM at the Project site) and the development of separate processing paths at each site for certain products. The latter option increases the efficiency of each of the project's mine operations by concentrating fewer products at each plant thereby gaining economies of scale.

Regardless of the final processing path selected, the combination of the assets and their joint development will result in a reduced environmental impact. Unnecessary duplication will be eliminated, all the processing options outlined above will minimise the environmental impact at one or both sites and greater investment can be allocated to the continuous improvement of environmental outcomes.

In respect of Lincoln's non-flake graphite mineral titles, Quantum intends to undertake a review of the prospectivity of these assets prior to making any decision regarding their development.

(d) **Impact on Employees**

As a result of the implementation of the above intentions, in addition to the Executive Directors of Lincoln it is possible that certain operational functions, for example, those relating to the maintenance of Lincoln's listing on the ASX, and some head office functions will become redundant. Further, some operational roles may also become redundant. Some job losses may occur as a result, however, the incidence, extent and timing of such job losses cannot be predicted in advance.

Where possible, Quantum will seek to minimise job losses through redeployment of the relevant employees elsewhere in Quantum. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

9.3 Intentions for Lincoln as a part owned controlled entity

This section 9.3 describes Quantum's intentions if Lincoln becomes a controlled entity of Quantum, but Quantum is not entitled to proceed to compulsory acquisition of outstanding Lincoln Shares in accordance with Part 6A.1 of the Corporations Act.

(a) Corporate actions

If Quantum and its associates have Relevant Interests in less than 90.0% but more than 50.0% of Lincoln, then Quantum intends that:

- (i) it will cause Lincoln to apply for removal from the official list, in accordance with ASX Guidance Note 33; and
- (ii) seek to appoint a number of nominees of Quantum to the board of Lincoln, such that Quantum has a majority of Directors of Lincoln. Such nominees have not yet been identified by Quantum and their identity will depend on the circumstances at the relevant time.

The ability of Quantum to implement the intentions set out in this section 9.3 is subject to the legal obligations of the Directors of Lincoln in relation to the interests of Lincoln and all Lincoln Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. Quantum will only make a decision on the above-mentioned courses of action following legal and financial advice in relation to those requirements.

(b) Operational matters

Within the limits of its ownership seek to manage and commercially develop Lincoln's assets as outlined in section 9.2(c).

(c) Further acquisition of Lincoln Shares

Quantum may, at some later time, acquire further Lincoln Shares in a manner permitted by the Corporations Act.

If Quantum becomes entitled at some later time to exercise the general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights.

9.4 Intentions for Lincoln if not controlled by Quantum

(a) Summary

Quantum reserves its right to declare the Offer free from the 50.1% minimum acceptance condition (or any other condition) to the Offer. However, it has made no decision as to whether it will do so.

(b) Corporate actions

This section 9.4 describes Quantum's intentions if Quantum were to declare the Offer free of the 50.1% minimum acceptance condition and if Lincoln does not become a controlled entity of Quantum.

In that circumstance, Quantum does not expect to be in a position to give effect to the intentions set out in sections 9.2 or 9.3 of this Bidder's Statement. In this case:

- (i) Quantum intends to seek the appointment of nominees of Quantum to the Lincoln board in such a proportion as at least equates to Quantum's proportionate shareholding interest in Lincoln; and
- (ii) Quantum intends to seek to influence the ongoing management of Lincoln and its assets, businesses, operations and personnel with a view to maximising returns for Quantum and its security holders.

9.5 Other Intentions

Subject to the matters described above in this section 9 and elsewhere in this Bidder's Statement, it is the intention of Quantum, on the basis of the facts and information concerning Lincoln that are known to it and the existing circumstances affecting the assets and operations of Lincoln at the date of this Bidder's Statement, that:

- (a) the business of Lincoln will be conducted in the same manner as at the date of this Bidder's Statement;
- (b) there will be no redeployment of the fixed assets of Lincoln; and
- (c) the present employees of Lincoln will, for the most part, continue to be employed by Lincoln or its subsidiaries.

9.6 Limitation on Intentions

The ability of Quantum to implement the intentions set out in this section 9, will be subject to the legal obligations of Directors of Quantum to have regard to the interests of Lincoln and all Lincoln Shareholders, and the requirements of the Corporations Act, including without limitation, in relation to transactions between related parties.

10. Risk factors

10.1 Introduction

If the Offer becomes unconditional, Lincoln Shareholders who accept the Offer will become Quantum Shareholders. In that event, Quantum will acquire an interest in Lincoln and Quantum Shareholders will continue to be indirectly exposed to the risks associated with having an interest in Lincoln's assets and general economic, share market and industry risks. There are also additional risks relating to Quantum and the Combined Group, to which Lincoln Shareholders will be exposed through their holding of Quantum Shares.

The value of Quantum Shares is influenced by a range of factors, many of which are beyond the control of the Combined Group. These risk factors are divided into:

- (a) specific risks relating to the Offer;
- (b) Risks relating to Quantum and the creation of the Combined Group;
- (c) the mining and exploration sector; and
- (d) other general risks.

You should carefully consider the following risk factors, as well as the other information provided by Quantum, and consult your financial and legal advisers before making a decision as to whether to accept the Offer.

Additional risks and uncertainties not currently known may also have an adverse effect on Quantum's business and the value of Quantum Shares. The information set out in this section 10 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of Quantum and Quantum Shares.

These risk factors do not take into account the investment objectives, financial and tax situation, or the particular needs, of individual Lincoln Shareholders.

10.2 Risks relating to the Offer

(a) Issue of Quantum Shares as consideration

Lincoln Shareholders are being offered a specified number of Quantum Shares (1 Quantum Share for every 40 Lincoln Shares), rather than a number of Quantum Shares with a specified market value. As a result, the value of the Offer will fluctuate depending upon the market value of the Quantum Shares.

There is a risk that Lincoln Shareholders who elect to participate in the Offer may wish to sell their Quantum Shares shortly after receipt. This may adversely impact the price of Quantum Shares.

(b) Integration risks

There are risks that any integration between the businesses of Quantum and Lincoln may take longer than expected and that anticipated efficiencies and benefits of that integration may be less than estimated. These risks include possible differences in the management culture, inability to achieve synergy benefits and cost savings, and the potential loss of key personnel.

(c) Accounting

Quantum will be required to perform a fair value assessment of all of Lincoln's assets and liabilities if the Offer is successful. This assessment may result in increased non-cash depreciation and amortisation charges. There is a risk that these charges may be substantially greater than those that would exist in Quantum and Lincoln as separate businesses. This may reduce the future earnings of the Combined Group.

(d) Risks associated with Quantum holding less than 100% of Lincoln Shares

If, in connection with or following the Bid, Quantum ultimately acquires less than 90% of the Lincoln Shares, Quantum and its shareholders will be exposed to a non-wholly owned interest in Lincoln. As a result, Quantum's ability to obtain the benefits of its interest in Lincoln will necessarily be limited by its ownership exposure. Quantum's ability to effect its intentions with respect to Lincoln will also be subject to the legal obligations of nominee Directors to have regard to the interests of all Lincoln Shareholders, and the requirements of the Corporations Act, including without limitation, in relation to transactions between related parties.

(e) Risks associated with retention of a minority stake

There are some risks associated with the Offer for Lincoln Shareholders who do not accept the Offer and remain Lincoln Shareholders. If, in connection with or following the Bid, Quantum acquires between 90% and 100% of the Lincoln Shares, Quantum may be entitled to compulsorily acquire the remaining shares of the Lincoln Shareholders.

If, in connection with the Offer, Quantum acquires more than 50 % but less than 90% of Lincoln Shares, Quantum will hold a controlling interest in Lincoln. The remaining Lincoln Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in Lincoln Shares than exists today, which could result in a lower price for those Lincoln Shares should they wish to sell them in future.

If, following the End Date, Quantum does not acquire a Relevant Interest of at least 50.1% of the Lincoln Shares, it may choose to waive the 50.1% condition of its Offer resulting in Quantum holding a non-controlling interest in Lincoln. If this occurred, it is possible that Quantum and another person or persons could each hold large minority interests in Lincoln. In such a situation, any commercial misalignment between large minority Lincoln Shareholders could impact on the efficient and effective governance of Lincoln Gold and could adversely affect its ongoing performance.

(f) Lincoln information

In preparing the information relating to Lincoln contained in this Bidder's Statement, Quantum has relied on publicly available information. Risks may exist in relation to Lincoln (which may affect the Combined Group) of which Quantum may be unaware. However, as Lincoln is an ASX listed entity, any substantial threats to Lincoln's business should have been disclosed pursuant to Lincoln's continuous disclosure obligations. If any material risks are known to Torrens directors, they must be disclosed in the Target's Statement to be issued by Lincoln.

(g) Sale of Quantum Shares

Under the Offer, Quantum may issue a significant number of new Quantum Shares. Some holders of Lincoln may not intend to continue to hold their Quantum Shares and may wish to sell them. There is a risk that this may adversely impact the price of Quantum Shares.

Quantum Shares that would otherwise be issued to Foreign Lincoln Shareholders under the Offer will be sold on ASX and the net proceeds distributed amongst those shareholders. The sale of these Quantum Shares could also adversely impact the price of Quantum Shares.

(h) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Quantum are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally. To the maximum extent permitted by law, Quantum, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of accepting the Offer.

10.3 Risks relating to Quantum and the Combined Group

The following risks have been identified as being key risks relevant to Quantum's business. These risks have the potential to have a significant adverse impact on Quantum and may affect Quantum's financial position or prospects, or the price or value of Quantum's securities.

Quantum's business, financial condition, results of operations or prospects could also be harmed by risks and uncertainties that are not presently known to Quantum or that Quantum currently believes are not material. If any of the risks actually occur, Quantum's business, financial condition, results of operations and prospects could be materially and adversely affected.

(a) **Risks associated with exploration and mining**

The future viability and profitability of Quantum and the Combined Group as an exploration and mining company will be dependent on a number of factors including, but not limited to, the following:

- (i) commodity prices and exchange rates and, in particular, the price of natural flake graphite;
- (ii) risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management;
- (iii) risks associated with negative exploration results, including statutory or voluntary relinquishment (in whole or in part) of tenements or not exercising an option to acquire equity, even though a viable mineral deposit may be present, but undiscovered;
- (iv) poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- (v) risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which Quantum is, or may become, a party.

The specific risks associated with exploration and mining are outlined further in section 10.4.

(b) Reliance on plant and equipment

Quantum's ongoing operations are dependent on certain plant and equipment and the mine structure.

There are risks associated with maintaining exploration and mining properties and, the costs of maintaining such properties requires Quantum to have access to sufficient development capital.

Further, unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine structure may result in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep, which can have an adverse impact on Quantum's viability and profitability.

(c) Retaining key personnel

Quantum's ongoing success depends to a significant extent on its key personnel. These individuals have extensive knowledge of the exploration and mining industry and Quantum's business. The loss of key personnel (including Directors) and an inability to recruit suitable replacement personnel may adversely affect the Combined Group's future financial performance.

Further, the future viability and profitability of the Combined Group as an exploration and mining business is dependent on its workforce. As a result, the Combined Group is exposed to the risks that exploration and mining may be adversely affected or hampered by industrial disputes.

(d) Liability and insurance risk

Quantum's insurance arrangements may not be adequate to protect Quantum against liability for losses relating to public liability, property damage, product liability, business interruption and other risks that may arise in the course of its operations. Should Quantum be unable to maintain adequate insurance to cover these risks or experience claims for losses in excess of the level of its insurance coverage, Quantum's financial performance could be materially affected.

(e) Litigation and dispute risk

From time to time, Quantum may be involved in litigation in relation to issues such as contractual, personal injury, employee and other claims, which may arise in the ordinary course of business.

Litigation may adversely impact upon the operational and financial performance of Quantum, and may also negatively impact on Quantum's share price. In addition, should Quantum decide to pursue claims against a third party, including any party with whom the Company has entered into agreements, this process may incur significant management and financial resources, and a positive outcome for Quantum cannot be guaranteed.

Further, even if Quantum was successful in obtaining a judgment against a third party, Quantum may be unable to recover any monies from that party. For example, the relevant third party may have inadequate financial resources to cover any damages judgment, which is awarded in favour of Quantum.

(f) Financing requirements

Quantum's Directors expect that Quantum will have sufficient capital resources to enable it to achieve its immediate business objectives. However, if circumstances arise that require further financing, there can be no assurance that further financing will be obtained on reasonable or acceptable terms.

10.4 Risks relevant to the mining and exploration sector

(a) Grant, Renewal and Valuation of Tenements

The future viability and profitability of the Combined Group as an exploration and mining business will be dependent on exploration and mining tenements. There are risks associated with obtaining grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term.

Further, no valuation has been completed of the exploration projects of Quantum. Quantum makes no representation in this Bidder's Statement as to the value of the exploration assets. It is recommended that Shareholders and their advisors make their own assessment as to the value of the exploration projects and the tenements.

(b) Speculative nature of mineral exploration

A significant risk for the Combined Group is that any proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high-risk endeavour and consequently there can be no assurance that exploration of the project areas described in this Bidder's Statement, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit.

Should a discovery be made, there is no guarantee that it will be commercially viable. While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule and success can never be guaranteed.

(c) Native title, Aboriginal lands and land access

There may be risks arising because of native title and/or Aboriginal land rights which may affect the Combined Group's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Combined Group in the future; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Combined Group.

Further, Commonwealth and State legislation obliges mining entities to protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the tenements. It is therefore possible that one or more sites of significance will exist in an area which the Combined Group considers to be prospective. Quantum's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

(d) Fluctuations in commodity prices and global economic volatility

The Combined Group will generally be a price-taker in the markets in which it will operate. The prices the Combined Group obtains for its products will be determined by, or linked to, prices in world commodity markets (in particular the price of natural flake graphite), which have historically been subject to substantial volatility. Commodity

prices are affected by underlying global economic and geopolitical factors, industry demand and supply balances, trade wars, product substitution and national tariffs.

Quantum cannot provide any assurances as to the prices the Combined Group will achieve for its products. Changes in commodity prices, may have a positive or negative effect on the Combined Group's project development and production plans and activities, together with its ability to fund those plans and activities.

Quantum customers may change over time depending on market conditions and market pricing opportunities.

(e) **Actions by governments or political events**

The Combined Group and its business could be adversely affected by new government regulations, such as controls on imports, exports and/or prices. Increasing requirements relating to regulatory and environmental approvals may affect existing operations or potentially cause delays in and adversely affect the expansion of existing operations. There may be changes in laws and obligations owed in respect of native title claimants.

In addition, the Combined Group and its business could be exposed to the risk of terrorism, civil unrest, nationalisation, renegotiation or nullification of existing contracts, leases, permits or other agreements, changes in laws and policy (including changes in exchange control policies regulating the repatriation of earnings or capital out of the relevant jurisdiction) and governmental reviews and investigations (including historical tax audits), as well as other unforeseeable risks in the jurisdictions in which it operates that could have an adverse impact upon the profitability of an operation.

(f) **Environmental risk**

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. There are environmental management issues with which the Combined Group may be required to comply from time to time.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored, and as far as possible, minimised. While Quantum is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

10.5 General risks

(a) **The future price of Quantum Shares is subject to the uncertainty of equity market conditions**

There are general risks associated with an investment in the share market. Such risks may affect the value of Quantum Shares. The value of Quantum Shares may rise or fall depending on the financial position, operating performance and dividends of Quantum.

Further, broader market factors affecting the price of shares are unpredictable and may be unrelated or disproportionate to the financial performance of Quantum. Such factors may include the rate of inflation, changes in interest rates, the economic conditions in

Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, changes in laws, global political and economic stability, interest and inflation rates and foreign exchange rates.

(b) **Unexpected natural or operational catastrophes**

The operations of the Combined Group may both be affected by various factors outside of their control, including natural disasters, and operational and technical catastrophes.

These include, but are not limited to: flooding or adverse weather conditions, earthquakes, fires, explosions, rock falls, and unusual or unexpected rock formations that affect the exploration, development or mining operations of the Combined Group.

(c) **Forward looking statements**

Forward looking statements, opinions, estimates and projections are dependent on various factors, many of which are outside of the control of Quantum. There is a risk that assumptions and contingencies upon which forward statements, opinions, estimates and projections are based may differ from what may actually result. This could impact upon the value of Quantum Shares.

(d) **Economic environment**

Economic conditions in Australia and globally will affect the business and financial condition of the Combined Group. Any protracted slowdown in, or adverse changes to, economic conditions, such as the level of inflation, interest rates, exchange rates, consumer confidence, government policy (including fiscal, monetary and regulatory policies) and employment rates, among others, are outside the control of the Combined Group and may result in materially adverse impacts on the Combined Group.

(e) **Tax risks**

Future changes in taxation law in Australia, including changes in interpretation or application of the law by courts and taxation authorities in Australia, may affect tax treatment of an investment in Quantum Shares, or holding or disposal of those Quantum Shares. Further changes in taxation law, or the way in which Quantum operates, may impact significantly on Quantum's tax liabilities.

11. Additional information

11.1 Status of defeating conditions

The Offer is subject to a number of conditions set out in section 12.9. Quantum will provide updates on any material developments relating to the status of these conditions through announcements to the ASX.

Quantum is not aware of any events or circumstances which would result in the non-fulfilment of any of the defeating conditions.

11.2 Date for determining holders of Lincoln Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

11.3 Consents

(a) Persons giving consents

Each of the parties in the table below:

- (i) has given written consent, and not withdrawn such consent before the lodgement of this Bidder's Statement with ASIC, to being named in this Bidder's Statement in the form and context in which they are named;
- (ii) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based;
- (iii) takes no responsibility for any part of this Bidder's Statement other than any reference to its name; and
- (iv) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Bidder's Statement.

Consenting party	Role
Chimaera Capital Markets	Financial adviser
Holding Redlich	Legal adviser

(b) Documents lodged with ASIC or given to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, (free of charge), during the Bid Period, please contact the Offer Information Line.

Neither ASIC, nor its officers, take any responsibility for the content of this Bidder's Statement.

(c) Official statements

As permitted by ASIC Corporations (**Consents to Statements**) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- (i) which fairly represent what purports to be a statement by an official person; or
- (ii) which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (iii) which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains trading data sourced from IRESS provided without their consent.

11.4 No pre-offer benefit

During the period of 4 months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offer, neither Quantum nor any associate of Quantum gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- (a) accept the Offer; or
- (b) dispose of Lincoln Shares,

and which is not offered to all holders of Lincoln Shares under the Offer.

11.5 No escalation agreements

Neither Quantum nor any of its associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

11.6 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders who accept the Offer will not be entitled to receive the Offer Price as consideration for their Lincoln Shares, unless Quantum otherwise determines.

Quantum's determination of whether a Lincoln Shareholder is an Ineligible Foreign Shareholder shall be final.

Notwithstanding anything else in this Bidder's Statement, Quantum is not under any obligation to spend any money, or undertake any action, in order to ensure or satisfy itself that a Lincoln Shareholder is not an Ineligible Foreign Shareholder.

The Quantum Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to a nominee approved by ASIC, who will sell these Quantum Shares on the ASX. The net proceeds of the sale of such Quantum Shares will then be remitted to the relevant Shareholders. Refer to section 12.8 of this Bidder's Statement for further details.

11.7 Social security and superannuation implications of Offer

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist advice.

11.8 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) Director or proposed Director of Quantum;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of Quantum;

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- (d) the formation or promotion of Quantum;
- (e) property acquired or proposed to be acquired by Quantum in connection with its formation or promotion, or the offer of Quantum Shares under the Offer; or
- (f) the offer of Quantum Shares under the Offer.

11.9 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a Director or proposed Director of Quantum to induce him or her to become, or to qualify as, a Director of Quantum; or
- (b) for services provided by an Interested Person in connection with the formation or promotion of Quantum or the offer of Quantum Shares under the Offer.

The Directors of Quantum are paid fees as described in Quantum's annual report for the year ended 30 June 2021 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC) available at quantumgraphite.com.

The persons named in this Bidder's Statement as performing a function in a professional or advisory capacity in connection with the Offer and with the preparation of the Bidder's Statement on behalf of Quantum are Chimaera Capital Markets as financial advisers and Holding Redlich as Australian legal adviser.

The estimated fees paid or payable in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer (on the basis that the Offer is successful), are as follows:

- (a) Holding Redlich – up to \$220,000 (ex. GST) in relation to acting as legal adviser to Quantum in connection with the Offer; and
- (b) Chimaera Capital Markets – 3% of the implied value of the Offer (on the basis of a value of \$0.0102 per Lincoln Share), in relation to the services provided by Chimaera Capital Markets in acting as financial adviser to Quantum in connection with the Offer, being approximately \$175,388.61.¹⁷

¹⁷ To the extent that it is required under the ASX Listing Rules or Corporations Act, Quantum will seek shareholder approval for any payment to Chimaera Capital Markets.

- (i) Chimaera Capital Markets (CCM) provides corporate, administrative, technical and asset management services to Quantum including provision of the registered and main business office under an existing 'technical and administration services agreement' (previously disclosed¹⁸). Quantum considers that the terms of this arrangement are on arm's length terms for an arrangement of this nature. CCM is a related party of Quantum, being an entity related to Quantum director Sal Catalano. CCM is providing financial advisory and management services to Quantum in respect of the Offer and will be paid a fee of 3% of the implied Offer value (approximately \$175,500) (CCM Fee), subject to Quantum shareholder approval.

Link Market Services Limited is Quantum's share registry and will be engaged by Quantum to assist with certain aspects of the Offer, including facilitating the despatch of this Bidder's Statement. Link Market Services Limited may be entitled to receive fees for these services as well as fees for its services as Quantum's share registry.

11.10 Disclosure of interests of Directors

(a) Interests in Quantum Shares

As at the date of this Bidder's Statement, the Directors of Quantum have the following Relevant Interests in Quantum Shares:

Director	Ordinary Shares	Options (nil exercise price and expiring 20 July 2023)
Sal Catalano	75,860,897	10,706,429
Bruno Ruggiero	18,760,297	-
David Trimboli	16,351,092	-

(b) Interest in Lincoln Shares

As at the date of this Bidder's Statement, no Director of Quantum has a Relevant Interest in Lincoln Shares or other securities.

11.11 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

11.12 No other material information

There is no other information that:

- (a) is material to the making of the decision by a Lincoln Shareholder whether or not to accept the Offer; and
- (b) which is known to Quantum, other than:
 - (i) as set out or referred to elsewhere in this Bidder's Statement; or

¹⁸ See Quantum's 2021 Annual Report released on the ASX on 29 September 2021.

- (ii) information which it would be unreasonable to require Quantum to disclose because the information has previously been disclosed to holders of Lincoln.

For personal use only

12. The terms and conditions of the Offer

12.1 Offer

- (a) Quantum offers to acquire all of your Lincoln Shares, together with all rights attaching to them, on and subject to the terms and conditions set out in this section 12.
- (b) This Offer relates to Lincoln Shares that exist or will exist at the Register Date. For the avoidance of doubt, this Offer does not extend to any Lincoln Shares that are issued between the Register Date and the end of the Offer Period including as a result of:
 - (i) conversion of securities convertible into Lincoln Shares, where such securities exist or will exist at the Register Date; or
 - (ii) exercise of rights to be issued to Lincoln Shares, where such rights are conferred by securities that exist or will exist at the Register Date; or
 - (iii) any issue of Lincoln Shares.
- (c) Offers on terms and conditions identical to those contained in this Offer have been or will be dispatched to all holders of Lincoln Shares registered in the register on the Register Date and any person who becomes registered as the holder of Lincoln Shares during the period commencing on the Register Date and ending at the conclusion of the Offer Period.
- (d) The Quantum Shares to be issued as consideration under the Offer:
 - (i) are ordinary shares in Quantum;
 - (ii) will be credited as fully paid;
 - (iii) will have the rights summarised in section 5.3 of this Bidder's Statement;
 - (iv) will rank equally in all respects with all existing Quantum Shares; and
 - (v) will be free from any Encumbrance.
- (e) By accepting this Offer, you undertake to transfer to Quantum not only the Lincoln to which the Offer relates, but also all rights attached to those Lincoln Shares.
- (f) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of your Lincoln Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Lincoln Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other of your Lincoln Shares; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (g) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Lincoln Shares as trustee or nominee for, or otherwise on account of, another person, you may accept this Offer as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation

to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line.

- (h) If your Lincoln Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (i) The Offer is dated [insert].

12.2 Consideration for the Offer

- (a) Subject to the terms of this Offer, the consideration offered by Quantum for your Lincoln Shares is 1 Quantum Share for every 40 Lincoln Shares that you hold.
- (b) If, at the time this Offer is made, you are an Ineligible Foreign Shareholder, you will not receive Quantum Shares as consideration under the Offer. Instead, you are offered and will receive a cash amount determined in accordance with section 12.8.
- (c) If you elect to participate in the Offer, any entitlement that you have to Quantum Shares under this Offer will be calculated by dividing the number of Lincoln Shares you hold by 40. If this calculation results in an entitlement to a fraction of a Quantum Share, the number of Quantum Shares you are entitled to pursuant to this Offer will be rounded:
 - (i) up to the nearest whole number of Quantum Shares (if equal to a fraction of 0.5 or greater); or
 - (ii) down to the nearest whole number of Quantum Shares (if equal to a fraction of less than 0.5).
- (d) If Quantum reasonably believes that a Lincoln Shareholder's holdings have been manipulated to take advantage of rounding up, then any fractional entitlement will be aggregated or rounded down to the nearest whole number of Quantum Shares.

12.3 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at [insert time] on the later of:
 - (i) [insert offer close date]; or
 - (ii) any date to which the Offer Period is extended.
- (b) Quantum reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) Quantum's Voting Power in Lincoln increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

12.4 How to accept this Offer

(a) General

- (i) Subject to sections 12.1(g) and 12.1(h), you may only accept this Offer for all of your Lincoln Shares.
- (ii) You may accept this Offer at any time during the Offer Period, subject to the terms and conditions of this Offer.

(b) Lincoln Shares held in your name on Lincoln's issuer sponsored register

To accept this Offer for Lincoln Shares held in your name on Lincoln's issuer sponsored subregister (in which case your SRN will commence with 'I'), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (together with any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period at one of the addresses shown on the Acceptance Form.

(c) Lincoln Shares held in your name in a CHESS Holding

If your Lincoln Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'):

- (i) and you are not a Participant, you may:
 - (A) instruct your Controlling Participant (this is normally the broker either through whom you bought your Lincoln Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - (B) sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (together with any documents required by the terms of this Offer or the instructions on the Acceptance Form) is received at one of the addresses shown on the Acceptance Form;
- (ii) and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; and
- (iii) you must comply with any other applicable ASX Settlement Operating Rules.

(d) Lincoln Shares of which you are entitled to be registered as holder

To accept this Offer for Lincoln Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and

- (ii) ensure that the Acceptance Form (together with any documents required by the terms of this Offer or the instructions on the Acceptance Form) is received before the end of the Offer Period at one of the addresses shown on the Acceptance Form.
- (e) **Acceptance Form and other documents**
- (i) The Acceptance Form forms part of the Offer.
- (ii) If your Acceptance Form (together any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Quantum at one of the addresses shown on the Acceptance Form before the end of the Offer Period. You may only return your Acceptance Form by facsimile with the prior approval of Quantum.
- (iii) When using the Acceptance Form to accept this Offer in respect of Lincoln Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer or the instruction on the Acceptance Form) are received by Quantum in time for Quantum to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) The postage and transmission of the Acceptance Form and other documents is at your own risk.

12.5 Validity of acceptances

- (a) Subject to this section 12.5, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 12.4.
- (b) Quantum will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Quantum is not required to communicate with you prior to or after making this determination. The determination of Quantum will be final and binding on all parties.
- (c) Notwithstanding sections 12.4(b) 12.4(c) 12.4(d) and 12.4(e), Quantum may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your Lincoln Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Quantum.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of your Lincoln Shares, Quantum may, in its sole discretion, regard this Offer to be accepted in respect of those of your Lincoln Shares but not the remainder.
- (e) Quantum will provide the consideration to you in accordance with section 12.2 in respect of any part of an acceptance determined by Quantum to be valid.

12.6 The effect of acceptance

- (a) Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to

withdraw your Lincoln Shares from the Offer or otherwise dispose of your Lincoln Shares, except as follows:

- (i) if, by the relevant times specified in section 12.6(b), the conditions in section 12.9 have not all been fulfilled or freed, this Offer will automatically terminate and your Lincoln Shares will be returned to you; or
 - (ii) if the Offer Period is postponed for more than one month and the obligations of Quantum to deliver the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the conditions in section 12.9, you may be able to withdraw your acceptance and your Lincoln Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 12.6(a)(i) is the end of the Offer Period.
- (c) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 12.4, you will be deemed to have:
- (i) accepted this Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 12.9 being fulfilled or freed, agreed to transfer to Quantum, all of your Lincoln Shares (even if the number of Lincoln Shares specified on the Acceptance Form differs from the number of your Lincoln Shares), subject to section 12.1(h);
 - (ii) represented and warranted to Quantum, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your Lincoln Shares (including any rights) to Quantum is registered, that:
 - (A) all your Lincoln Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise);
 - (B) you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your Lincoln Shares (including any rights) to Quantum; and
 - (C) you have paid to Lincoln all amounts which at the time of acceptance have fallen due for payment to Lincoln in respect of your Lincoln Shares;
 - (iii) irrevocably authorised Quantum (and any Director, secretary, nominee or agent of Quantum) to alter the Acceptance Form on your behalf by inserting correct details relating to your Lincoln Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Quantum to make it an effective acceptance of this Offer or to enable Registration of your Lincoln Shares in the name of Quantum;
 - (iv) if you signed the Acceptance Form in respect of Lincoln Shares which are held in a CHESS Holding, irrevocably authorised to Quantum (and any Director, secretary, nominee or agent of Quantum) to:

- (A) instruct your Controlling Participant to initiate acceptance of this Offer in respect of your Lincoln Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules; and
- (B) give any other instructions in relation to your Lincoln Shares to your Controlling Participant, as determined by Quantum acting in its own interests as a beneficial owner and intended registered holder of those Lincoln Shares;
- (v) irrevocably authorised and directed Lincoln to pay to Quantum, or to account to Quantum for, all rights in respect of your Lincoln Shares, subject, if this Offer is withdrawn, to Quantum accounting to you for any such rights received by Quantum;
- (vi) irrevocably authorised Quantum to notify Lincoln on your behalf that your place of address for the purpose of serving notices upon you in respect of your Lincoln Shares is the address specified by Quantum in the notification;
- (vii) with effect from the time and date on which all the conditions to this Offer in section 12.9 have been fulfilled or freed:
- (A) irrevocably appointed Quantum (and any Director, secretary or nominee of Quantum) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your Lincoln Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative at all general meetings and all court-convened meetings of Lincoln and to request Lincoln to register, in the name of Quantum or its nominee, your Lincoln Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable); and
- (B) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Lincoln or to exercise or purport to exercise any of the powers and rights conferred on Quantum (and its Directors, secretaries and nominees) in section 12.6(c)(vii)(A);
- (viii) agreed that in exercising the powers and rights conferred by section 12.6(c)(vii)(A), the attorney will be entitled to act in the interests of Quantum as the beneficial owner and intended registered holder of your Lincoln Shares;
- (ix) agreed to do all such acts, matters and things that Quantum may require to give effect to the matters the subject of this section 12.6(c)(vii)(A) (including the execution of a written form of proxy to the same effect as this section 12.6(c) which complies in all respects with the requirements of the constitution of Lincoln if requested by Quantum;
- (x) agreed to indemnify Quantum in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or SRN or in consequence of the transfer of your Lincoln Shares to Quantum being registered by Lincoln without production of your Holder Identification Number or your SRN for your Lincoln;

- (xi) represented and warranted to Quantum that, unless you have notified it in accordance with section 12.1(g), your Lincoln Shares do not consist of separate parcels of Lincoln Shares;
 - (xii) irrevocably authorised Quantum (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your Lincoln Shares to Quantum's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
 - (xiii) agreed, subject to the conditions of this Offer in section 12.9 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Quantum may consider necessary or desirable to convey the Lincoln Shares registered in your name and rights to Quantum; and
 - (xiv) agreed to accept any Quantum Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Quantum and have authorised Quantum to place your name on its register of Quantum Shareholders in respect of those Quantum Shares.
- (d) The undertakings and authorities referred to in this section 12.6(c) will remain in force after you receive the consideration for your Lincoln Shares and after Quantum becomes registered as the holder of your Lincoln Shares.

12.7 Provision of consideration

- (a) Subject to this section 12.7 and sections 12.5(b) and 12.8, and subject to the Corporations Act, Quantum will provide the consideration due to you for your Lincoln Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept, within one month after this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
 - (i) if that document is given with your Acceptance Form, Quantum will provide the consideration in accordance with section 12.7(a);
 - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Quantum will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;
 - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Quantum will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Quantum will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the

Corporations Act, Quantum will provide the consideration due to you within 21 days after the Offer becomes unconditional.

- (c) If you accept this Offer, Quantum is entitled to all rights in respect of your Lincoln Shares (whether received by you or any previous holder of those Lincoln Shares). This includes any Rights which you or a previous holder of your Lincoln Shares:
- (i) are entitled to receive; or
 - (ii) would have been entitled to receive had those Lincoln Shares been on issue at the record date in respect of the rights (where such record date is on or after the Announcement Date).
- (d) Quantum may require you to provide all documents necessary to vest title to Rights in Quantum, or otherwise to give it the benefit or value of Rights. If:
- (i) you do not give those documents to Quantum;
 - (ii) you have (or any previous holder of your Lincoln Shares has) received the benefit of those Rights; or
 - (iii) the benefit of those Rights will not be received because the relevant Lincoln Shares did not exist at the record date in respect of such Rights (where such record date is on or after the Announcement Date),

Quantum may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Quantum) of those Rights, together with the value (as reasonably assessed by Quantum) of the franking credits, if any, attached to the Rights. This may involve a reduction in the number of Quantum Shares due to you under the Offer.

- (e) If you have accepted the Offer and you are an Ineligible Foreign Shareholder, you will receive your share of the proceeds from the sale of the Quantum Shares in accordance with section 12.8.
- (f) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or, if you have an overseas address, by airmail) to the address as shown on your Acceptance Form.
- (g) The obligation of Quantum to issue and allot any Quantum Shares to which you are entitled will be satisfied by Quantum:
- (i) entering your name in the Quantum register of members; and
 - (ii) dispatching or procuring the dispatch to you by pre paid post to your address recorded in Lincoln's register of members at 9:00am (Melbourne time) on the Register Date, an uncertificated holding statement in your name (for Issuer Sponsored Holdings) or a confirmation of issue (for CHESS Holdings). If your Lincoln Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Lincoln register of members at 9:00am (Melbourne time) on the Register Date.
- (h) If at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for your Lincoln Shares, including (but not limited to) any authority, clearance or approval of:

- (i) the Reserve Bank of Australia (whether under the Banking (Foreign) Exchange Regulations 1959 (Cth) or otherwise);
- (ii) the Minister for Foreign Affairs (whether under the Charter of the United Nations Act 1945 (Cth), the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth) or any other regulations made thereunder), or otherwise;
- (iii) the ATO; or
- (iv) any other person as required by any other law of Australia that would make it unlawful for Quantum to provide any consideration for your Lincoln Shares,

then you will not be entitled to receive any consideration for your Lincoln Shares until all requisite authorities, clearances or approvals have been received by Quantum.

12.8 Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Quantum Shares as the consideration for your Lincoln Shares. In this event, Quantum will:
 - (i) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of Quantum Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for section 12.2(b) and the equivalent provision in each other offer under this Offer;
 - (ii) cause the Quantum Shares so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
 - (iii) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times VS}{TS}$$

where:

'N' is the amount which is received by the Nominee upon the sale of all Quantum Shares under this section 12.8 less brokerage and sale expenses;

'VS' is the number of Quantum Shares which would, but for section 12.2(b), otherwise have been allotted to you; and

'TS' is the total number of Quantum Shares allotted to the Nominee under this section 12.8

- (b) You will receive your share (if any) of the proceeds of the sale of Quantum Shares by the Nominee in Australian currency.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or, if you have an overseas address, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Quantum Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

12.9 Conditions of this Offer

Subject to this section 12.9, the completion of the Offer and any contract that results from an acceptance of this Offer is subject to the fulfilment of the conditions set out below:

(a) **Minimum acceptance condition**

At the end of the Offer Period, Quantum has a Relevant Interest in at least 50.1% of Lincoln Shares (on a fully diluted basis).

(b) **No Prescribed Occurrence**

No Prescribed Occurrence happens in the period between the Announcement Date and the End Date (both inclusive). A Prescribed Occurrence means:

- (i) Lincoln issuing or agreeing to issue any shares;
- (ii) any Lincoln Group Company converting all or any of its shares into a larger or smaller number of shares;
- (iii) any Lincoln Group Company resolving to reduce share capital in any way;
- (iv) any Lincoln Group Company:
 - (A) entering into a buy-back agreement; or
 - (B) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (v) any Lincoln Group Company issuing Shares, or granting a performance right or an option over its Shares, or agreeing to make such an issue or grant such a right or an option, other than pursuant to the exercise of an option or performance right before the End Date where that option or performance right was on issue immediately before the date of this Bidder's Statement;
- (vi) any Lincoln Group Company issuing, or agreeing to issue, convertible notes (including the Convertible Notes presently on issue and disclosed to ASX);
- (vii) any Lincoln Group Company disposing, or agreeing to dispose, of a material asset or the whole, or a substantial part, of its business or property;
- (viii) any Lincoln Group Company granting a security interest, or agreeing to grant a security interest, in the whole, or a substantial part, of its business or property; or
- (ix) an Insolvency Event occurs in relation to any Lincoln Group Company,

provided that a Prescribed Occurrence will not include any matter required by law or by an order of a court or Government Agency.

(c) **No material adverse event**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs:

- (i) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;

- (ii) information is disclosed or announced by Lincoln concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (iii) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to Lincoln (whether or not becoming public),

(each a **Material Adverse Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (iv) a material adverse effect on the business, assets (including the Lincoln Tenement Interest), liabilities, financial or trading position, profitability or prospects of a Lincoln Group Company taken as a whole; or
- (v) without limiting the generality of paragraph (iv) above, the effect of a diminution in the value of the consolidated net assets of the Lincoln Group, taken as a whole, by at least \$75,000 against what it would reasonably have been expected to have been but for such Material Adverse Event,

other than:

- (vi) an event, matter, change or circumstance caused, or materially contributed to, by Quantum;
- (vii) any event, matter, change or circumstance:
 - (A) fairly disclosed by Lincoln to Quantum or any Representative of Quantum;
 - (B) disclosed in public filings by Lincoln to ASIC;
 - (C) disclosed in announcements by Lincoln released on the ASX market announcements platform; or
 - (D) otherwise known by Quantum,

at any time prior to the Announcement Date, provided that the event, matter, change or circumstances (as the case may be) continues to be, in all material respects, as disclosed or otherwise known to Quantum at that time;
- (viii) an event, matter, change or circumstance in or relating to:
 - (A) economic, business, regulatory, or political conditions in general;
 - (B) credit financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
 - (C) any change affecting the industry in which Lincoln operates generally; or
 - (D) the portion of any event, matter, change or circumstances which is as a consequence of losses, expenses, damages or other costs covered by insurance which Lincoln's insurers have agreed to pay; or
 - (E) anything done with the prior written consent of Quantum.

(d) **Lincoln Tenements**

- (i) Between the Announcement Date and the end of the Offer Period (each inclusive), other than in the ordinary course of business, none of the Lincoln Group Companies does or agrees to do any of the following, nor announces any intention to do so:
- (A) enters into, agrees to enter into or announces any agreement to enter into any contract, deed, commitment or arrangement (including without limitation any ore sale, mineral rights, ore processing, split commodity, joint venture, partnership, farm-in, royalty, marketing or off-take arrangement) in relation to any of the Lincoln Tenements or the Lincoln Tenement Interests;
 - (B) relinquishes (except as required under applicable law), sells or disposes of any interest or creates any Encumbrance over any of the Lincoln Tenements or the Lincoln Tenement Interests;
 - (C) takes or omits to take any action that results in or may reasonably be expected to result in a disposal of, or a breach of the terms of any of the Authorisations in relation to any Lincoln Tenement or Lincoln Tenement Interest; or
 - (D) takes any action or omits to take any action that results in or may reasonably be expected to result in the surrender, forfeiture or expiry of any of the Lincoln Tenements, Lincoln Tenement Interests, or any Authorisation relating to the same and includes the failure to lodge a valid application for renewal of a Lincoln Tenement.
- (ii) Before the end of the Offer Period, Lincoln publicly confirms (including by ASX announcement) and reasonably substantiates, that as at the Announcement Date, that with respect to the Lincoln Tenements:
- (A) there are no Encumbrances over the Lincoln's Tenements;
 - (B) Lincoln has complied with at least 75% of its tenement expenditure conditions; and
 - (C) there has been no material non-satisfaction of the tenement conditions.

(e) **No restraints**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by Quantum or an associate),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the

Offers and the completion of the Offer or which requires the divestiture by Quantum of any Lincoln Shares or any material assets of Lincoln or any subsidiary of Lincoln.

(f) **Authorisations**

Before the end of the Offer Period, all Authorisations that are required by law, or by any other Third Party, as necessary to permit:

- (i) the Offer to be lawfully made to, and be accepted by Lincoln Shareholders;
- (ii) the transactions contemplated by this Bidder's Statement to be completed; and
- (iii) the Lincoln Group to be in material compliance with its contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and so not become subject to any notice intimidation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

(g) **Financial Position**

Lincoln publicly confirms (including by ASX announcement) and reasonably substantiates that as at the Announcement Date, there has not been any material adverse change in Lincoln's financial position, as compared with each of:

- (i) Lincoln's 2021 Annual Report; and
- (ii) Lincoln's Quarterly Activities Report lodged with ASX on 13 July 2022.

12.10 Nature and benefit of conditions

- (a) The conditions in section 12.9 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your Lincoln Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in clause 12.11(b).
- (b) Subject to the Corporations Act, Quantum alone is entitled to:
 - (i) the benefit of the conditions in section 12.9; and
 - (ii) rely on any non-fulfilment of any of them.
- (c) Each condition in section 12.9 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

12.11 Freeing the Offer of conditions

- (a) Quantum may free this Offer, and any contract resulting from its acceptance, from all or any of the conditions subsequent in section 12.9, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Lincoln and to the ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, any of the conditions in section 12.9 have not been fulfilled and Quantum has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

12.12 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [insert] (subject to extension in accordance with section 630(2) if the Offer Period is extended).

12.13 Official quotation of Quantum Shares

- (a) Quantum is admitted to the official list of the ASX. Shares of the same class as those to be issued as consideration under (and subject to the terms of) this Offer have been granted official quotation by ASX.
- (b) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of official quotation of Quantum Shares to be issued in accordance with (and subject to the terms of) this Offer. However, official quotation is not granted automatically on application.
- (c) Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the Quantum Shares to be issued pursuant to this Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

12.14 Withdrawal of this Offer

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Quantum will give notice of the withdrawal to the ASX and to Lincoln and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, all the conditions in section 12.9 have been freed, all contracts arising from acceptance of this Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, it remains subject to one or more of the conditions in section 12.9, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to this section 12.14 will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied or waived.

12.15 Variation of this Offer

Quantum may vary this Offer in accordance with the Corporations Act.

12.16 No stamp duty or brokerage

- (a) Quantum will pay any stamp duty on the transfer of your Quantum Shares to it pursuant to this Offer.

- (b) As long as your Lincoln Shares are registered in your name and you deliver them directly to Quantum, you will not incur any brokerage in connection with participation in this Offer.

12.17 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Victoria, Australia.

12.18 Other terms

- (a) All costs and expenses of the preparation of this Bidder's Statement and of the preparation and circulation of this Offer will be paid by Quantum.
- (b) Any notices to be given by Quantum to you in connection with the Offer can be given to you by leaving it at or sending it by pre-paid standard mail (or airmail where outside Australia) to you at your address recorded in the register of members maintained by Lincoln or the address shown in the Acceptance Form of the address for you last notified to Quantum by Lincoln.

13. Definitions and interpretation

13.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below:

Acceptance Form means the form with that title that accompanies the Bidder's Statement and which forms part of the Offer.

Announcement Date means the date on which the Offer was announced by Quantum, being 9 August 2022.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it in the Corporations Act.

ASX Announcement means an announcement made to the ASX from time-to-time.

ASX Listing Rules means the official listing rules of the ASX as amended, varied or waived from time to time.

ASX means Australian Securities Exchange.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement which govern the administration of the CHESS.

Authorisation means any consent, authorisation, registration, filing, lodgement, document, notarisation, certificate, permit, licence, approval, authority or exemption prescribed by law or regulation, or required by any Government Agency, including without limitation, compliance with any requirements or obtaining any approvals required in respect of Chapter 11 of the ASX Listing Rules (if any).

Bid means Quantum's takeover bid for Lincoln, as set out in this Bidder's Statement.

Bid Period has the meaning given in the Corporations Act.

Bidder's Statement means this document, being the statement of Quantum under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Business Day means a day on which banks are open for business in Melbourne, excluding a Saturday, Sunday or public holiday.

CHESS Holding means a holding of a Financial Product on the Clearing House Electronic Subregister System, which provides for electronic transfer of listed securities in Australia.

CHESS means the Clearing House Electronic Subregister System operated in accordance with the Corporations Act.

Chimaera Capital Markets means Chimaera Capital Markets, a division of Markets Nominees Pty Ltd.

Combined Group means Quantum, following the successful acquisition of a Relevant Interest in all or a majority of the Lincoln Shares.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules.

Corporations Instrument 2016/72 means ASIC Corporations (Consents to Statements) Instrument 2016/72.

Director means a director of Quantum or Lincoln from time to time.

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim or any other security arrangement or any other arrangement having the same effect.

End Date means [insert time] on [insert date].

Government Agency means a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local, or Public Authority

Ineligible Foreign Shareholders means a Lincoln Shareholder whose address as shown in the register of members of Lincoln is in a jurisdiction other than Australia and its external territories or New Zealand, unless Quantum otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Lincoln Shareholder in the relevant jurisdiction and to issue Lincoln Shares to such a Lincoln Shareholder on acceptance of the Offer, and that it is not unlawful for such a Lincoln Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

Insolvency Event means, in relation to an entity, any of the following:

- (a) the entity suspends payments of its debts generally or is or becomes unable to pay its debts when they are due;
- (b) the entity enters into, or resolves to enter into, any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class or them; or
- (c) a receiver, receiver and manager, liquidator, provisional liquidator, administrator, trust or similar official is appointed over any of the assets or undertakings of the entity, an application or order is made for the winding up or dissolution of the entity or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the entity.

Interested Person has the meaning given in section 11.8 of this Bidder's Statement.

IRESS means the markets software and information service for equity and derivative trading and for wealth and management service providers which can be accessed at [iress.com](https://www.iress.com).

Issuer Sponsored Holdings means a holding of Lincoln Shares on Lincoln's issuer sponsored subregister.

JORC means Joint Ore Reserves Committee.

JORC 2012 means the JORC Code, 2012 Edition, for reporting Exploration Results, Mineral Resources and Ore Reserves.

Kookaburra Gully Graphite Project means the Lincoln project discussed at 6.4(d).

Lincoln means Lincoln Minerals Limited (ACN 050 117 023)

Lincoln 2021 Annual Report means the annual report of Lincoln dated 31 January 2022 as released to the ASX.

Lincoln Group means Lincoln and its Related Bodies Corporate (and **Lincoln Group Company** means any such company).

Lincoln Shareholder means a holder of Lincoln Shares as at the Register Date.

Lincoln Share means an ordinary share in the capital of Lincoln, including all shares on issue as at the end of the Offer Period.

Lincoln Tenement means a mineral tenement (however described) issued pursuant to an applicable law, held by a Lincoln Group Company, as the context requires and described in section 6.4(c).

Lincoln Tenement Interest means Lincoln's rights or interests in a Lincoln Tenement and described in section 6.4(c).

Nominee has the meaning given in section 12.8 of this Bidder's Statement.

Offer means the offer by Quantum for Lincoln Shares under the terms and conditions contained in section 12 of this Bidder's Statement.

Offer Consideration means the consideration which Lincoln Shareholders will receive if the Offer becomes or is declared unconditional.

Offer Information Line means:

- (a) [insert] (toll free for callers within Australia); or
- (b) [insert] (for callers outside Australia).

Offer Period means the period during which the Offer will remain open for acceptance in accordance with section 12.3 of this Bidder's Statement.

Offer Price means 1 Quantum Share for every 40 of your Lincoln Shares offered by Quantum, on the terms set out in this Bidder's Statement, for the purchase of Lincoln Shares that exist at the Register Date.

Participant means an entity admitted to participate in the CHESS under the ASX Settlement Operating Rules.

Prescribed Occurrence has the same meaning as set out in section 12.9(a)12.9(b) of this Bidder's Statement.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

QSP means Quantum Sunlands Partnership Pty Ltd (ACN 660 997 437).

Quantum means Quantum Graphite Limited (ACN 008 101 979).

Quantum Group means Quantum and its Related Bodies Corporate.

Quantum Shareholder means any holder of Quantum Shares.

Quantum Share means an ordinary share in the capital of Quantum.

Register Date means the time and date set by Quantum under section 633(2) of the Corporations Act, being [insert time] on [insert date].

Related Bodies Corporate has the meaning given to that term in the Corporations Act.
Relevant Interest has the meaning given in section 608 and 609 of the Corporations Act.

Rights means all accreditations, rights or benefits of whatever kind attaching or arising from Lincoln Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Lincoln or any of its subsidiaries).

Target Statement means the document provided by Lincoln to Lincoln Shareholders in response to this Bidder's Statement.

Third Party means any person other than the Quantum Group and its Associates.

Trading Day has the meaning given to it in the ASX Listing Rules.

Uley means Uley, the city in South Australia.

Uley 2 Graphite Project means Quantum's Uley project discussed at 4.1.

Uley Mine means Quantum's graphite mine at Uley.

Voting Power has the meaning given in section 610 of the Corporations Act.

VWAP means the volume-weighted average price.

13.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, attachment and schedule is a reference to a section, an attachment and a schedule to this Bidder's Statement as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (h) a reference to time is a reference to time in Melbourne, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

14. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution passed by the directors of Quantum Graphite Limited

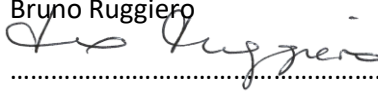
Date **9 August 2022**

Signed for and on behalf of

Quantum Graphite Limited

By Bruno Ruggiero

Sign here



By

Sal Catalano

Sign here



Schedule 1 – ASX Announcements of Quantum

A list of ASX announcements made by Quantum since 30 June 2021 are set out below.

Date	Announcement
05/08/2022	Final Director's Interest Notice
04/08/2022	Board Changes
04/08/2022	Proposed issue of securities - QGL
02/08/2022	Application for quotation of securities – QGL
01/08/2022	Proposed issue of securities – QGL
01/08/2022	Private Placement
29/07/2022	CORRECT Quarterly Activity Report and App 5B
29/07/2022	Quarterly Activity Report and App 5B
28/07/2022	Application for quotation of securities – QGL
28/07/2022	Application for quotation of securities – QGL
28/07/2022	Application for quotation of securities – QGL
28/07/2022	Application for quotation of securities – QGL
22/07/2022	Cleansing Prospectus
21/07/2022	Proposed issue of securities – QGL
21/07/2022	Capital Raising via Private Placement
19/07/2022	Trading Halt
08/07/2022	QSP Pilot Update
27/06/2022	Solving the Puzzle of an Emissions Free Grid
17/06/2022	Proposed issue of securities – QGL
08/06/2022	Future of Graphite
23/05/2022	Execution of Binding Offtake Agreement
17/05/2022	QSP Thermal Energy Storage Pilot Project Update
02/05/2022	Quarterly Activities/Appendix 5B Cash Flow Report
28/04/2022	The Future of Graphite Presentation
05/04/2022	QSP Submission to Australian Energy Ministers
18/03/2022	Proposed issue of securities - QGL
16/03/2022	Interim Financial Statements 31Dec2021
10/03/2022	Completion of National Electricity Market Study
03/03/2022	Quantum Sunlands Partnership
11/02/2022	Lodgement of Submission AEMO Draft 2022 ISP
10/02/2022	Investor Webinar Presentation
10/02/2022	Proposed issue of securities - QGL
03/02/2022	Sunlands Co South African Patent
21/01/2022	Quarterly Activity Report and App 5B 31Dec2021
23/12/2021	Extension of DFS to incorporate Sunlands Co. JV
22/12/2021	Joint Venture Partner Presentation
13/12/2021	Reinstatement to Quotation
13/12/2021	Reinstatement Disclosure
13/12/2021	Exploration Update
08/12/2021	Application for quotation of securities - QGL
08/12/2021	Application for quotation of securities – QGL
07/12/2021	Prospectus Closed
06/12/2021	Application for quotation of securities - QGL
06/12/2021	Application for quotation of securities - QGL
06/12/2021	Application for quotation of securities - QGL

03/12/2021	Appendix 3Y - David Trimboli
03/12/2021	Appendix 3Y - Bruno Ruggiero
03/12/2021	Appendix 3Y - Robert Osmetti
03/12/2021	Appendix 3Y - Sal Catalano
30/11/2021	Capital raise and Cleansing Prospectus
30/11/2021	Proposed issue of securities - QGL
26/11/2021	Proposed issue of securities - QGL
19/11/2021	Results of AGM 2021
19/11/2021	AGM Presentation 2021
18/11/2021	Uley 3 Drill Program results in Mineral Resource Estimate
12/11/2021	Withdrawal of Resolutions 2(c) and 7(c) for the 2021 AGM
02/11/2021	Uley 2 Extensional Drilling-Assay Results
22/10/2021	Eastern Conductor Drilling Update
18/10/2021	Notice of Annual General Meeting and Proxy
15/10/2021	Quarterly Activity Report and Appendix 5B
11/10/2021	Appendix 4G
29/09/2021	Annual Report to shareholders
13/09/2021	Uley Drilling (Eastern Conductor) Initial Update
03/09/2021	Commencement of Drilling
06/08/2021	Quarterly Activity Report and Appendix 5B