

Quarterly Activities Report

Period Ending 30 September 2022



25 October 2022

ASX: LML

Highlights:

- Appointment of new Chair, Managing Director, and independent Board members
- Executing plan to lift suspension on trading of shares
- Announcement of planned fully underwritten Rights Issue
- Release of Target's Statement, rejection of QGL offer by majority of shareholders
- Test work commences on Kookaburra Gully asset
- Release of 2022 Annual Report

During the quarter, Lincoln Minerals Limited (ASX:LML) have made substantial progress in undertaking activities that seeks to have the Company's suspension on its share trading lifted by the ASX. The appointment of new Directors, including the Chair and Managing Director, has been critical to this process as has been ensuring the company is adequately capitalised to continue operations as a listed entity. To this end, the Company has a commitment from Jigsaw Investments Pty Ltd to underwrite a rights issue that will raise approximately \$4.6 million, before costs.

Shareholders are asked to approve the appointment of these directors and the rights issue by voting in favour of the relevant resolutions at the forthcoming 2021 AGM on 31 October 2022.

Following the Takeovers Panel ruling of 12 April 2022, Lincoln has been engaged with the ASX to meet agreed conditions and a timetable that targets a re-listing in November 2022.

The Board has a clear strategy for success. As the world focuses on environmental responsibility and the transition to a decarbonised economy, the global trend towards electrification continues and the growth in demand for batteries and their component minerals is also expected to continue. Graphite is a key component in the manufacture of batteries. LML's cornerstone Kookaburra Gully Graphite project, located on the Eyre Peninsula in South Australia, has been assessed to house a mineable graphite resource. LML intends to progress to mining graphite over the coming months and take advantage of the current high price and strong demand.

The new Board and management have been appointed as they have the skills to execute this strategy to monetise the Kookaburra Gully asset and create value for shareholders. In addition, a review of all costs is being undertaken to streamline the administration costs of the business and maximise shareholder value.

New Board appointments

On 29 July 2022, Lincoln appointed the following Directors who bring a broad range of experience and skills to the Board:



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Sam Barden (B.Bus, FCA-UK, FINRA-USA) appointed as Managing Director following his appointment as CEO in June 2022. Sam has international finance experience and consulting in the energy and mineral markets, a deep understanding of global financial and commodity products.

Jason Foley (B. Comm, MAICD) appointed an independent Non-Executive Director. Jason has a deep expertise in mining and resources working with top-200 ASX companies.

Shalain Singh (B, Comm - accounting and finance) appointed as a Non-Executive Director. Shalain brings experience in public listed company operations, capital raises, risk and governance investor and public relations, financial analysis and corporate communications.

Ross Laturco (B.Bus.) appointed as an independent Non-Executive Director. Ross's experience is in negotiating and managing large scale building and expenditure projects.

Michael D Wyles KC (FAICD, BA/LLB) appointed an independent Non-Executive Director.

Subsequent to the appointment of the Board, **Ruiyu (Yoyo) Zhang** was appointed Chair.

In events subsequent to the end of the quarter, Mr Wyles has resigned from the Board (*refer ASX release 21 October 2022*).

Rights Issue to reinstate trading on ASX

Lincoln Minerals intends to conduct a fully underwritten rights issue (Rights Issue) to raise approximately \$4.6M (before costs) (*refer ASX release 22 September 2022*). The proposed Rights Issue is to be conducted on the basis of an entitlement of 1.34 new shares for every 1 share held at an issue price of \$0.006 per share. Jigsaw Investments Pty Ltd (Jigsaw) will act as underwriter of the proposed Rights Issue and post completion is anticipated to become a strategic and substantial investor in Lincoln Minerals. Funds raised will be used to provide capital for the company's exploration and development program with primary focus on the Kookaburra Gully Graphite Project and to repay a working capital loan advanced by Australian Poly Minerals Investments Pty Ltd (APMI). The recapitalisation program is a prerequisite to ASX lifting the suspension in trading of the Company's shares, which the Company is working to achieve by end of November 2022.

Target's Statement

On 5 October 2022, Lincoln Minerals Limited (LML) lodged its target's statement (Target's Statement) in response to Quantum Graphite Limited's (QGL) off-market scrip takeover offer for all of the ordinary shares in LML (Offer) dated 6 September 2022. In the Board's opinion, the QGL bid is opportunistic and undervalues LML, especially given the potential value of the Kookaburra Gully graphite resource in South Australia.

LML's board of directors unanimously recommends that LML shareholders join in **REJECTING** the QGL Offer.

In events following the end of the period, substantial shareholders of LML who hold a combined shareholding that exceed a 51% holding in the Company, have submitted letters to the Board confirming their intention to **REJECT** the QGL Offer. The Board notes that a key condition of the QGL bid is QGL securing at least 51% of the shares in LML to progress the bid which under the bid terms at date of this report will not be possible (*refer ASX release of 24 October 2022*).

Kookaburra Gully Graphite project

The Company's flagship asset, the Kookaburra Gully Graphite project, is located approximately 35km north of Port Lincoln on the Eyre Peninsula in South Australia. Previous feasibility studies defined a Probable Ore Reserve for Kookaburra Gully of 1.34Mt at 14.6% Total Graphitic Carbon (TGC) at a cut-off grade of 8.5% TGC within a total Measured, Indicated and Inferred Mineral Resource of 2.03Mt at 15.2% TGC (cut-off grade 5% TGC) (refer to 2022 Annual Report, released to the ASX on 17 October 2022).

In preparation for the Prospectus to accompany the Rights Issue, LML has contracted an Independent Geological Report to evaluate the current resource and update the feasibility study conducted in 2017. Findings of this report will be made available in the coming weeks.

Tenements

Lincoln holds exploration rights to South Australian lease holdings totalling 1,177 km², all located on Eyre Peninsula, with 1,025 km² 100% owned.

The status of all Exploration Licenses (EL) as of 30 June 2022 for which Lincoln is the Licensee is shown under Schedule A – Tenement Schedule and map. All EL's are current with EL 6421 Uno, EL 5942 Eurilla, EL 5922 Wanilla and EL 5971 Tumby Bay applications for renewal lodged with Government.

ASX Listing Rule 5.23 Statement

The references in this announcement which relate to mineral resources of the Company are detailed in the Company's 2022 Annual Report (released to the ASX on 17 October 2022). The Company is not aware of any new information or data that materially affects the information in the original market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

About Lincoln Minerals Limited

Lincoln Minerals Limited (ASX: LML) is a mining exploration company, focused on graphite, gold, copper and iron ore in South Australia. Gold exploration is centred on the Company's northern tenement holding in the highly prospective and significantly underexplored Gawler Craton. The Company's cornerstone graphite project is based at the Kookaburra Gully Graphite project on southern Eyre Peninsula.

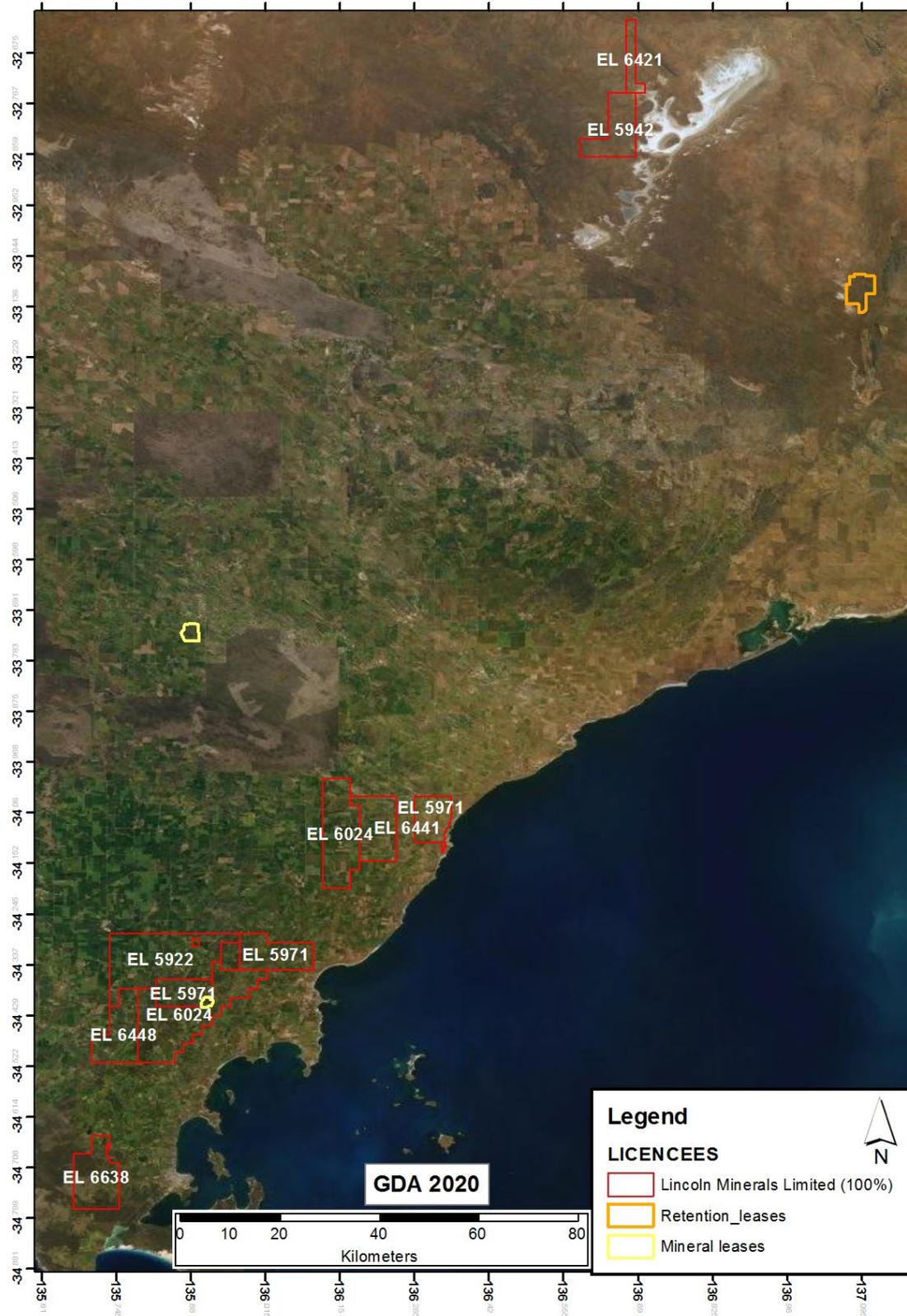
This quarterly report has been approved for release by the Board of Lincoln Minerals Limited. For further information please contact:

Sam Barden, Managing Director / CEO Lincoln Minerals Limited E: Sam.Barden@lincolnminerals.com.au	Andrew Metcalfe, Company Secretary Lincoln Minerals Limited E: Andrew@accosec.com
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SCHEDULE A - Tenement Schedule

Tenement	Renewal Date	Area (km ²)	Location	Target Commodity
LINCOLN MINERALS 100% OWNERSHIP OF ALL MINERAL RIGHTS				
EL 5942*	28-Jan-22	78	Eurilla	Gold, Base metals
EL 5922*	12-Feb-22	188	Wanilla	Graphite
EL 6421*	28-Sep-22	26	Uno	Gold, Base metals
EL 6441*	3-Nov-22	82	Dutton River	Graphite
EL 6638	6-Jan-26	92	Gum Flat	Graphite, Iron
EL 5971*	11-Apr-22	182	Tumby Bay	Graphite, base metals
EL 6024*	5-Aug-22	295	Mount Hill	Graphite, base metals
EL 6448*	15-Nov-22	79	Wanilla (Bald Hill)	Graphite, Iron
ML 6460	2-June-37	300.8 ha	Kookaburra Gully	Graphite
Subtotal		1,025		
LML HAS 100% OWNERSHIP OF ALL MINERAL RIGHTS (EXCLUDING IRON ORE)				
EL 5851	13-Aug-27	117	Minbrie	Base metals
ML 6344	11-Aug-29	916 ha	Wilgerup	Base metals
RL 129	07-Nov-26	2,547 ha	Kimba Gap	Base metals
Subtotal		152		
Grand total		1,177		

* Exploration Licence renewals in progress



Map of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of Energy and Mining, the Government of South Australia, Exploration and Geoscientific Data, sourced on 7 July 2022

http://www.energymining.sa.gov.au/minerals/exploration/tenement_information

Disclaimers

Information in this report that relates to exploration activity and results, Mineral Resources and Exploration Targets was compiled by Dwayne Povey who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Povey is Chief Geologist for Lincoln Minerals Limited and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012. Mr Povey consents to the release of the information compiled in this report in the form and context in which it appears.

Information in this report that relates to Ore Reserves was compiled by Dwayne Povey based on mine optimisation and schedules prepared by Mr Wilson Feltus who was a full-time employee of AMC Consultants Pty Ltd and are members of the Australasian Institute of Mining and Metallurgy. Mr Povey and Mr Feltus have sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as Competent Persons as defined by the JORC Code, 2012 and consent to the release of the information compiled in this report in the form and context in which it appears

Information extracted from previously published reports identified in this report is available to view on the Company's website www.lincolnminerals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements

Forward looking statements - *This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning LML's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although LML believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lincoln Minerals Limited

ABN

50 050 117 023

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(22)	(22)
(b) development	-	-
(c) production	-	-
(d) staff costs	(10)	(10)
(e) administration and corporate costs	(456)	(456)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(488)	(488)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	550	550
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	550	550

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	42	42
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(488)	(488)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	550	550

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	104	104

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	104	42
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	104	42

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	1,600	1,060
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Note)	-	-
7.4 Total financing facilities	1,600	1,060
7.5 Unused financing facilities available at quarter end		540
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The previously agreed convertible note agreement was terminated and the Company agreed to record funds advanced by APMI as an advance under a Shareholder loan facility of \$1.6m with interest payable by the Company on the sum advanced at 8% per annum. These funds are to be used predominantly to support the Company's exploration program and meet general working capital commitments until completion of the capital raising under the non-renounceable rights issue prospectus.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(488)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(488)
8.4 Cash and cash equivalents at quarter end (item 4.6)	104
8.5 Unused finance facilities available at quarter end (item 7.5)	540
8.6 Total available funding (item 8.4 + item 8.5)	644
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: The company is currently experiencing higher than normal administrative costs associated with legal and accounting costs associated with completion of the December 2021 and June 2022 audited financial statements, completion of the 2021 supplementary notice of meeting, completion of the targets statement, preparation of the rights issue prospectus and proposed re quotation of the company's securities on ASX in the December quarter.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, the entity is in process of raising funds through a non-renounceable rights issue (subject to shareholder approval), which will be fully underwritten to raise \$4.6 million before costs.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the entity will be using the undrawn loan facility from shareholder's advance and funds raised under the non-renounceable rights issue prospectus to continue its operations and meet its obligations.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 October 2022

Authorised by: the Board of the Company
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.