

23 August 2022

ASX RELEASE: LML

OPERATIONAL AND STRATEGIC UPDATE

Dear Shareholder,

On 9 August 2022, Quantum Graphite Limited announced an unsolicited takeover offer for all your Lincoln Minerals Limited (**LML**) shares. Quantum's inadequate and opportunistic offer would deprive you of the full value of your investment.

The Board has established a clear strategy for success and are excited by the upcoming opportunities for our business. LML is focused on realising value for shareholders through works being undertaken on the Kookaburra Gully Graphite project. Following the Takeovers Panel ruling of 12 April 2022, Lincoln has worked with the ASX and an agreed timetable that aims for a re-listing later this year, subject to successful submissions showing the ASX adequate levels of operations and financial condition to enable requotation of the Company's shares.

We recommend that you REJECT the Quantum offer by taking no action.

A formal response to the takeover bid, in the form of a Target's Statement, will be released in accordance with the Corporations Act.

Update on our strategy

We are at an important juncture in the global energy transition and the outlook for our company. Your Board and senior management led by its CEO, is working to develop and execute a vision and strategy to become a vertically integrated graphite producer and end products, such as batteries, which can harness the electrical power which will reduce world reliance on carbon producing energy. The Lincoln board believe that this strategy can deliver real value to all shareholders.

This letter sets out an update on our strategy and the outlook for LML.

Critical minerals and a decarbonising economy

As the world focuses on environmental responsibility and the transition to a decarbonised economy, the global trend of electrification continues and the growth in demand for batteries is expected to continue. This is a key driver of demand for critical minerals, which can only be expected to continue to expand. At the same time, the vulnerability of globalised supply chains highlighted by the pandemic response and heightened geopolitical



uncertainty has driven strong interest in sourcing critical minerals from safe geopolitical jurisdictions. The trend toward friend-shoring is only just emerging but is expected to become an increasingly dominant consideration in future.

LML is well positioned to take advantage of the expected increase in demand for critical minerals and robust supply chains. Our cornerstone Kookaburra Gully Graphite project, located on the Eyre Peninsula in South Australia, has the potential to supply graphite, a key raw material in the manufacture of battery anodes. Importantly, production of graphite from Australia would provide a safe supply chain of this key raw material for the global battery industry, which is currently reliant on supply from China and Africa.

Minerals to manufacture strategy

Graphite production from Kookaburra Gully will pave the way for LML to increase the scope of its business by exploring value-add opportunities for the graphite it produces.

Our value-add, minerals-to-manufacturing strategy will assess and validate:

- Beneficiation of raw graphite to more valuable products
- Early-stage manufacture of battery components
- Assembly of domestic, industrial, and utility-sized batteries
- Marketing, installation and service partnerships or operations to support battery manufacture.

We are currently engaging with a range of potential strategic partners as we continue to develop our strategy and vision for the Company.

Our assets

Our 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 ASX announcement, 27 November 2017). Only Measured and Indicated Mineral Resources within the proposed mine's open pit have been converted to an Ore Reserve. Since announcing the Ore Reserve for Kookaburra Gully, LML confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Marketing strategies will revolve around producing a range of flake graphite mesh products, as described in LML's feasibility study announced on 28 November 2017, which is based on annual production of 7 kilo tonnes per annum in year 1 increasing to ~35 kilo tonnes per annum in year 4, targeting >10% coarse flake (+100#) at >90% TGC. LML will revisit



metallurgical test work and update feasibility study work to validate key assumptions and progress permitting and approvals.

Kookaburra Gully Mineral Resource Inventory (AGL 100%) as at 30 June 2022.

This remains unchanged from what was reported by LML in its ASX announcement on 27 November 2017

DOMAIN	CLASS	Tonnage (Mt)	C (%)	TGC (%)	Density
1	1	0.39	16.7	14.9	2.60
2	1	0.11	3.7	3.0	2.46
Total Measured Resource		0.50	13.8	12.3	2.57

1	2	1.08	16.4	14.9	2.52
2	2	0.58	3.5	3.1	2.50
Total Indicated Resource		1.65	11.9	10.8	2.51

1	3	0.56	17.9	16.0	2.51
2	3	0.22	3.7	3.0	2.62
Total Inferred Resource		0.78	13.9	12.3	2.54

Total Mineral Resources >2% TGC Measured + Indicated + Inferred	2.94	12.8	11.4	2.53
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Total Mineral Resources >5% TGC Measured + Indicated + Inferred	2.03	16.9	15.2	2.53
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DOMAIN 1 = Interpreted at 5% TGC nominal cut-off DOMAIN 2 = Interpreted >2% TGC halo

CLASS 1 = Measured CLASS 2 = Indicated CLASS 3 = Inferred

NB tonnages may not add up exactly as shown due to rounding of significant figures

As part of our ongoing activities, we have agreed an exploration process with the South Australian Department of Energy and Mines. This serves to support LML's exploration activities, aiming to increase mineral resources and ore reserves, while ensuring that our exploration and mineral licences remain active and current.

Beyond the Kookaburra Gully project, the Company has a range of other exploration tenements within the Eyre Peninsula, providing future options for LML.

Our Focus

Our immediate priority remains the relisting of LML on the ASX. This strategy has been presented to the Australian Stock Exchange (ASX), which has given LML a provisional extension to relist, based on achieving certain milestones. We believe this provides the Company with the best opportunity to execute on our goals and provide value to our shareholders.

Operationally, LML is working on a range of activities focussed on advancing the Kookaburra Gully project and delivering a graphite producing asset. We are aiming to increase our



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regional graphite Mineral Resource inventory and have commenced geophysical re-interpretation of electromagnetic imagery targeting graphite extensions and potential new satellite graphite deposits.

Outlook

Under the leadership of its new CEO appointed in June this year, LML's unique asset base leaves it well positioned to benefit from the increasing demand for critical minerals and robust supply chains. The new board, which brings to Lincoln legal, governance and human resource skills to add to its financial skills, as well as the business experience required to grow the company, is committed to deliver on a strategy that can generate value for all our stakeholders.

I look forward to updating you more regularly, and in more detail, on our progress.

As part of our relisting, LML is exploring a rights issue, fully underwritten, to give current shareholders the best chance to leverage and unlock the potential up-side value in the company's graphite and associated mineral interests.

On behalf of the Board of LML, I would like to thank you for your ongoing support of our Company.

Yours sincerely,

Sam Barden

CEO and Managing Director

This announcement has been approved by the Board of Lincoln Minerals Limited.

For further information please contact:

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