



Lincoln Minerals Limited
353 Burwood Highway
Forest Hill, VIC 3131

5 October 2022

ASX RELEASE: LML

TARGET'S STATEMENT RELEASED IN RESPONSE TO OFFER FROM QUANTUM GRAPHITE LIMITED

Lincoln Minerals Limited (**LML**) has today 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**).

A copy of the Target's Statement is attached to this announcement.

LML's board of directors unanimously recommends that LML shareholders **REJECT** the Offer.

The Target's Statement sets out the reasons why LML shareholders should reject the Offer and other information that is material to shareholders in assessing the Offer. LML shareholders should read and review the comprehensive information provided.

The Target's Statement has been sent to QGL and lodged with the Australian Securities and Investments Commission (**ASIC**) today.

ASIC has granted LML relief from the requirement under section 648C of the *Corporations Act 2001* (Cth) to print and send the Target's Statement to LML shareholders by post. ASIC's grant of relief should not be taken as a reflection of ASIC's views on any other aspect of the Offer.

Accordingly, the Target's Statement will be dispatched to LML shareholders by the following means:

1. if shareholders have nominated an email address to receive communications from LML, then they will receive an email to their nominated email address with a link to an electronic copy of the Target's Statement; and
2. if shareholders have not nominated an email address to receive communications from LML, then they will receive a letter from LML to their registered postal address, which will contain details of where they can access an electronic copy of the Target's Statement.

LML shareholders may also request a hard copy of the Target's Statement to be sent to them (if in Australia, by pre-paid ordinary post or by courier, or if outside Australia, by pre-paid airmail post or by courier) by contacting LML's investor services, Automic Markets on +61 428 550 499 or by email craig.sainsbury@automicgroup.com.au between 9:00am and 5:00pm (Melbourne Time).

This ASX announcement was approved and authorised for release by the Board of LML.

For further information please contact:

Andrew Metcalfe
Company Secretary
Lincoln Minerals Limited
E: Andrew@accosec.com



TARGET'S STATEMENT

The Directors of LML recommend that you

REJECT

the Offer by Quantum Graphite Limited (ACN 008 101 979) to acquire your Shares in Lincoln Minerals Limited (ACN 050 117 023).

This is an important document and requires your immediate attention.

You should read the entire document. If you are in doubt as to what you should do, you should obtain independent advice from your investment, financial, tax or other professional adviser.

If you have any questions about the offer, please contact Lincoln Minerals Limited's investor services Automic Markets on +61 428 550 499 or craig.sainsbury@automicgroup.com.au between 9.00am and 5.00pm (Melbourne Time)

Legal Adviser on this Target's Statement

 **NORTON ROSE FULBRIGHT**



Important Notices

Nature of this document

This Target's Statement is dated 5 October 2021 and is given by Lincoln Minerals Limited (**LML**) under Part 6.5, Division 3 of the Corporations Act in response to the Bidder's Statement by Quantum Graphite Limited (**QGL**) dated 6 September 2022 in relation to the offer by QGL to acquire your Shares in LML (**Offer**).

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and ASX. None of ASIC or ASX, nor any of their respective officers, takes any responsibility for the contents of this Target's Statement.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 12 of this Target's Statement. Section 12 also sets out some rules of interpretation which apply to this Target's Statement.

No account of personal circumstances

This Target's Statement should not be taken as personal financial, investment or tax advice, as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your LML Directors encourage you to read this Target's Statement in its entirety and obtain independent advice from your investment, financial, tax or other professional adviser before making a decision whether or not to accept the Offer.

Forward looking statements

Some of the statements in this Target's Statement may be in the nature of forward looking statements. All statements other than statements of historical fact are forward looking statements. You should be aware that forward looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of LML. Actual values or results, performance or achievements may differ materially from those expressed or implied by such statements. The risks, variables and other factors that may affect the forward looking statements include matters specific to the sectors in which LML operates, as well as economic and financial market conditions; legislative, fiscal or regulatory developments; and risks associated with the business and operations of LML.

None of LML, any of its officers or employees nor any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of fulfilment of any forward looking statements, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any such statements. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.



Information on QGL

All of the information concerning QGL contained in this Target's Statement has been obtained from publicly available sources including public documents filed by QGL or information published by QGL on its website. None of the information in this Target's Statement relating to QGL has been verified by QGL or independently verified by LML or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, LML makes no representation or warranty (either express or implied) as to the accuracy or completeness of this information. The information on QGL in this Target's Statement should not be considered comprehensive.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions 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 laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Charts and diagrams

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

Privacy

LML has collected your information from the register of LML Shareholders for the purpose of providing you with this Target's Statement. The type of information LML has collected about you includes your name, contact details and information on your shareholding (as applicable) in LML. Without this information, LML would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the LML Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

LML Shareholder information

If you have any questions after reading this document, you can call Lincoln Minerals Limited's investor services Automatic Markets on +61 428 550 499 or craig.sainsbury@automicgroup.com.au between 9.00am and 5.00pm (Melbourne Time).

Further information relating to the Offer can be obtained from LML's website at <https://www.lincolnminerals.com.au>.



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Key Dates

Offer Period opens	20 September 2022
Date of this Target’s Statement	5 October 2022
Offer Period closes (unless extended or withdrawn)	20 October 2022

Letter from LML's Chairman

5 October 2022

Dear Shareholder,

On 9 August 2022, QGL lodged its initial Bidder's Statement in relation to an off-market takeover offer to acquire 100% of LML's Shares for scrip consideration of 1 QGL Share for every 40 LML Shares you hold (**Offer**).

The Directors have carefully considered the Offer and strongly recommend that you REJECT the Offer, as it is inadequate and not fair to LML shareholders.

The Directors recommend that you **REJECT** the Offer for the following reasons:

- the Offer is opportunistic in timing;
- the Offer does not reflect the strategic pathway of the refreshed LML management team and Board;
- the Offer does not reflect the proposed re-capitalisation of LML;
- the Offer does not reflect an adequate premium for control; and
- by accepting the Offer, you will lose the opportunity to participate in any subsequent higher offer that may arise for LML.

Risks of Accepting the Offer

Accepting the QGL Offer carries some risk to LML Shareholders, including:

- you will only receive the Offer Consideration if all the Conditions are satisfied or waived;
- LML Shareholders who receive QGL Shares as Offer Consideration may not be able to realise the full amount of QGL's current share price; and
- if a superior proposal is announced from another party, you will not be able to withdraw your acceptance of the Offer.

These and other risks of accepting the Offer are set out in greater detail in Section 8.

If you wish to accept the Offer, you should follow the instructions in the Bidder's Statement and on the Acceptance Form. The Offer is scheduled to close at 7:00pm (Melbourne Time) on 20 October 2022, unless extended or withdrawn.

If you have any questions in relation to the Offer, you should seek independent advice from your investment, financial, tax or other professional adviser, or contact Lincoln Minerals Limited's investor services Automic Markets on +61 428 550 499 or craig.sainsbury@automicgroup.com.au between 9.00am and 5.00pm (Melbourne Time).

Your Directors will continue to keep you informed of all material developments relating to the Offer.

I would also like to take this opportunity to thank you for your continued support of LML.

Yours sincerely,



Ruiyu Zhang
Chairman
Lincoln Minerals Limited

1 Reasons You Should REJECT the Offer

The Board has considered the advantages and disadvantages of the Offer and the Directors recommend that you REJECT the Offer made to you.

The reasons for this recommendation are:

1	<p>The Offer is opportunistic: LML shares are not currently trading, having been suspended from trading on the ASX on 21 September 2020 due to a lack of activity on LML's assets. LML is currently working towards LML Shares no longer being suspended from trading on the ASX, where the market will determine the fair price for LML shares.</p>
2	<p>The Offer does not reflect the strategic pathway of the refreshed LML management team and Board: LML has significantly reinvigorated its Board and senior management team in recent months, bringing in the skills and expertise needed to:</p> <ul style="list-style-type: none"> • complete refinancing requirements; • work towards a relisting on the ASX; and • undertake exploration / development activity work at our Kookaburra Gully graphite project. <p>The new management team and Board has a clear strategy for the creation of value from our assets. The Offer does not reflect the inherent value in our strategic direction.</p>
3	<p>The Offer does not reflect the potential re-capitalisation of LML: The Company has announced its intention to conduct a fully underwritten rights issue to raise approximately \$4.6M (before costs) (Rights Issue). The Rights Issue is proposed to be conducted on the basis of an entitlement to 1.34 new shares for every 1 share held at a record date to be determined at an issue price of \$0.006 per share.</p> <p>Funds raised through the Rights Issue are intended to be used to repay loan funds advanced by Australian Poly Minerals Investments Pty Ltd (APMI). The balance of funds raised through the Rights Issue (after costs) will fund the Company's proposed exploration programme, with a focus on the development of the Kookaburra Gully Graphite Project.</p>
4	<p>The Offer does not reflect a premium for control: Typically, an acquirer would pay a premium to the trading value of a company when seeking to obtain control. The Directors believe that QGL is seeking to achieve control of LML without paying LML shareholders an appropriate control premium to the fair value of the assets.</p>
5	<p>By accepting the offer you will lose the opportunity to participate in any subsequent higher offer that may arise for LML.</p>

1.1 The Offer is Opportunistic

The Board has established a clear strategy for success and we 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's ruling of 12 April 2022, LML has worked with the ASX on an agreed timetable that aims to end the suspension from trading of LML Shares later this calendar year.

QGL's offer, at a time when the LML shares are approaching a re-listing, is opportunistic and in the view of the Directors timed so that the transaction occurs before the relisting and the ability for the market to determine LML's fair value.

1.2 The Offer does not reflect the strategic pathway of the refreshed LML management team and Board

Under the leadership of its new CEO and Managing Director, LML is well positioned to benefit from the increasing demand for critical minerals as a result of its unique asset base. The new board brings a set of comprehensive experience and skills required to grow the company: legal, financial, governance, human resources and in-depth business experience. As a team, the board is committed to deliver on a strategy that can generate value for all our stakeholders.

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.

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 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.

As part of our ongoing activities, the Company has recently met with the South Australian Department of Energy and Mines and obtained confirmation that its proposed exploration program will be sufficient to ensure compliance with its historic and short-term exploration obligations. 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 immediate priority remains the relisting of LML on the ASX. This strategy has been presented to the ASX, which has given LML a provisional extension to relist, based on achieving certain milestones. This provides the Company with the best opportunity to execute our goals and provide value to our shareholders.

Operationally, LML is working on a range of activities focused on advancing the Kookaburra Gully project and delivering a graphite producing asset. We are aiming to increase our regional graphite Mineral Resource inventory and have commenced geophysical re-interpretation of electromagnetic imagery targeting graphite extensions and potential new satellite graphite deposits. Results from these investigations are expected to be completed in Q1 2023 and will be released to the market once they are finalised and approved by a competent person.

In the Directors' view, the development of a clear strategy for value creation, coupled with the inclusion of a capable management team and Board, is not reflected in QGL's offer for the Company.

1.3 The Offer does not reflect the potential re-capitalisation of LML

The Board remains focused on delivering value to shareholders by securing funding to explore and develop its existing South Australian assets, in particular its Kookaburra Gully Graphite Project.

As detailed in its release to the ASX on 27 September 2022, the Company advised that it intends to conduct a fully underwritten rights issue (**Rights Issue**) to raise approximately \$4.6M (before costs).

The Rights Issue is proposed to be conducted on the basis of an entitlement to 1.34 new shares for every 1 share held at a record date to be determined, at an issue price of \$0.006 per share.

The Rights Issue will be subject to shareholder approval which will be sought at the Company's postponed 2021 Annual General Meeting (**2021 AGM**) to be held in November 2022. The Company is finalising an addendum to the 2021 AGM which it expects to release in the coming days.

The Rights Issue will be conducted under a prospectus which is proposed to be lodged prior to 31 October 2022.

The Company has entered into a term sheet with Jigsaw Investments Pty Ltd (**Jigsaw**) to act as underwriter of the proposed Rights Issue. The Company and Jigsaw are in the process of finalising an Underwriting Agreement to formally record Jigsaw's underwriting commitment. Full details of this will be set out in the Rights Issue prospectus. On completion of the Rights Issue, it is anticipated that Jigsaw will become a substantial shareholder in the Company.

Funds raised through the Rights Issue are intended to be used to repay the loan funds advanced by Australian Poly Minerals Investments Pty Ltd. APMI has confirmed its support for the proposal set out above and has agreed it will not seek repayment of its loan advance ahead of the earlier of the completion of the Rights Issue or 31 December 2022. Accordingly, LML will no longer issue convertible notes to APMI (which were the subject of Resolution 5 of the original agenda for the 2021 AGM).

The balance of funds raised through the Rights Issue (after costs) will fund the Company's proposed exploration programme, with a focus on the Kookaburra Gully Graphite Project.

1.4 The Offer does not reflect a premium for control

Typically, an acquirer would pay a premium to the trading value of a company when seeking to obtain control. The Directors believe that QGL is seeking to achieve control of LML without paying LML shareholders an appropriate premium to the fair value of the assets for control.

1.5 By accepting the offer, you will lose the opportunity to participate in any subsequent higher offer that may arise for LML

By accepting the offer, you will lose the opportunity to participate in any subsequent higher offer that may arise for LML. At the date of this Target's Statement the Directors are not aware of any other third-party proposal to acquire your shares in LML.

2 LML Directors' recommendation

2.1 LML Directors' recommendation

The Directors believe that QGL's Offer of 1 QGL Share for every 40 LML Shares represents a significant discount on the underlying value of LML's Shares.

Based on the valuations undertaken by our management and advisors, we have reached the conclusion that LML Shareholders should **REJECT** the Offer. The Directors' reasons for their above recommendation are set out in Section 1 of this Target's Statement.

In considering whether to reject the Offer, the Directors encourage you to:

- read and carefully consider the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent advice from your investment, financial, tax or other professional adviser on the effect of accepting the Offer.

2.2 Intentions of the Directors in relation to the Offer

As at the date of this Target's Statement, the Directors do not own or control any LML Shares. Details of the interests of each LML Director in LML Shares are set out in Section 9 of this Target's Statement.

To the extent that Directors they may acquire any Relevant Interest in LML Shares, each of the Directors intends to REJECT, or procure the rejecting of, the Offer in respect of the LML Shares that they own or control or otherwise have a Relevant Interest in.

3 Important information about the Offer

3.1 Background

QGL served LML with a copy of the initial Bidder's Statement on 9 August 2022, and a copy of the replacement Bidder's Statement, which contains the Offer, on 20 September 2022. You should have received a copy of the Offer by now.

QGL is offering to acquire all of your LML Shares, including any Rights attaching to those Shares, on the terms and conditions set out in the Bidder's Statement.

You can only accept the Offer for all of your Shares.

3.2 Offer Consideration

The consideration offered by QGL is 1 QGL Share for every 40 LML Shares you hold.

3.3 Offer Period and acceptance

The Offer is open for acceptance during the period commencing on 20 September 2022 and ending on 20 October 2022 at 7.00pm, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act.

3.4 How to accept the Offer

Instructions on how to accept the Offer are set out in Section 12.4 of the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid. If you choose to accept the Offer, then your acceptance must be received by QGL before the end of the Offer Period.

3.5 Effect of acceptance

If you accept the Offer and it becomes Unconditional, you will be entitled to be paid the Offer Consideration by QGL in accordance with the terms of the Offer (see table 1 of Section 3 of the Bidder's Statement for further information on payment of the Offer Consideration).

The effect of acceptance of the Offer is explained in more detail in Section 12.6 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance of the Offer will have on your ability to exercise the Rights attaching to your LML Shares and the representations and warranties that you are deemed by QGL to give to it by accepting the Offer.

Accepting the Offer would (subject to the possible withdrawal rights set out below):

- prevent you from participating in any competing superior proposal from another party that may emerge;
- see you relinquish all of your LML Shares to QGL with no right to payment until the Offer becomes Unconditional; and
- prevent you from otherwise selling your LML Shares.

3.6 Extension of the Offer Period

If the Offer becomes Unconditional, QGL may extend the Offer Period at any time before the end of the Offer Period. Otherwise, except for in limited circumstances, QGL may only extend the Offer Period before it gives LML its Notice of Status of Conditions (refer to Section 3.11 below).



There will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period, QGL increases the Offer Consideration or its Voting Power in LML increases to more than 50%. The extension will be for 14 days after the relevant event occurs.

3.7 Your withdrawal rights

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary, under the Corporations Act, you may withdraw your acceptance of the Offer if QGL varies its Offer in a way that postpones, for more than one month, the time at which QGL needs to meet its obligations under the Offer. This will usually occur if QGL extends the Offer Period by more than one month and the Offer is still subject to Conditions.

In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

3.8 Withdrawal of the Offer by QGL

QGL may be able to withdraw unaccepted Offers at any time if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.

3.9 Conditions

The Offer is subject to the following Conditions:

- **Minimum acceptance** – QGL obtaining a relevant interest in at least 50.1% of LML Shares (on a fully diluted basis);
- **No Prescribed Occurrences** – no Prescribed Occurrences occurring in relation to LML;
- **No material adverse event** – no material adverse event occurring with respect to LML;
- **LML Tenements** – no changes in respect of the LML Tenements and public confirmation of there being no encumbrances over, and compliance with licence conditions (including expenditure), in respect of the LML Tenements;
- **No restraints** – no restraints imposed in connection with the Offer;
- **Authorisations** – receipt of all Authorisations required; and
- **Financial position** – LML publicly confirms (including by ASX announcement) and reasonably substantiates that as at the Announcement Date, there has not been any material adverse change in LML's financial position, as compared with each of:
 - (a) LML's 2021 Annual Report; and
 - (b) LML's Quarterly Activities Report lodged with ASX on 13 July 2022.

Full details of the Conditions are set out in Section 12.9 of the Bidder's Statement.

3.10 Notice of Status of Conditions

Section 12 of the Bidder's Statement states that QGL must give a Notice of Status of Conditions to LML on 13 October 2022.

QGL must set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as QGL knows, any of the Conditions have been fulfilled; and
- QGL's voting power in LML.

If the Offer Period is extended before the Notice of Status of Conditions is to be given, the date on which QGL must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, QGL is required, as soon as reasonably practicable after the extension, to notify LML of the new date for giving the Notice of Status of Conditions.

If a Condition is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, QGL must, as soon as practicable, give LML a notice stating that the Condition has been satisfied.

3.11 Compulsory acquisition

(a) Post Offer compulsory acquisition

QGL has stated in Section 9.2 of the Bidder's Statement that if it controls 90% or more of the LML Shares and becomes entitled to proceed to compulsory acquisition under the Corporations Act, it currently intends to proceed to compulsory acquisition of the remaining LML Shares.

This compulsory acquisition regime is set out under Part 6A.1 of the Corporations Act. Under this regime, QGL will be entitled to compulsorily acquire any outstanding LML Shares for which it has not received acceptances on the same terms as apply under the Offer if, during or at the end of the Offer Period, QGL (taken together with its Associates):

- has a Relevant Interest in at least 90% (by number) of LML Shares; and
- has acquired at least 75% (by number) of LML Shares for which it has made an Offer.

If QGL is entitled to proceed to compulsory acquisition based on these requirements, QGL will have one month from the end of the Offer Period within which to give compulsory acquisition notices to LML Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied.

A LML Shareholder has statutory rights to challenge compulsory acquisition, but this will require the relevant LML Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for LML Shares.

LML Shareholders should be aware that if they do not accept the Offer and their LML Shares are compulsorily acquired, those LML Shareholders may face a delay in receiving the consideration for their LML Shares compared with LML Shareholders who have accepted the Offer.

See Section 9.2 of the Bidder's Statement for further details in respect of QGL's intentions if it becomes entitled to proceed with compulsory acquisition of the outstanding LML Shares.

(b) General compulsory acquisition

Under Part 6A.2 of the Corporations Act, QGL would be entitled to compulsorily acquire any LML Shares if QGL (either alone or together with a related body corporate) is a 90% holder, meaning it holds either:

- full beneficial interests in at least 90% (by number) of LML Shares; or
- 90% voting power in LML and full beneficial interests in at least 90% by value of all securities issued by LML.

If either of these thresholds are met, QGL will have six months after it becomes a 90% holder within which to give compulsory acquisition notices to the relevant LML Shareholders. The compulsory acquisition notices sent to the LML Shareholders must be accompanied by an independent expert's report and an objection form.



The independent expert's report must set out whether the terms of the compulsory acquisition give 'fair value' for the LML Shares concerned and the independent expert's reasons for forming that opinion.

If LML Shareholders with at least 10% of LML Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month from the date of the compulsory acquisition notice), QGL may apply to the court for approval of the acquisition of the LML Shares covered by the notice. The costs incurred by any LML Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by QGL, unless the court is satisfied that the LML Shareholder acted improperly, vexatiously or otherwise unreasonably.

LML Shareholders should be aware that if they do not accept the Offer and their LML Shares are compulsorily acquired under Part 6A.2 of the Corporations Act, those LML Shareholders may face a delay in receiving the consideration for their LML Shares compared with LML Shareholders who have accepted the Offer. The consideration they receive may also be different to the Offer Consideration; it could be higher or lower.

4 Your choices

4.1 Your choices

The LML Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision as to whether or not you should accept the Offer.

As a LML Shareholder you have three choices currently available to you in responding to the Offer.

The Directors recommend that you **REJECT** QGL's Offer.

(a) Reject the Offer

LML Shareholders who do not wish to accept the Offer or (when LML's shares are no longer suspended from trading on ASX) sell their LML Shares on market do not need to take any action.

LML Shareholders should note that if the Offer becomes Unconditional and QGL has a Relevant Interest in at least 90% of the LML Shares during or at the end of the Offer Period, QGL will be entitled to compulsorily acquire the LML Shares that QGL does not already own. In that situation, you may be paid later than LML Shareholders who accept the Offer. For further information in relation to the ability of LML to compulsorily acquire your shares, see section 3.11 of this Target's Statement.

(b) Accept the Offer

LML Shareholders may elect to accept the Offer in respect of their LML Shares. QGL has stated that the Offer remains open until the end of the Offer Period, being 7.00pm on 20 October 2022 (unless the Offer is extended or withdrawn). It is possible that QGL will elect to extend the Offer Period in accordance with the Corporations Act (refer to Section 3.6 of this Target's Statement). Details of the Offer Consideration you will receive if you accept the Offer is set out in QGL Bidder's Statement, and summarised in Section 3.2 of this Target's Statement.

If you accept the Offer made to you and it becomes Unconditional, you:

- will become a holder of QGL Shares, in which case your investment will become subject to the risks specific to QGL;
- may incur a tax liability as a result of your acceptance;
- may be unable to accept any higher offer for your LML Shares that may eventuate from another party; and
- will be unable to sell your LML Shares on market.

Additional details of the Offer are set out in Section 3 of this Target's Statement. Details of how to accept the Offer are set out in Section 12.4 of the Bidder's Statement and printed on the Acceptance Form that accompanies the Bidder's Statement.

If QGL improves the consideration under the Offer, all LML Shareholders, whether or not they have accepted the Offer at that time, will be entitled to receive the improved consideration.

(c) Sell your LML Shares on market (when possible)

LML shareholders may elect to sell some or all of their LML Shares on-market for cash through the ASX (once LML Shares are no longer suspended from trading on ASX) if they have not already accepted the Offer in respect of those Shares. If you sell your LML Shares on-market (when possible), you:



- will not be able to accept the Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration);
- will lose the ability to accept any other offer for your LML Shares which may eventuate from another party;
- will receive cash consideration for the sale of your LML Shares which may be more or less for your Shares than the value of the Offer Consideration;
- will lose the opportunity to receive future returns from QGL;
- may incur a tax liability as a result of the sale; and
- may incur brokerage charges.

The price you will receive for your LML Shares will depend on the prevailing market price of the LML Shares at the time of sale. You should be aware that the market price of LML Shares may rise or fall in the period during which the Offer remains open and following the close of the Offer. The latest price for LML Shares may be obtained from the ASX website at www.asx.com.au.

LML Shareholders who wish to sell their LML Shares on market (when possible) should contact their Broker for information on how to effect that sale.

5 Frequently asked questions

This Section 5 answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Shareholders. This Section 5 should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
The Offer	
Who is QGL?	<p>Quantum Graphite Limited (QGL) is an ASX-listed company that explores, produces, processes and sells graphite products.</p> <p>QGL produces flake graphite products that supports the traditional refractory markets, the graphite sector and the energy technologies sector.</p>
What is being offered to me?	QGL is offering 1 QGL Share for every 40 LML Shares held by you.
What is the value of QGL's Offer?	<p>Ultimately, the value of QGL's Offer will depend on the market price of QGL's Shares.</p> <p>QGL's latest share price can be obtained from www.asx.com.au under ASX code QGL.</p>
What are your LML Directors recommending?	<p>The Directors recommend that you REJECT the Offer, as it is inadequate and not fair to LML shareholders.</p> <p>The reasons for the Directors' recommendation are set out in Section 1 of this Target's Statement.</p>
What do your LML Directors intend to do with their LML Shares?	Each Director intends to reject or procure the rejection of the Offer in respect of the LML Shares they own or control or have a relevant interest.
What are the risks associated with becoming a QGL Shareholder?	<p>If you accept QGL's Offer and become a shareholder of QGL, your investment will become subject to the risks associated with QGL.</p> <p>Further information about the risks associated with an investment in QGL are described in detail in Section 10.3 of the Bidder's Statement as identified in Section 8 of this Target's Statement.</p>
When will I receive the Offer Consideration if I accept the Offer?	<p>If you accept the Offer, and the Offer becomes Unconditional, you will receive the QGL Shares to which you are entitled on or before the earlier of:</p> <ul style="list-style-type: none"> • one month after the Offer becomes unconditional; and • 21 days after the end of the Offer Period.
What rights will the QGL Shares issued under the Offer have?	<p>The QGL Shares issued under the Offer will be fully paid ordinary shares and rank equally with existing QGL Shares and have the same rights (including voting rights) as existing QGL Shares.</p> <p>A detailed explanation of the rights and liabilities attaching to QGL Shares is set out in Section 5.3 of the Bidder's Statement.</p>

Question	Answer
Will the QGL Shares issued under the Offer be listed on the ASX?	<p>QGL will make an application to ASX for official quotation of the QGL Shares issued under the Offer within 7 days after the start of the Offer Period. Quotation of the QGL Shares to be issued under the Offer will not be automatic but will depend on ASX exercising its discretion to admit them to the Official List.</p> <p>QGL is already admitted to the Official List of ASX and shares in QGL in the same class or on the same terms as those to be issued are already quoted.</p>
What are the Conditions to the Offer?	<p>The Offer is conditional upon the satisfaction of certain Conditions. These Conditions include the following:</p> <ul style="list-style-type: none"> • 50.1% minimum acceptance before the end of the Offer Period; • no Prescribed Occurrences; • no material adverse event; • no change in respect of the LML Tenements and public confirmation of there being no encumbrances over, and compliance with licence conditions (including expenditure), in respect of the LML Tenements; • no restraint imposed in connection with the Offer; • receipt of all Authorisations required; • LML publicly confirms (including by ASX announcement) and reasonably substantiates that as at the Announcement Date, there has not been any material adverse change in LML's financial position, as compared with each of: <ol style="list-style-type: none"> a) LML's 2021 Annual Report; and b) LML's Quarterly Activities Report lodged with ASX on 13 July 2022.
What happens if the Conditions are not satisfied or waived?	<p>If at the end of the Offer Period, in respect of any Condition:</p> <ul style="list-style-type: none"> ▪ QGL has not declared the Offer (and they have not become) free from that Condition; or ▪ the condition had not been satisfied, <p>the Offer will lapse and be unable to be accepted and all contracts resulting from the acceptance of the Offers and all acceptances that have not resulted in binding contracts are void. In those circumstances, you will continue to be a LML Shareholder (unless you otherwise sell your LML Shares).</p>
When does the Offer close?	<p>The Offer is presently scheduled to close at 7pm (Melbourne Time) on 20 October 2022 (unless extended or withdrawn).</p>
Can QGL extend the Offer Period?	<p>Yes, QGL can extend the Offer in accordance with the Corporations Act in the circumstances described in Section 3.6 of this Target's Statement. However, QGL has no obligation to extend the Offer Period.</p>
What happens if the Offer Consideration is increased?	<p>If QGL increases its Offer Consideration, and you have already accepted the Offer at the time of the increase, you will be entitled to the increased Offer Consideration but you will not be able to accept a higher third party offer or withdraw your acceptance (other than in limited circumstances described in Section 3.7 of this Target's Statement).</p>

Question	Answer
<p>I am a Foreign Shareholder. How does the Offer affect me?</p>	<p>If you are a Foreign Shareholder, unless QGL determines that:</p> <ul style="list-style-type: none"> • it is lawful and not unduly onerous and not unduly impracticable to make the Offer to you and to issue you with QGL Shares on acceptance of the Offer; and • it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories, <p>you will not be entitled to receive QGL Shares as consideration for your LML Shares.</p> <p>Rather, the QGL Shares you would have been entitled to receive will be issued to, and sold by, a nominee approved by ASIC, and the net proceeds attributable to you will be paid to you by cheque in Australian dollars drawn on an Australian bank account. See Section 11.6 and 12.8 of the Bidder’s Statement for more detail.</p>
<p>Will I be forced to sell my LML Shares?</p>	<p>You cannot be forced to sell your LML Shares, unless QGL proceeds to compulsory acquisition of your LML Shares.</p> <p>QGL will need to acquire at least 90% of the LML Shares in order to exercise compulsory acquisition rights. If QGL acquires more than 90% of LML Shares, then you will be paid the same Offer Consideration as is payable by QGL under the Offer. See Section 3.11 of this Target’s Statement for further details.</p>
<p>Options for LML Shareholders</p>	
<p>What choices do I have as a LML Shareholder?</p>	<p>As a LML Shareholder, you have the following choices in respect of your LML Shares:</p> <ul style="list-style-type: none"> • REJECT the Offer in respect of your LML Shares, in which case you do not need to take any action. • ACCEPT the Offer in respect of your LML Shares, in which case you should follow the instructions on the Application Form which was sent to you by QGL together with the Bidder’s Statement. Once you have accepted, you may not sell your LML Shares on market or withdraw your acceptance other than in the circumstances set out in Section 3.7 of this Target’s Statement. • SELL some or all your LML Shares on ASX (once LML’s shares are no longer suspended from trading on ASX) which may be at a higher or lower price than the implied value of your LML Shares under the Offer (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance in the limited circumstances set out in Section 3.7 of this Target’s Statement). <p>If you have already sold all your LML Shares, no action is required.</p> <p>There are several implications in relation to each of the choices above. A summary of the key implications is set out in Section 4 of this Target’s Statement.</p>
<p>What should I do?</p>	<p>The Directors recommend that you REJECT QGL’s Offer.</p>

Question	Answer
How to respond to the Offer	
How do I accept the Offer?	To accept the Offer, you should follow the instructions set out in Section 12.4 of the Bidder's Statement and printed on the Acceptance Form that accompanies the Bidder's Statement.
How do I reject the Offer?	To reject the Offer, you do not need to take any action. If you decide to not take any action, QGL may compulsorily acquire your Shares in certain circumstances. Refer to Section 3.11 of this Target's Statement for more information on compulsory acquisition.
Can I accept the Offer for part of my shareholding?	No. You cannot accept the Offer for part of your shareholding. You may only accept the Offer made to you for all of the LML Shares held by you. Your acceptance will be treated as being for all your LML Shares plus any additional LML Shares registered as held by you at the date your acceptance is processed.
Can I sell my Shares on-market?	<p>Once LML shares are requoted on ASX, you will be able to sell all or some of your LML Shares on-market, unless you have accepted the Offer in respect of those Shares. If you sell your LML Shares on-market, you:</p> <ul style="list-style-type: none"> • will lose the ability to accept the Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration); • will lose the ability to accept any other offer for your LML Shares which may eventuate from another party; • will receive cash consideration for the sale of your LML Shares which may be more or less for your Shares than the value of the Offer Consideration; • will lose the opportunity to receive future returns from LML; • may incur a tax liability as a result of the sale; and • may incur brokerage charges.
What are the consequences of accepting the Offer now?	<p>By accepting the Offer whilst it remains subject to Conditions, you will give up your right to:</p> <ul style="list-style-type: none"> • sell any LML Shares you hold on market; and • otherwise deal with any Rights attaching to the LML Shares you hold, <p>whilst the Offer remains open, subject to your limited statutory rights to withdraw your acceptance in the circumstances set out in Section 3.7 of this Target's Statement.</p> <p>If you accept the Offer made to you and it becomes Unconditional, you:</p> <ul style="list-style-type: none"> • will become a holder of QGL Shares; • may incur a tax liability as a result of your acceptance; • may be unable to accept any higher offer for your LML Shares that may eventuate from another party; and • will be unable to sell your LML Shares on market.
If I accept the Offer now, can I withdraw my acceptance?	You can only withdraw your acceptance in limited circumstances as set out in Section 3.7 of this Target's Statement, which is if QGL varies the

Question	Answer
	Offer in a way that postpones, for more than one month, the time at which QGL needs to meet its obligations under the Offer.
What are the tax implications of accepting the Offers?	<p>The tax implications of accepting the Offer will differ depending on the individual financial affairs of each LML shareholder.</p> <p>You should consult your tax adviser to obtain independent financial advice about the consequences of acquiring QGL shares from a taxation point of view before deciding whether or not to accept the Offer.</p>
Will I need to pay brokerage if I accept the Offer?	<p>If you have an Issuer Sponsored Holding on acceptance of the Offer, you will exchange your LML Shares for QGL Shares without incurring brokerage fees.</p> <p>If your LML Share are held in a CHESS Holding or you hold your LML Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with acceptance of the Offer.</p>
Will I need to pay stamp duty if I accept the Offer?	You will not pay stamp duty on accepting the Offer. QGL has stated in Section 12.16 of the Bidder's Statement that should any stamp duty be payable on the transfer of your LML Shares to QGL pursuant to the Offer, these costs will be paid by QGL.
What happens if I do nothing?	You will remain a LML Shareholder. However, QGL has stated that if it becomes entitled to compulsorily acquire LML Shares, it may do so. See Section 3.11 of this Target's Statement for more details.
Other Questions	
What is the Bidder's Statement?	The Bidder's Statement is a document issued by QGL which describes the terms of the Offer for your LML Shares and other information that QGL considers relevant to your decision as to whether or not to accept the Offer made to you. You should read the Bidder's Statement together with this Target's Statement in their entirety and, if required, obtain independent advice from your investment, financial, tax or other professional adviser.
What is the Target's Statement?	This Target's Statement is the formal response by the LML Board to the Offer, as required by the Corporations Act. This document has been prepared by LML and contains important information to help you decide whether or not to accept the Offer.
Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further questions about the Offer, call Lincoln Minerals Limited's investor services Automic Markets on +61 428 550 499 or craig.sainsbury@automicgroup.com.au between 9.00am and 5.00pm (Melbourne Time).

6 Information relating to LML

6.1 Overview of LML

LML is an Australian graphite developer who is currently exploring the highly prospective Eyre Peninsula (South Australia) where the Company holds key mineral licenses. Their main activities comprise uranium, base metals, gold, iron ore, graphite and iron oxide copper-gold-uranium exploration projects. LML has defined Mineral Resources including graphite, magnetite and hematite resources, copper and gold exploration prospects in regions with a long history of graphite, iron ore, copper and gold mining.

LML's primary focus includes enhancing the Company's graphite resources and obtaining a Plan for Environmental Protection and Rehabilitation for LML's flagship Kookaburra Gully Graphite Project.

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).

6.2 Investment 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.

6.3 Director profiles

Director	Experience and expertise
Ruiyu Zhang Non-Executive Chair Appointed 30 July 2021	Ms Zhang is a qualified accountant and has an extensive business network in Australia as well as in mainland China. Ms Zhang is also the Chief Financial Officer of LML.
Sam Barden Managing Director Appointed 06 June 2022	Mr Barden is skilled in transforming systems and markets by creating products, building profiles and improving transparency. He draws on 20+ years of experience in sales, trading, risk assessment and regulation of financial and commodity products in the United Kingdom, Former Soviet Union and the Middle East. During that time, Mr Barden was duly qualified and registered with the Financial Conduct

Director	Experience and expertise
	Authority (FCA) in the UK and the Financial Industry Regulatory Authority (FINRA) in the USA.
Michael Wyles KC Non-Executive Director Appointed 29 July 2022	Mr Wyles has extensive trial experience in the Supreme Court of Victoria, the Federal Court of Australia (Melbourne, Sydney, Adelaide, and Perth), the Supreme Court of New South Wales, and the Supreme Court of South Australia.
Jason Foley Non-Executive Director Appointed 29 July 2022	Mr Foley draws on 20+ years of deep expertise in mining and resources with top-200 ASX companies. He is a trusted advisor to CEOs and Boards across ASX-listed, Private Equity and SME's in Australasia.
Shalain Singh Non-Executive Director Appointed 29 July 2022	Mr Singh has extensive experience in transactions, valuation and strategic advisory in the Healthcare and Retirement Living industry, and a broad understanding of the implications of industry, government and market conditions.
Ross Loturco Non-Executive Director Appointed 29 July 2022	Mr Loturco has extensive experience in Bank Relationships, Loan Implementations, Cashflows, AR/AP Management, Board Reporting, Monthly Management Reporting, Commercial/Retail Leasing, Financial Controls and especially Project Budgeting & Forecasting as core functions of his past responsibilities.

6.4 LML financial information
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

for the year ended 30 June 2022

	Note	<u>2022</u>	<u>2021</u>
		\$	\$
Other income		5,455	55,010
Exploration and evaluation expense	1	(151,519)	(194,566)
Capitalised Exploration and evaluation written off	1	(1,206,845)	(433,077)
Corporate and administrative expenses	2	(395,744)	(360,334)
Impairment on property revaluation	3	(169,820)	-
Employee benefits expense		(115,474)	(313)
Depreciation and amortisation		(1,686)	22,760
Gain on sale of assets		9,821	164,900
RESULTS FROM OPERATING ACTIVITIES		<u>(2,025,812)</u>	<u>(745,620)</u>
Finance income – interest		75	982
Finance expense – interest		(801)	-
		<u>(726)</u>	<u>982</u>
LOSS BEFORE TAX		<u>(2,026,538)</u>	<u>(744,638)</u>
Income tax benefit		-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(2,026,538)</u>	<u>(744,638)</u>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2022

		<u>2022</u>	<u>2021</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	42,124	74,766
Investment		30,000	-
Trade and other receivables	5	72,907	148,905
Investment in associate company held for sale		-	63,000
TOTAL CURRENT ASSETS		145,031	286,671
NON-CURRENT ASSETS			
Property plant and equipment	3	280,969	479,104
Exploration and evaluation	1	5,561,127	6,767,972
Intangible assets		13	26
TOTAL NON-CURRENT ASSETS		5,842,109	7,247,102
TOTAL ASSETS		5,987,140	7,533,773
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	205,586	168,052
Employee entitlements		21,717	89,346
TOTAL CURRENT LIABILITIES		227,303	257,398
NON-CURRENT LIABILITIES			
Shareholder's Loan		510,000	-
TOTAL NON-CURRENT LIABILITIES		510,000	-
TOTAL LIABILITIES		737,303	257,398
NET ASSETS		5,249,837	7,276,375
EQUITY			
Contributed equity	7	37,239,123	37,239,123
Accumulated losses		(31,989,286)	(29,962,748)
TOTAL EQUITY		5,249,837	7,276,375

NOTES TO THE ACCOUNTS

1. EXPLORATION AND EVALUATION

		<u>2022</u>	<u>2021</u>
		\$	\$
Opening net book amount		6,767,972	6,730,803
Exploration expenditure during the year		149,641	221,409
Depreciation charged to exploration		1,878	10,326
Less, exploration & evaluation expensed	(a)	(151,519)	(194,566)



Less, capitalised exploration written off	(b)	(1,206,845)	-
Closing net book amount		5,561,127	6,767,972
Gross exploration assets capitalised		20,501,520	20,501,519
Provision for impairment		(14,940,393)	(13,733,547)
Net exploration assets		5,561,127	6,767,972

2. CORPORATE AND ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>2021</u>
	\$	\$
ASX fees	27,608	20,942
Audit fees	54,675	42,100
Corporate administration	177,535	212,015
Insurances	42,335	48,551
Legal fees	72,853	84,333
Operating lease payments	-	-
Public relations	-	-
Share registry	21,734	23,920
Travel	1,126	1,217
	<u>397,866</u>	<u>433,078</u>

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Office plant and equipment	Exploration plant and equipment	Motor vehicles	Total
<u>2022</u>	\$	\$	\$	\$	\$
At cost	433,873	40,834	341,935	16,052	832,694
Accumulated depreciation	-	(37,680)	(328,964)	(15,261)	(381,905)
Accumulated impairment	(169,820)	-	-	-	(169,820)
Closing net book amount	<u>264,053</u>	<u>3,154</u>	<u>12,971</u>	<u>791</u>	<u>280,969</u>
Opening net book amount	433,873	408	15,652	29,171	479,104
Additions	-	2,994	-	-	2,994
Disposals	-	-	-	(27,756)	(27,756)
Depreciation charge to P&L	-	(248)	(1,336)	(91)	(1,675)
Depreciation charged to exploration	-	-	(1,345)	(533)	(1,878)
Impairment Expenses	(169,820)	-	-	-	(169,820)
Closing net book amount	<u>264,053</u>	<u>3,154</u>	<u>12,971</u>	<u>791</u>	<u>280,969</u>
<u>2021</u>	\$	\$	\$	\$	\$
At cost	433,873	37,841	341,935	114,359	928,008
Accumulated depreciation	-	(37,433)	(326,283)	(85,188)	(448,904)
Closing net book amount	<u>433,873</u>	<u>408</u>	<u>15,652</u>	<u>29,171</u>	<u>479,104</u>
Opening net book amount	433,873	701	18,891	39,862	493,327
Additions	-	-	-	-	-
Disposals	-	-	-	(3,604)	(3,604)



Depreciation charge to P&L	-	(293)	-	-	(293)
Depreciation charged to exploration	-	-	(3,239)	(7,087)	(10,326)
Closing net book amount	433,873	408	15,652	29,171	479,104

4. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
	\$	\$
Cash at bank and in hand	42,124	44,766
Short term deposits	-	30,000
	<u>42,124</u>	<u>74,766</u>

5. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Accrued interest receivable	-	515
Bonds and deposits	15,000	15,000
Prepaid expenses	25,699	49,504
PAYG and GST refundable	31,932	12,401
Other Receivables	276	72,000
	<u>72,907</u>	<u>148,905</u>

6. TRADE AND OTHER PAYABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Trade payables – external parties	203,522	146,747
Trade payables – related parties	-	5,363
Accrued expenses	2,064	15,942
	<u>205,586</u>	<u>168,052</u>

7. CONTRIBUTED EQUITY

	<u>2022</u>	<u>2021</u>
	\$	\$
Share capital		
Fully paid ordinary shares	37,239,123	37,239,123
Opening balance	37,239,123	37,239,123
Share placement	-	-
Share issue costs	-	-
Closing balance	<u>37,239,123</u>	<u>37,239,123</u>

Movements in share capital:	<u>Number</u>	<u>Number</u>
Fully paid ordinary shares	574,983,686	574,983,686
Opening balance	574,983,686	574,983,686
Share placement	-	-
Closing Balance	<u>574,983,686</u>	<u>574,983,686</u>

6.5 Further information on LML

The information on LML contained in this Target's Statement should not be considered comprehensive. For more information on LML, please visit <https://www.lincolnminerals.com.au>.

7 Information Relating to QGL

7.1 Disclaimer

The following information in this Section 7 in relation to QGL is based on publicly available information, including information in the Bidder's Statement, and has not been independently verified by LML. LML does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on QGL in this Target's Statement should not be considered comprehensive. For more information on QGL, please refer to Section 4 of the Bidder's Statement and visit <https://quantumgraphite.wp.gate.com>.

7.2 Overview of QGL

QGL is an Australian public company listed on the ASX (ASX: QGL).

QGL's principal activities are the exploration, mining and processing of natural flake graphite and the manufacture of flake graphite products. As a producer of flake graphite products, QGL supports a number of applications from traditional refractory markets to the emerging expanded graphite sectors and the fast moving energy technologies sector.

QGL has historically supplied high purity large flake graphite powders from its Uley 1 mine operation and processing facility that is located south-west of Port Lincoln, South Australia.

QGL's key project is the Uley 2 Graphite Project. The high purity coarse flake graphite flakes are used for a variety of thermal applications including refractories and oil and gas drilling fluids. The Uley 2 project is scheduled to start development in the first quarter of 2023 and has a stage 1 minimum life of 12 years. The stage 1 production level of the project is a minimum of 55,000 tonnes of graphite flake.

QGL has expanded its customer markets to Li-ion electrical based batteries and high temperature thermal applications such as expanded graphite. QGL has entered into a 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 manufactured media will be fitted within Sunlands Co's long duration energy storage cells.

7.3 Overview of QGL's interest in LML

As at the date of this Target's Statement:

- (a) QGL has Voting Power in LML of 0.25%; and
- (b) QGL has a Relevant Interest in 0.25% of LML Shares.

Section 7.6 of the Bidder's Statement provides information on QGL's interest in LML.

8 Risk Factors

In considering this Target's Statement and the Offer, LML Shareholders should be aware that there are a number of risks associated with both accepting and rejecting the Offer, including risks in relation to the investment performance of LML and QGL and the future performance of the LML Shares and the QGL Shares.

8.1 Risks specific to the Offer

1) Issue of QGL Shares as consideration

LML Shareholders are being offered a specified number of QGL Shares (1 QGL Share for every 40 LML Shares), rather than cash or a number of QGL Shares with a specified market value. As a result, the value of the Offer will fluctuate depending upon the market value of the QGL Shares. QGL Shares have traded in the range of 11.5 cents to 52 cents in the last 52 weeks and closed at 38.5 cents on the day before the date of this Target's Statement.

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

2) Integration risks

There are risks that any integration between the businesses of QGL and LML 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.

3) Accounting

QGL will be required to perform a fair value assessment of all of LML'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 QGL and LML as separate businesses. This may reduce the future earnings of the combined group.

4) Risks associated with QGL holding less than 100% of LML shares

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

5) Risks associated with retention of a minority stake

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

If, in connection with the Offer, QGL acquires more than 50% but less than 90% of LML Shares, QGL will hold a controlling interest in LML. The remaining LML 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 LML Shares than exists today, which could result in a lower price for those LML Shares should they wish to sell them in the future.

6) Sale of QGL Shares

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

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

7) Taxation

All potential investors in QGL are urged to obtain independent financial advice about the consequences of acquiring QGL Shares from a taxation point of view and generally.

8.2 Risks specific to QGL

1) Risks associated with exploration and mining

The future viability and profitability of QGL and the combined group as an exploration and mining company will be dependent on a number of factors including,

- 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 whom QGL is, or may become, a party.

2) Reliance on plant and equipment

QGL'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 QGL 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 QGL's viability and profitability.

3) Retaining key personnel

QGL's ongoing success depends to a significant extent on its key personnel. These individuals have extensive knowledge of the exploration and mining industry and QGL'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 performances.

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.

4) Liability and insurance risk

QGL's insurance arrangements may not be adequate to protect QGL 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 QGL be unable to maintain adequate insurance to cover these risks or experience claims for losses in excess of the level of its insurance coverage, QGL's financial performance could be materially affected.

5) Litigation and dispute risk

From time to time, QGL 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 QGL, and may also negatively impact on QGL's share price. In addition, should QGL decide to pursue claims against a third party, including any party with whom QGL has entered into agreements, this process may incur significant management and financial resources, and a positive outcome for QGL cannot be guaranteed.

Further, even if QGL was successful in obtaining a judgment against a third party, QGL 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 judgement, which is awarded in favour of QGL.

6) Financing requirements

QGL's directors expect that QGL 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 future financing will be obtained on reasonable or acceptable terms.

8.3 Risks specific to LML

1) Limited Recent Activity and ASX Suspension

The Company's Shares have been suspended from trading on ASX since 21 September 2020 and, during the period of suspension, there has been only limited exploration conducted in respect of the Company's Projects.

The Company has recently embarked upon a process for implementing a strategy for recapitalisation as a means to funding increased exploration on the Projects, including a focus on the Kookaburra Gully Project. In discussions with ASX, the Company has agreed to a timetable for the reinstatement of its Shares to trading on ASX which includes the completion of the Rights Issue by 31 November 2022. While completion of the Rights Issue is expected to satisfy a key condition of the ASX's requirements for reinstatement of the Company's Shares to trading on the ASX, the re-instatement remains subject to ASX discretion. If the Company cannot satisfy ASX that its current and proposed operations are sufficient to warrant quotation ASX may not grant it quotation and may delist the Company from ASX.

2) Renewal Risk

The permits and other approvals that the Company requires may not be maintained or renewed either in a timely fashion or at all, or on terms and/or conditions that are acceptable to the Company (including in respect of expenditure obligations). While there are risks associated with the renewal of tenements generally, the Company is not aware as at the date of this Target's Statement of any reason why any of exploration licence will not be renewed upon lodgement of a proper renewal application. The Company has recently met with the South Australian Department of Energy and Mines and obtained confirmation that, notwithstanding the period of relative inactivity the implementation of its proposed exploration program will be sufficient to ensure compliance with its historic and short-term exploration obligations.

3) Future Requirements for Capital

Whilst the Company will have enough working capital to carry out its stated business and exploration objectives the Projects will be required to be further developed for the Company to identify and commence commercially viable mining operations. Accordingly, the Company will in future require additional capital in excess of the funds to be raised under the Rights Issue for its activities, including for the future development of the Projects.

There can be no guarantee that further financing will be available on commercially acceptable terms, or at all. Any additional financing through equity issues would be dependent upon the ability of the Company to raise funds in the securities market, which in turn is dependent on there being sufficient identifiable appetite from investors for equity in the Company. If successfully conducted, such issues would also be dilutive to the current equity holders in the Company. Furthermore, debt financing may not be available to support the scope and extent of the proposed activities of the Company.

4) Third Party and Counterparty Risks

The Company has contracted with, or will in the future need to contract with, various parties to enable the implementation of its exploration plans on the Projects. Such counterparties include service contractors, consultants, suppliers, landowners and native title holders. There is a risk that counterparties may fail to perform their obligations under existing or future agreements. This could lead to delays, increase in costs, disputes and even litigation. All these factors could negatively affect the Company's operations and there can be no assurance the Company would be successful in seeking remedies or enforcement of its rights through legal actions.

5) Reliance on Key Management Personnel

The responsibility of overseeing the day-to-day operations and strategic management of the Company depends substantially on the Directors of the Company, in particular the Managing Director. The Company relies, and will in future rely, on the skills and experience of these personnel in its operations.

Noting the above, there can be no assurance given that there will be no detrimental impact on the performance of the Company and its growth potential if one or more of its Directors cease to be engaged by the Company and the Company gives no guarantee that, if one or more of its Directors and/or senior management cease to be engaged by the Company, that a suitable replacement would be identified and engaged in a timely manner, if at all. The Company has sought to mitigate this risk through adoption of remuneration policies with short-term and long-term equity incentives for key personnel which seek to further align the interest of those personnel with the interest of shareholders.

6) Change in Strategy

The medium to long term plans and strategies of the Company may evolve over time due to review, analysis and assessment of results from planned preliminary exploration activities on the Projects. This is consistent with other entities conducting mineral exploration similar to the Company. Accordingly, the plans and strategies of the Company as at the date of this Target's Statement may not reflect the plans and strategies following review, analysis and assessment of results. Any such changes have the potential to expose the Company to heightened or additional risks.

In addition, any development of the Projects or any one of them up to and including commercial operations will expose the Company to further risks associated with such activities. Nothing in this Target's Statement is to be taken to indicate that the Company will commence development of the Projects or any one of them at a specific time, if at all.

In addition, as with most exploration entities, the Company may assess and pursue other new business opportunities in the resource sector over time which complement its business (which may take the form of joint ventures, farm-ins, acquisitions and other forms of opportunities). In such cases the Company may, by pursuing such new opportunities, become subject to additional risks or increased exposure to existing risks.

8.4 Industry specific risks

1) Mineral Exploration and Development

Mineral exploration, by its nature, is inherently uncertain. Notwithstanding existing resource estimates, the Company's assets are at an early stage of the exploration process and mining and development such as that being proposed by the Company is a high risk undertaking.

There can be no assurance that exploration of the Projects (or any of them) will result in the discovery of mineral deposits which are sufficient to support mining operations. The size of the deposit, location, grade, access to infrastructure including equipment, development and operating costs, commodity prices and recovery rates are all key factors in determining commercial viability. Accordingly, there is a high risk the Company's expenditure of funds on its proposed exploration programs will not lead to the discovery and development of an economically viable resource. Such an outcome would be adverse to the Company's financial position and prospects and would potentially result in the Company scaling back its activities to conserve cash reserves.

Development of one or more of the Projects would require the Company to complete activities that would require capital in excess of the funds proposed to be raised under the Rights Issue.

The activities, plans and strategies of the Company are dependent on the results of its exploration activities. Accordingly, such activities, plans and strategies are subject to change

depending on the receipt and analysis of results of the planned exploration activities of the company.

2) Operations

The operations of the Company will, for the foreseeable future, predominantly comprise exploration activities. These activities may be adversely affected by a range of factors including lack of access to suitable personnel, lack of access to drill rigs or other equipment, mechanical failure or breakdowns, adverse weather, industrial accidents or disputes, shortages or increased costs of consumables, and other factors outside the Company's control.

3) Resource Estimation

Mineral resource estimates and exploration targets are expressions of judgement by qualified individuals based on knowledge, experience and industry practice. There are inherent risks associated with such estimates, including that ore eventually recovered may be of a different grade, tonnage or strip ratio from those adopted in the model used. These estimates also depend to some extent on interpretations and geological assumptions which may ultimately prove to be unreliable. Fluctuations in commodity prices, costs and other market factors may subsequently alter a resource estimation. Accordingly, adverse changes to the assumptions underpinning mineral resource estimates or exploration targets may adversely impact upon the Company and its operations.

4) Environmental Risks

The proposed activities of the Company will be subject to various laws and regulations concerning the environment. Mining operations have inherent risks and liabilities associated with safety and damage to the environment and disposal of waste products occurring as a result of mining exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production cost or result in a substantial liability being accrued against the Company.

Proceeding with a mining operation would be expected to create significantly enhanced environmental risks, particularly with respect to environmental damage through construction activities, disposal of waste products and/or water contamination. Such occurrences could delay production or increase costs of operations.

5) Access Risks

Exploration and mining licences may include various restrictions excluding, limiting or imposing conditions upon the ability of the Company to conduct exploration activities, including but not limited to in respect of exclusions from pursuing exploration on certain areas of Commonwealth land, requirements arising from Native Title legislation and claims and/or state legislation relating to Aboriginal heritage, culture and objects, environmental based conditions and restrictions and access procedures in relation to privately held land.

While the Company will formulate its exploration plans to accommodate and work within any such access restrictions, there is no guarantee the Company will be able to satisfy such conditions on commercially viable terms, if at all. In addition, such restrictions may be complex and/or require approvals, consents or negotiations involving governmental entities or third parties. As such, there is a risk that access issues may prevent the Company from implementing its intended exploration plans in a timely manner or at all, which may adversely impact upon the financial position, operations and prospects of the Company.

Any future changes in legislation and regulations may impose significant obligations or restrictions on the Company which cannot be predicted.

6) Mine Development

In the event the Company identifies an economically viable mineral deposit on the Projects or any one of them, its capacity to proceed to develop a mine in respect of that mineral deposit will be dependent upon a number of factors. These factors include obtaining approvals from all relevant authorities and parties (including the grant of further mining leases in addition to the existing Kookaburra Gully Mining Lease), seasonal weather issues, construction issues, cost overruns, plant and equipment availability, skilled consultants and labour availability, funding needs and other matters. These factors may create risks in respect of successful development of any project. The development of a mine may also be subject to arrangements between the Company and third parties.

7) Commodity Price Volatility and Exchange Rate Risks

If the Company commences mineral production, the revenue it may derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, prices of the commodities currently targeted by the Company are typically denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8) Climate Change Risk

As an entity engaged in exploration activities, the Company anticipates it will be subject to climate risks and in particular:

- i. The emergence of new or expanded regulations associated with transitioning to a lower carbon economy including market changes associated with climate change mitigation. The Company may be impacted by local and international compliance regulations, or specific taxes or penalties associated with carbon emissions or environmental damage. Given the uncertainty with respect to the future regulatory framework regarding climate change mitigation, the Company may be subject to further restrictions, conditions and risks. The Company's initial focus is on the Kookaburra Gully Graphite Project and it is anticipated that battery metals, such as Graphite, will play an increasing role in the transition of the economy to lower carbon energy production. Notwithstanding this outlook, and while the Company will seek to manage risks associated with the above as and when they arise, there can be no guarantee that the Company will be able to do so in a cost-effective manner, if at all.
- ii. Climate change may cause physical and environmental risks that cannot be predicted, including extreme weather patterns and events that may directly or indirectly impact the operations of the Company and may significantly disrupt the industry in which the Company operates.

8.5 General investment risks

1) Pandemic Risk

While the impacts of the COVID-19 pandemic appear to have stabilised in Australia, the Company's operations and financial prospects may be adversely affected by economic uncertainty caused by a resurgence of COVID-19 or future variants of COVID-19 or a similar future pandemic. No guarantee can be given that government and/or industry measures that are outside of the control of the Company will not be taken in future response to a resurgence of COVID-19 (or future variants), or another potential future pandemic (if any) and any such measures may adversely impact the operations and financial position of the Company.

2) Economic and Political Conditions

The performance of the Company is likely to be affected by changes in economic conditions, geopolitical events and climates and other circumstances which are outside the control of the Company. The success of the Company may be affected by some of the matters listed below:

- i. general financial issues which may affect policies, exchange rates, inflation and interest rates;
- ii. deterioration in economic conditions, possibly leading to reductions in business spending and other potential revenues which could be expected to have a corresponding adverse impact on operations and financial performance of the Company;
- iii. the strength of the equity and share markets in Australia and throughout the world;
- iv. financial failure or default by any entity with which the Company is or may become involved in a contractual relationship;
- v. the impact that geo-political factors have on the world and/or Australia, on the financial markets and/or on investments generally or specifically;
- vi. terrorism or other hostilities;
- vii. global health and safety; and
- viii. industrial disputes in Australia and other relevant markets.

3) Government and Legal Risks

Changes in government, financial policy, taxation and other laws in any local and/or international markets or regions cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objectives or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities.

The Company is also subject to various regulatory requirements, including mining and accounting requirements. Changes to standards, policies, guidelines, interpretations or principles may affect the Company's ability to carry out its activities and/or achieve its objectives. The Company cannot control or predict changes to regulatory requirements, which may adversely affect the Company.

4) Trading Price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including but not limited to, general economic conditions including the performance of the Australian dollar, the Euro and US dollars on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, short-selling, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks, and hedging or arbitrage trading activity that may develop involving the Shares.

The Share prices for many minerals exploration companies have been, and may in the future be, highly volatile which in many cases may reflect a diverse range of non-company specific influences.

Lack of liquidity may affect the value of securities. The trading price of securities offered under this Target's Statement carry no guarantee with respect to payment of dividends, return of capital or their market value or price.

5) Insurance Risk

The Company intends to insure its activities in accordance with industry practice, however there is a risk that the insurance cover held by the Company will not be of a nature or level adequate for a particular circumstance, which could have a material adverse effect on the business, financial condition and results of the Company. Insurance against all risks associated with exploration activities and, if applicable, production is not always commercially viable.

8.6 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and other not specifically referred to above, may materially affect the future financial performance of the Company and the value of LML Shares.

9 Directors' interests and contracts

9.1 Details of LML Directors

The Directors of LML as at the date of this Target's Statement are:

Ms Ruiyu Zhang	Non-Executive Chair
Mr Sam Barden	Managing Director
Mr Michael Wyles KC	Non-Executive Director, Independent
Mr Jason Foley	Non-Executive Director, Independent
Mr Shalain Singh	Non-Executive Director
Mr Ross Loturco	Non-Executive Director

9.2 Directors' interests in QGL securities

No Director has a Relevant Interest in any securities of QGL as at the date of this Target's Statement.

9.3 Directors' interests in LML securities

No Director has a Relevant Interest in any securities of LML as at the date of this Target's Statement.

9.4 Dealing in LML securities

No Director acquired or disposed of a Relevant Interest in any LML Shares in the four month period ending on the Last Trading Date.

9.5 Conditional agreements

No Director is a party to any agreement or arrangement with any other person (including with QGL) in connection with or conditional on the outcome of the Offer, other than in their capacity as a holder of LML Shares.

9.6 Interests of Directors of LML in any contract with QGL

No Director has an interest in any contract entered into by QGL.

9.7 Payments and benefits

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act) will or may be given to a LML Director in connection with their retirement from office in LML or a related body corporate of LML.

10 Additional information

10.1 LML Share Capital

As at the date of this Target's Statement, LML's issued capital is comprised solely of 574,983,686 LML Shares.

10.2 Details of Substantial Shareholders

According to the substantial holder notices given to LML as at the date of this Target's Statement, the substantial shareholders of LML, their votes and percentage voting power in LML is as follows:

	Shareholder	Number of Shares	%
1	Poly Mineral Investment Ltd	114,500,000	19.91
2	Poan Group Holdings Pty Ltd	75,418,955	13.12
3	Good Make Inc	58,695,560	10.21
4	Regal Fortress Inc	51,977,235	9.04
5	Mr Yingkang Zhong	32,221,923	5.60
6	HSBC Custody Nominees (Australia) Limited	21,544,284	3.75
7	High Treasure International Ltd	15,000,000	2.61
8	Dr Merran Shuk Ling Pang	14,463,924	2.52
9	Ms Yin Ping Abby Ko	7,945,867	1.38
10	Citicorp Nominees Pty Limited	7,441,462	1.29
11	Mr Hock Guan Ng	6,099,107	1.06
12	Mr Kwang Hou Hung	6,000,000	1.04
13	Ms Lai Yoong Lim	4,100,000	0.71
14	Senheng Electric (KL) SDN BHD	4,000,000	0.70
15	Mr Kok Bin Wee	4,000,000	0.70
16	M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	3,433,474	0.60
17	Mr Desmond Kerr & Miss Debbie Kerr	3,249,219	0.57
18	Mr David Wang & Ms Jessica Yue Zhao	3,089,058	0.54
19	BNP Paribas Nominess Pty Ltd ACF Clearstream	3,052,841	0.53
20	Mr Christopher Sargant & Mrs Marieanne Sargant <Sawnee Super Fund A/C>	3,000,000	0.52
	Total 20 largest shareholders	439,232,909	76.39
	Total Remaining Holders Balance	135,750,777	23.61

10.3 Tax considerations for LML Shareholders

LML Shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances. In particular, LML Shareholders who are subject to tax outside Australia should obtain their own advice as to the tax consequences for them of the Offer, which may be different to those applicable to Australian resident LML Shareholders.

10.4 Reliance on information obtained from QGL or public sources

All of the information concerning QGL contained in this Target's Statement has been obtained from publicly available sources including public documents filed by QGL or information published by QGL on its website. None of the information in this Target's Statement relating to QGL has been verified by QGL or independently verified by LML or its Directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, LML makes no representation or warranty (either express or implied) as to

the accuracy or completeness of this information. The information on QGL in this Target's Statement should not be considered comprehensive.

10.5 Continuous disclosure

LML is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require LML to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, LML has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of LML Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au.

Copies of documents lodged with ASIC in relation to LML may be obtained from ASIC.

10.6 Other information

This Target's Statement is required to include all the information LML Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any of the LML Directors.

The LML Directors are of the opinion that the information that LML Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement); and
- the information contained in this Target's Statement.

The LML Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). The LML Board does not take any responsibility for the contents of the Bidder's Statement and is not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the LML Directors have had regard to:

- the nature of the LML Shares;
- the matters LML Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of LML Shareholders; and
- the time available to LML to prepare this Target's Statement.

10.7 Approval of the Target's Statement

The copy of this Target's Statement that is to be lodged with ASIC has been approved by a resolution passed by the LML Board.

This Target's Statement is dated 5 October 2022, which is the date on which it was lodged with ASIC.

11 Consents

Each person named in this Section 11 as having given its consent to being named in, or to the inclusion of a statement in, this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, other than those statements which have been included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or reports which have been included in this Target's Statement with the consent of that person.

Other persons

As at the date of this Target's Statement, Norton Rose Fulbright Australia as legal adviser to LML has consented to being named in this Target's Statement in the form and context in which it is named and has not withdrawn that consent.

As at the date of this Target's Statement, Computershare Investor Services Pty Ltd as the Share Registry has consented to being named in this Target's Statement in the form and context in which it is named and has not withdrawn that consent.

Reliance on ASIC Corporations (Consents to Statements) Instrument 2016/72

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

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

Pursuant to the ASIC Instrument, the consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Target's Statement.

As permitted by the ASIC Instrument, this Target's Statement includes references to ASX trading data. Pursuant to that ASIC Instrument, the consent of the person who prepared the trading data is not required for inclusion of that trading data in this Target's Statement.

12 Glossary and Interpretation

12.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise:

Acceptance Form means the Acceptance Form provided to you by QGL with its Bidder's Statement containing instructions on how to accept the Offer.

ASIC means the Australian Securities and Investments Commission.

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

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited or the market operated by it (as the context requires).

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement.

Bidder's Statement means QGL's bidder's statement in relation to the Offer, as initially dated 9 August 2022 and replaced by its replacement bidder's statement dated 6 September 2022.

Broker means a person who is a stockbroker and participant in CHESS.

CHESS means the Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.

CHESS Holding means a holding of LML Shares on the CHESS subregister of LML.

Conditions means the bid conditions applicable to the Offer summarised in Section 3.9 of this Target's Statement.

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

Corporations Act means the *Corporations Act 2001* (Cth).

Foreign Shareholder means any LML Shareholder whose address in LML's register of members is a place outside Australia and its external territories, to whom it is unlawful for QGL to make the Offer or for whom it is unlawful to accept the Offer.

Issuer Sponsored Holding means a holding of LML Shares on LML's issuer sponsored subregister.

Last Trading Date means 9 August 2022, being the last day on which LML Shares traded on the ASX prior to the initial Bidder's Statement being lodged.

LML or Company means Lincoln Minerals Limited (ACN 050 117 023).

LML Board or Board means the board of directors of LML.

LML Director or Director means a director of LML.



LML Share or Share means a fully paid ordinary share in the capital of LML.

LML Shareholder or Shareholder means a person who is registered as the holder of a LML Share in the LML register of members.

LML Share Registry means Computershare Investor Services Pty Ltd.

Notice of Status of Conditions means QGL's notice disclosing the status of the Conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.

Offer means the takeover bid by QGL to acquire all of the LML Shares on the terms and conditions set out in the Bidder's Statement.

Offer Consideration means the consideration offered under the Offer which, as at the date of this Target's Statement, is 1 QGL Share for every 40 LML Shares.

Offer Period means the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.

Official List means the official list of entities that the ASX has admitted and not removed.

Prescribed Occurrence has the meaning given in section 12.9(b) of the Bidder's Statement.

QGL means Quantum Graphite Limited (ACN 008 101 979) of Level 5, 349 Collins Street, Melbourne VIC 3000.

QGL Share means a fully paid ordinary share in the capital of QGL.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Rights means all accretions, rights or benefits of whatever kind attaching or arising from LML Shares directly or indirectly after 9 August 2022 (being the date of the initial Bidder's Statement), including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities declared or paid by LML or any of its Subsidiaries).

Subsidiary has the meaning given to that term in the Corporations Act.

Target's Statement means this document, being the statement of LML under Part 6.5 of the Corporations Act in relation to the Offer.

Voting Power has the same meaning given to that term in section 610 of the Corporations Act.

VWAP means volume-weighted average price.

Unconditional means free from all Conditions.

12.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise:

- (1) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act (as is appropriate to the context).
- (2) A gender includes all genders.
- (3) The singular includes the plural, and the converse also applies.
- (4) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (5) A reference to legislation or to a provision of legislation includes any modification or re-enactment of it, any legislative provision substituted for it and any regulations and statutory instruments issued under it.
- (6) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (7) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly. A reference to that party is a reference to each of those people separately (so that, for example, a representation or warranty by that party is given by each of them separately).
- (8) A reference to an agreement or document is to the agreement or document as amended, supplemented, novated or replaced.
- (9) Headings used in this Target's Statement are for ease of reference only and do not affect the meaning or interpretation of this Target's Statement.
- (10) A reference to a Section or Annexure is to a section of, or annexure to, this Target's Statement unless otherwise specified.
- (11) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (12) \$, A\$ or AUD is a reference to the lawful currency of Australia.
- (13) A reference to time is a reference to Australian Eastern Standard Time.
- (14) All numbers in this Target's Statement, unless otherwise stated, have been rounded to two decimal places.



Shareholder Information

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