



SUPPLEMENTARY TARGET'S STATEMENT

1 Important Information

This document is a supplementary target's statement under section 644 of the Corporations Act 2001 (Cth) (**Act**) and is dated 31 October 2022.

It is the supplementary target's statement (**Supplementary Target's Statement**) to the Target's Statement dated 5 October 2022 (**Original Target's Statement**) issued by Lincoln Minerals Limited (ACN 050 117 023) (**LML**) and lodged with ASIC on 5 October 2022, in response to the off-market scrip takeover bid made by Quantum Graphite Limited (ACN 008 101 979) (**QGL**) to acquire all of the ordinary shares in LML (**Offer**).

The Supplementary Target's Statement supplements, and is to be read with, the Original Target's Statement. This Supplementary Target's Statement will prevail to the extent of any inconsistency with the Original Target's Statement.

A copy of this Supplementary Target's Statement was lodged with ASIC on 31 October 2022 pursuant to section 647(3) of the Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Target's Statement or the merits of the Offer.

Unless the context requires otherwise, the words and phrases defined in this Supplementary Target's Statement have the same meaning as in the Original Target's Statement.

You should read this document in its entirety. Please consult your legal, financial or other professional advisor if you do not fully understand the contents of this Supplementary Target's Statement.

A copy of this Supplementary Target's Statement and the Original Target's Statement can be obtained from LML's website at <https://www.lincolnminerals.com.au>.

2 Your Directors unanimously recommend you reject the Offer

The LML Directors continue to unanimously recommend that you **REJECT** the Offer by **DOING NOTHING** and **TAKING NO ACTION** with respect to your LML Shares for the reasons set out in section 1 of the Original Target's Statement and supplemented by the reasons outlined below in this Supplementary Target's Statement.

This Supplementary Target's Statement provides additional information for LML Shareholders to assist their consideration of the Offer.

3 Four substantial shareholders holding in total 52.28% of LML's shares REJECT QGL takeover

LML has sought and received intention statements from Poly Minerals Investments Limited, Poan Group Holdings, Good Make Inc, and Regal Fortress Inc, all substantial shareholders holding 19.91%, 13.12%, 10.21% and 9.04% of ordinary shares in the Company respectively (equal to, in aggregate, 52.28% of LML's shares on issue).

These shareholders have indicated that they reject the takeover offer made by QGL at the current price of 1 QGL share for every 40 LML shares, and remain committed to their investments in LML.

The shareholders have consented to their statements being referred to in this Supplementary Target's Statement and this consent has not been withdrawn. These statements are not intended to be forward looking, or statements as to the likely future actions of any individual rejecting shareholder.

These statements have the result that the 50.1% minimum acceptance condition in the Offer cannot be satisfied, which will allow QGL to withdraw the Offer. It is open to the QGL to waive the condition.

4 Amendments to the Original Target's Statement

The Original Target's Statement is amended as follows:

4.1 Deletion of certain statements

Delete the statements in the Original Target's Statement that (1) the Offer is not fair to LML shareholders (on pages 4 and 16) and (2) does not reflect a premium for control (fourth bullet on page 4, whole of reason 4 on page 5 and whole of paragraph 1.4). Shareholders should disregard these statements when considering the Offer.

4.2 Update on frequently asked questions

Delete the answer to the question "*Who is QGL?*" in section 5 of the Original Target's Statement and replace it with the following:

Quantum Graphite Limited (QGL) is an ASX-listed company that explores, produces, processes and sells graphite products. QGL is not a current producer of flake graphite products, but seeks to produce flake graphite products that support the traditional refractory markets, the graphite sector and the energy technologies sector. QGL historically produced graphite from the Uley Mine as part of the Uley 1 Graphite Project under the name Valence Industries Limited prior to the company entering into a Deed of Company Arrangement in 2017.

Delete the answer to the question "*What do your LML Directors intend to do with their LML Shares?*" in section 5 of the Original Target's Statement and replace it with the following:

The Directors do not own, or control or have a relevant interest in any LML Shares. To the extent that each Director may acquire any relevant interest in 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 otherwise have a relevant interest.

4.3 Update on risks specific to LML

Insert the following at the end of section 8.3 of the Original Target's Statement:

7) Rights Issue may result in QGL withdrawing the Offer

The issue of shares by the Company under the proposed Rights Issue will constitute a '*Prescribed Occurrence*' under the terms of the Offer resulting in the occurrence of a defeating condition which will allow QGL to withdraw the Offer. Accordingly, shareholders should be aware that shareholder approval or completion of the Rights Issue may result in QGL withdrawing the Offer, although it is open to the QGL to waive the condition. Under Takeovers Panel policy, an action by a target company that is the subject of an Offer that triggers a defeating condition in the takeover bid is a frustrating action. The Takeovers Panel has indicated that, in general, it will not give rise to unacceptable circumstances under the frustrating action policy if a target offers shareholders a choice in relation to the proposed frustrating action, such as by seeking shareholder approval. The Company is seeking shareholder approval for Rights Issue at its postponed 2021 AGM to be held in November 2022.

The Directors have proposed the Rights Issue as they consider it to be in the best interests of the Company. The Company has recently embarked upon a process for implementing a

strategy for recapitalisation as a means to funding increased exploration on the Projects. 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.

8) Directors' previous experience managing ASX listed companies

Whilst the Directors have considerable experience in Australian investment and financial markets, the Directors do not have previous experience in managing ASX listed companies prior to their appointment. The Company relies, and will in future rely, on the experience of the Directors in its operations. The Directors are supported by a company secretary with substantial experience of ASX listed companies, as well as advisers who they consult on particular issues. However, there is a risk that the Directors' lack of experience in managing ASX listed companies could negatively affect the Company's operations. After LML's Shares become no longer subject to suspension of trading on ASX, the Board intends to assess its skills matrix again and may augment it through appropriate appointments.

5 Approval of Supplementary Target's Statement

This Supplementary Target's Statement has been approved by a unanimous resolution passed by the board of Directors of LML.

Date: 31 October 2022

Signed for and on behalf of LML by:

A handwritten signature in black ink, appearing to be "Sam Barden", written over a white background.

Sam Barden
CEO and Managing Director