

Lincoln Minerals Limited

Letter to Shareholders Regarding QGL Offer

30 January 2023



Dear Shareholders,

How to REJECT or WITHDRAW an acceptance of QGL's extended Offer

On behalf of the Lincoln Minerals Limited (**Lincoln** or **Company**) Board and management team, I would like to thank you for your continued support of our Company.

The first half of FY 2022/23 has been transformational for Lincoln and our investors, and I am delighted that our shareholders have been rewarded with the positive rerating of our share price. Lincoln shares are now performing strongly, closing at \$0.06 per share on 30 January 2023, representing a 750% increase since Lincoln's reinstatement onto the ASX ten days earlier.

The purpose of this letter is to provide Lincoln shareholders with an update following Quantum Graphite Limited's (**QGL**) latest, and third, consecutive action to extend the Offer Period for their all-scrip takeover bid for Lincoln (refer ASX release dated 25 January 2023). The Offer Price under QGL's takeover bid remains unchanged, being 40 QGL shares for every 1 LML share. As at close of trading on 30 January, the implied value of LML shares under the Offer was \$0.013 per share which remains well below LML's closing price of \$0.06 per share (based on the closing prices of Lincoln and QGL shares on ASX as at 30 January 2023).

Following our successful \$4.6 million rights issue, shareholders will notice that Lincoln shares are quoted under two separate ASX codes ("LML" and "LMLND").

- **ASX:LML** comprises all shares that were in existence prior to the \$4.6 million rights issue that closed in early January 2023 and the issue of Director shares (574,975,686).
- **ASX:LMLND** comprises all shares issued under that rights issue and issue of Director shares (801,478,122).

As at the date of this announcement, the total number of fully paid Lincoln shares (LML and LMLND) on issue is 1,376,453,808.

The QGL takeover bid does not extend to any new shares issued by Lincoln after 10 August 2022 (being the 'register date' set out in QGL's replacement bidder's statement dated 6 September 2022). The two ASX codes are required to distinguish the existing shares from the rights issue and Director shares which are not covered by QGL's takeover bid. The two ASX codes were required by the ASX.

Once the QGL bid is resolved (completed, lapsed or withdrawn) then LMLND shares will become part of LML's main class of ordinary shares and there will be only one class of ordinary shares.

The market circumstances and strong rerating of Lincoln's stock may have caused a few of our shareholders to rethink their support for the QGL takeover bid. Both Computershare and I have received calls from shareholders seeking to **WITHDRAW** their acceptance of the QGL takeover bid.



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Lincoln shareholders have the right to WITHDRAW their acceptance of the QGL takeover bid

Following the most recent extension of the Offer Period, Lincoln shareholders who have accepted QGL's takeover bid on or prior to 24 January 2023, have a right to withdraw their acceptances before 25 February 2023. Shareholders wishing to exercise this right must give a written withdrawal notice to QGL and return any consideration received for accepting the Offer. As QGL's takeover bid is still conditional, Lincoln shareholders should not have received any consideration under the bid.

As mentioned above, I have fielded numerous calls from shareholders regarding their inability to trade their LML shares. Shareholders who have accepted QGL's takeover bid cannot trade their LML shares. Neither Lincoln nor Computershare (Lincoln's registry services provider) can enable the trading of LML shares that have been accepted into QGL's takeover bid.

Should any shareholder wish to WITHDRAW their acceptance, they will need to give QGL a formal written withdrawal notice by contacting QGL's team at *Link Market Services*.

The QGL replacement Bidder's Statement lists the following telephone numbers:

Within Australia: 1800 992 039

Outside Australia: +61 1800 992 039

QGL's bid conditions are incapable of satisfaction

According to the latest substantial holder notice lodged with ASX on 1 November 2022, QGL has only acquired a relevant interest in around 5.1% of Lincoln's pre-rights issue share capital under its bid (which equates to around 2.1% of Lincoln's current issued capital).

Further to this, Lincoln shareholders should be aware:

- the "no prescribed occurrence" condition of QGL's bid has been breached by the rights issue and issue of Director shares;
- the "50.1% minimum acceptance" condition of QGL's bid is incapable of being satisfied. QGL's takeover bid only covers the 574,975,686 Lincoln shares that were on issue as at 10 August 2022 but is conditional upon QGL acquiring a relevant interest in at least 50.1% of Lincoln shares (as at the end of the Offer Period). Given the recent expansion of Lincoln's share capital as a result of the rights issue, even if QGL were to acquire 100% of shares the subject of its bid, it would only acquire approximately 42% of Lincoln's current fully diluted capital, meaning the condition is incapable of satisfaction; and
- QGL has not yet informed Lincoln shareholders whether it intends to rely on or waive either of these conditions.

Shareholders who have not yet accepted into QGL's bid and wish to reject the Offer do not need to take any action. Shareholders who have accepted QGL's takeover bid on or prior to 24 January 2023 may withdraw their acceptances by following the procedure outlined above.

Should you have any further queries or wish to discuss the details within this letter, please feel free to contact me, my details are in the footer of this letter.

Yours sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a circular flourish and a horizontal line extending to the right.

Sam Barden

Managing Director & CEO

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

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About Lincoln Minerals Limited

Lincoln Minerals Limited (ASX: LML) is mineral exploration company, focused on graphite, copper and iron ore in South Australia across twelve licence holdings totalling 1,151 km². The Company's flagship asset, the Kookaburra Gully Graphite Project has a defined JORC Resource and is located 35km north of Port Lincoln on the Eyre Peninsula. Lincoln is focused on progressing Kookaburra Gully to an advance mining Feasibility Study, embarking on a fully funded exploration and drilling program across all tenements in 2023.