

# Quarterly Activities Report

Period Ending 31 December 2022



25 January 2023

ASX: LML and LMLND

Advanced graphite explorer, **Lincoln Minerals Limited** ("Lincoln" or "Company") (ASX:LML) is pleased to provide its quarterly activities report for the period ending **31 December 2022**.

## Highlights

- **Lincoln Minerals made substantial progress in corporate activities over the quarter, culminating in the reinstatement of LML shares being traded on the ASX on Friday, 20 January 2022**
- **Held 2021 AGM and 2022 AGM with all resolutions put to shareholders being approved**
- **Lodgement of Original Targets Statement and Supplementary Targets Statement in response to the Quantum Graphite Limited off-market scrip takeover offer for LML shares**
- **Successful capital raise via Rights Issue of \$4.6M before costs and repayment of loan secures cornerstone investor with Evolution Capital Pty Ltd acting as underwriter**
- **Quotation of Rights Issue shares under LMLND due to the Quantum Graphite Limited off-market script takeover offer for LML shares**
- **Independent Geological Consultancy engaged to evaluate the Modifying Factors and update key economic parameters to identify opportunities to update the Feasibility Study**

Commenting on the activities during the quarter, **Managing Director Mr. Sam Barden** said:

"The December 2022 quarter has culminated into a transformational period for Lincoln, and I would like to take this opportunity to formally welcome our new investors to the registry and thank our longstanding shareholders for their continued support. I would also like to take this opportunity to thank the Lincoln management team and Board for their continued commitment and excellence as we now enjoy the success of relisting LML on the ASX after a period of hiatus since September 2020."

"Graphite is now on the list of critical minerals for western governments to secure supplies given its importance to the energy transition and high supply risk."

"I strongly believe we now have the foundations set in place to add significant value for our shareholders. We have reduced our debt, and now have the capital to proceed with an aggressive, fully funded 2023 drilling program to progress Kookaburra Gully to an advance mining feasibility study and expand exploration across all our leases on the Eyre Peninsula in South Australia."

## December 2022 Quarterly Activities Update

During the quarter, Lincoln made substantial progress in undertaking activities which culminated in the Company's shares being reinstated to trading status on the ASX on Friday, 9 January 2023.

The Company received shareholder approval at its 31 October 2022 AGM to proceed with a non-renounceable rights issue prospectus offer (Offer). The fully underwritten rights issue was launched in November 2022 and following the lodgement of a replacement prospectus in December 2022, the Offer was completed in January 2023 raising \$4.6M before costs. Use of funds raised will include repayment of a \$1.6M



Lincoln Minerals Limited  
ABN 50 050 117 023  
[www.lincolnminerals.com.au](http://www.lincolnminerals.com.au)  
[info@lincolnminerals.com.au](mailto:info@lincolnminerals.com.au)  
353 Burwood Highway Forest Hill 3131

loan to the Company's largest shareholder Australian Poly Minerals Investments Pty Ltd, recommencing graphite exploration and progressing Lincolns' flagship Kookaburra Gully graphite project.

The Company's path to completing its equity raise under the Offer was hampered by the on-going off-market scrip takeover offer received from Quantum Graphite Limited (QGL) to acquire all the shares in Lincoln. Multiple applications were made by QGL to the Takeovers Panel which were ultimately unsuccessful clearing the way to complete the Offer.

On completion of the Offer, Lincoln Minerals Limited shares were reinstated to trading status on the ASX on January 20, 2023.

The Board and Management has a clear strategy for success. As the world focuses on environmental responsibility and the transition to a decarbonised economy, the global trend towards electrification continues and the growth in demand for batteries and their component minerals is also expected to continue. Graphite is a key component in the manufacture of batteries. Lincoln's cornerstone Kookaburra Gully Graphite project, located on the Eyre Peninsula in South Australia, has the potential to contribute to this graphite demand. With the Company now funded to progress its 2023 exploration program, Lincoln will continue to define and increase geological confidence in its Mineral Resource base

The current Board of three directors (following resignation of three directors in October 2022), supported by an experienced management team, have the skills to execute this strategy to monetise the Kookaburra Gully asset and maximise shareholder value.

## **Rights Issue Offer**

On 24 November 2022, Lincoln Minerals Limited (Lincoln) lodged its non-renounceable Rights Issue Prospectus Offer. The Offer was conducted on the basis of an entitlement of 67 new shares for every 50 shares held at an issue price of \$0.006 per share. Evolution Capital Pty Ltd acted as underwriter of the Offer and post completion is anticipated to become a strategic and substantial investor in Lincoln Minerals. Funds raised provide capital for the company's exploration and development program with primary focus on the Kookaburra Gully Graphite Project and to repay a working capital loan advanced by Australian Poly Minerals Investments Pty Ltd. The recapitalisation program was a prerequisite to ASX lifting the suspension in trading of the Company's shares.

On 20 December 2022, a Replacement Rights Issue Offer was lodged addressing certain deficiencies that were identified as a result of Takeovers Panel applications made by Quantum Graphite Limited (QGL).

On 12 January 2023, Lincoln reported that the Offer had closed successfully raising \$4.6M before costs; and on 18 January 2023, 770,478,122 new ordinary shares were issued under ASX Code LMLND.

## **Target's Statement**

On 5 October 2022, Lincoln Minerals Limited (Lincoln) lodged its Original Target's Statement in response to Quantum Graphite Limited's (QGL) off-market scrip takeover offer for all the ordinary shares in Lincoln (Bid). Following the receipt of shareholder approval to proceed with the Rights Issue Offer at the AGM held on 31 October 2022, Lincoln lodged a Supplementary Target's Statement on 1 November 2022. Lincoln lodged a Second Supplementary Target's Statement on 29 November 2022 to address issues raised by QGL in their

applications to the Takeovers Panel. The QGL Bid was extended multiple times during the quarter since being lodged and is due to close on 31 January 2023, unless extended.

Lincoln's board of directors unanimously recommend that Lincoln shareholders join in **REJECTING** the QGL Bid. The Company received the support of its 4 largest shareholders who hold a combined 52.28% shareholding in the Company (as at the date of the Second Supplementary Target's Statement) in rejecting the QGL Bid. A key condition of the Bid is for QGL to secure at least 51% of the shares in Lincoln Minerals Limited to progress the Bid which under the terms at date of this report will not be possible.

## Kookaburra Gully Graphite project

The Company's flagship asset, the Kookaburra Gully Graphite project, is located approximately 35km north of Port Lincoln on the Eyre Peninsula in South Australia. Kookaburra Gully's 2017 Feasibility Study 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 (*refer to 2022 Annual Report, released to the ASX on 17 October 2022*).

In preparation for the Prospectus to accompany the Rights Issue Offer, Lincoln engaged an Independent Geological Consultancy to evaluate the Modifying Factors and update key economic parameters to identify opportunities to update the Feasibility Study. Findings of this report will be made available in the coming weeks.

## Eurilla Gold Anomaly

Lincoln completed the evaluation of geochemical data from near surface geological sampling conducted in 2022 to investigate gold anomalism in Lincoln's Eurilla tenement, located approximately 40kms north of Kimba on the Eyre Peninsula in South Australia (Figure 1).

Indications of the presence of gold in calcrete from prior studies have not been repeated in the recent calcrete sampling program and hence Lincoln is downgrading its assessment of this tenement for gold prospectivity.

## Tenements

Lincoln holds exploration rights to South Australian licence holdings totalling 1,151 km<sup>2</sup>, all located on Eyre Peninsula, with 999 km<sup>2</sup> 100% owned.

The status of all Exploration Licences (EL) as of 31 December 2022 for which Lincoln is the Licensee is shown under Schedule A – Tenement Schedule and map. All EL's are current with EL's 6421 Uno, 5942 Eurilla, 5922 Wanilla, 5971 Tumby Bay and 6024 Mount Hill applications for renewal lodged with Government. Exploration Licences 6441 Dutton River and 6448 Wanilla were renewed during the December quarter.

## ASX Listing Rule 5.23 Statement

The references in this announcement which relate to Ore Reserves, Mineral Resources and Exploration Results of the Company are detailed in the Company's 2022 Annual Report (*released to the ASX on 17 October 2022*). The Company is not aware of any new information or data that materially affects the information in

# Quarterly Activities Report – 31 December 2022



the original market announcement and all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

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

Sam Barden, Managing Director / CEO Lincoln Minerals Limited E: Sam.Barden@lincolnminerals.com.au	Andrew Metcalfe, Company Secretary Lincoln Minerals Limited E: Andrew@accosec.com
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## About Lincoln Minerals Limited

Lincoln Minerals Limited (ASX: LML) is a mining exploration company, focused on graphite, gold, copper and iron ore in South Australia. The Company's cornerstone graphite project is based at the Kookaburra Gully Graphite project on southern Eyre Peninsula.

## SCHEDULE A - Tenement Schedule

Tenement	Renewal Date	Area (km²)	Location	Target Commodity
LINCOLN MINERALS 100% OWNERSHIP OF ALL MINERAL RIGHTS				
EL 5942*	28-Jan-22	52	Eurilla	Gold, Base metals
EL 5922*	12-Feb-22	188	Wanilla	Graphite
EL 6421*	28-Sep-22	26	Uno	Gold, Base metals
EL 6441	3-Nov-24	82	Dutton River	Graphite
EL 6638	6-Jan-26	92	Gum Flat	Graphite, Iron
EL 5971*	11-Apr-22	182	Tumby Bay	Graphite, base metals
EL 6024*	5-Aug-22	295	Mount Hill	Graphite, base metals
EL 6448	15-Nov-24	79	Wanilla (Bald Hill)	Graphite, Iron
ML 6460	2-June-37	300.8 ha	Kookaburra Gully	Graphite
Subtotal		999		
LML HAS 100% OWNERSHIP OF ALL MINERAL RIGHTS (EXCLUDING IRON ORE)				
EL 5851	13-Aug-27	117	Minbrie	Base metals
ML 6344	11-Aug-29	916 ha	Wilgerup	Base metals
RL 129	07-Nov-26	2,547 ha	Kimba Gap	Base metals
Subtotal		152		
Grand total		1,151		

\* Exploration Licence renewals in progress





Figure 1: Map of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of Energy and Mining, the Government of South Australia, Exploration and Geoscientific Data, sourced on 19 January 2023

[http://www.energymining.sa.gov.au/minerals/exploration/tenement\\_information](http://www.energymining.sa.gov.au/minerals/exploration/tenement_information)

## Disclaimers

### Competent Person Statement

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

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

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

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

## Appendix 5B

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

Name of entity

Lincoln Minerals Limited

ABN

50 050 117 023

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(48)	(70)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(124)	(134)
	(e) administration and corporate costs	(424)	(880)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (PAYG Boost)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(596)</b>	<b>(1,084)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	530	1,080
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>530</b>	<b>1,080</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	104	42
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(596)	(1,084)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	530	1,080

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>38</b>	<b>38</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	38	104
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>38</b>	<b>104</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	85
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

<b>7. Financing facilities</b> <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A’000</b>	<b>Amount drawn at quarter end \$A’000</b>
7.1 Loan facilities	1,600	1,590
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Note)	-	-
7.4 <b>Total financing facilities</b>	1,600	1,590
7.5 <b>Unused financing facilities available at quarter end</b>		10
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The previously agreed convertible note agreement was terminated and the Company agreed to record funds advanced by APMI as an advance under a Shareholder loan facility of \$1.6m with interest payable by the Company on the sum advanced at 8% per annum. These funds are to be used predominantly to support the Company’s exploration program and meet general working capital commitments until completion of the capital raising under the non-renounceable rights issue prospectus.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(596)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(596)
8.4 Cash and cash equivalents at quarter end (item 4.6)	38
8.5 Unused finance facilities available at quarter end (item 7.5)	10
8.6 Total available funding (item 8.4 + item 8.5)	48
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: The company has experienced higher than normal administrative costs associated with legal and accounting costs associated with completion of the December 2021 and June 2022 audited financial statements, corporate and registry costs associated with the preparation and holding of the 2021 and 2022 AGM's, preparation and lodgement of the rights issue prospectus and replacement rights issue prospectus, preparation and lodgement of the Targets Statement and revised Targets Statement, responding to requests for information from the Takeovers Panel, and completing the company's readmittance of company's securities on ASX.	

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

Answer: Yes, the entity has completed raising funds through the rights issue and received the funds in January 2023.

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

Answer: Yes, the entity will be using the proceeds from the rights issue to continue its operation and meet its obligations.

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

## Compliance statement

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

Date: 25 January 2023

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

## Notes

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