

Quarterly Activities Report

September 2014

30 October 2014

Key Points

Kookaburra Gully Graphite Project on South Australia's Eyre Peninsula

- **Mining Lease Proposal draft finalised** for Kookaburra Gully flake graphite project
- Community Information Update No. 2 was released for the proposed Kookaburra Gully flake graphite mine
- Assay results for drilling undertaken at the adjoining historic Koppio Graphite Mine outline graphite mineralisation up to 42.8% Total Graphitic Carbon (TGC)
- Graphite mineralisation at the Koppio mine site extends more than 525m in strike length and remains open at depth and to the north and south of current drilling extents

Subsequent to the end of the September 2014 Quarter

- **Mineral Claim applications pegged and lodged** for proposed Kookaburra Gully graphite project mining lease
- Draft Mining Lease Proposal lodged with SA Department of State Development for review prior to the formal Mining Lease Application

Gum Flat Iron Ore Project on South Australia's Eyre Peninsula

- Groundwater extraction license granted for proposed Barns hematite mining operation

Corporate

- Signed an agreement to become a foundation member of an international graphite trading exchange based in Qingdao, China

Kookaburra Gully is one of Australia's premier graphite deposits with total Indicated and Inferred Mineral Resources of 2.20 million tonnes grading on average 15.1% TGC.

Both Kookaburra Gully and the nearby historic Koppio Graphite Mine are global Top 10 graphite deposits based on grade, are 10km from water supplies, adjacent high voltage electricity lines and within 35km of a major export port.

Lincoln Minerals Limited (LML) and its 100% owned subsidiary Australian Graphite Limited (AGL) aim to take the Kookaburra Gully project to critical development and commercialisation milestones over the next 12 months.

Quarterly Activities Report – September 2014

30 October 2014



SOUTH AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER



Graphite – various ELs (SA's Eyre Peninsula)

(LML and its 100%-owned subsidiary, AGL, have exclusive rights to graphite on all tenements)

There are numerous graphite occurrences and historic graphite mines on southern Eyre Peninsula within 50km of Port Lincoln including:

- **Kookaburra Gully** located approximately 35km north of Port Lincoln – originally identified and investigated by Pancontinental Mining during the 1980s but shown by Lincoln Minerals' drilling early in 2013 to contain a shallow high grade flake graphite with a Mineral Resource extending to at least 125m below ground level and open both at depth and along strike (*Lincoln Minerals Limited, ASX Announcement 19 December 2013*)
- **Koppio Graphite Mine** – intermittently mined from the early 1900s to 1944 and containing high grade lenses of coarse flake graphite up to 42.8% TGC (*Lincoln Minerals Limited, ASX Announcement 10 July 2014*)
- **Pernella, Glendara and Yellow Gums prospects** – historic occurrences containing coarse flake graphite near Koppio
- **Plumbago and Yarranyacka prospects** – historic prospects in the Gum Flat and Sleaford Mere area immediately adjacent to the recommissioned Uley Graphite Mine.

Other prospects on Lincoln's tenements within SA's Eyre Peninsula include:

- **Campoona Syncline** (Cockabidnie) – immediately adjacent to Archer Exploration Limited's (AXE) Campoona Hill, Sugarloaf Hill and Wilclo graphite prospects.

During the April-June quarter 2014, Lincoln completed a drilling program at the historic Koppio Graphite Mine and significantly advanced the completion and compilation of environmental, hydrogeological and mine planning reports for a Mining Lease Proposal for Kookaburra Gully.

Proposed Kookaburra Gully Graphite Mine

Early in July 2014, Lincoln released its Community Information Update No. 2 for the Company's proposed graphite mine at Kookaburra Gully.

Company representatives presented this update and answered questions at community information sessions on 10-11 July 2014 at Tumby Bay and Yallunda Flat. This was a final step towards completing a Mining Lease Proposal for the proposed Kookaburra Gully Graphite Mine.

Kookaburra Gully has a combined Inferred and Indicated Mineral Resource of 2.2 million tonnes at an average 15.1% TGC (1.47 Mt @ 13.9% TGC Indicated + 0.73 Mt @ 17.3% TGC Inferred at a nominal cutoff >5% TGC) (*Lincoln Minerals Limited, ASX release 19 December 2013*). Metallurgical tests have shown that the deposit can produce a range of flake graphite products from very fine (<75 microns) to large (>176 microns) flake at grades in excess of 93% TGC.

Applications for two Mineral Claims totalling approximately 300 hectares have now been lodged for Lincoln's Kookaburra Gully graphite project (Figure 1). The Company expects to lodge in the current December quarter, the formal mining lease application for what will be Australia's newest graphite mine and at a time global graphite demand is increasingly favouring new mine start-ups.

Quarterly Activities Report – September 2014

30 October 2014



The mineral claims have been lodged under the company name of Australian Graphite Limited (AGL), which is a fully owned subsidiary of Lincoln Minerals. The Mineral Claims are the first step in applying for a Mining Lease over the high grade Kookaburra Gully graphite deposit. AGL owns the graphite mineral rights over a number of LML and Centrex Metals-SA Iron Ore Group (CXM-SAIOG) ELs (see the Tenement schedule at the end of this report).

The lodgement of the Mining Lease application and a smooth approvals process should position Lincoln to achieve its objective of maiden graphite production from Kookaburra Gully in calendar 2015.

During the past 3 months, the project team's work on preparing the final draft Mining Lease Proposal for Kookaburra Gully has included:

- Further optimisation of the site layout
- Further design work on the Mine Concept Design
- "Pegging" and surveying the requisite Mineral Claim(s)
- Completion of technical assessments including flora, fauna, groundwater, noise and air quality
- Drafting of the Mining Lease Proposal.

A key component of the Kookaburra Gully project has been the Stakeholder Consultation Plan. This is ongoing and addressing impacts and benefits to surrounding landholders, stakeholders and the wider Eyre Peninsula community.

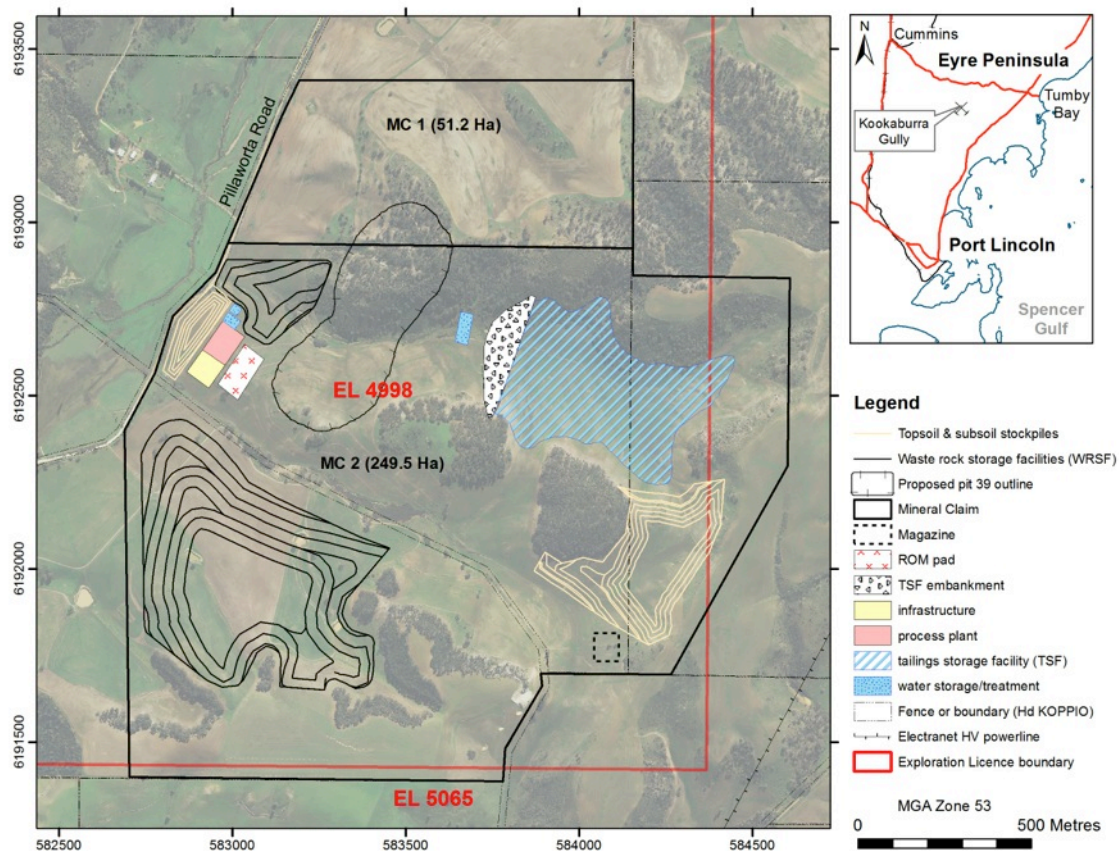


Figure 1: Kookaburra Gully Mineral Claims (MC-1 and MC-2) and proposed site layout of the pit, TSF, stockpiles, WRSF and other infrastructure

Quarterly Activities Report – September 2014

30 October 2014

For further information regarding progress on the Mining Lease Proposal, please consult the July 2014 Community Information Update No. 2 (*Lincoln Minerals Limited, ASX Announcement 9 July 2014*) which is available on the Company website www.lincolnminerals.com.au.

Lincoln Minerals and Australian Graphite aim to take the Kookaburra Gully project to critical development and commercialisation milestones over the next 12 months.

Gum Flat Iron Ore Project

(LML has exclusive rights to all minerals)

Lincoln's Gum Flat Iron Ore Project is located on southern Eyre Peninsula which is a major world-class iron ore province extending from the Middleback Ranges south to Port Lincoln.

Gum Flat EL 4643 contains a number of priority magnetic targets including Barns, Rifle Range and the Port Lincoln-Tulka suite (*Figure 2*). All are within 20km of Port Lincoln or about 120-150km by road from the proposed new deep water Cape-size ports at either Port Spencer or Cape Hardy, between Tumby Bay and Port Neill (*Figure 4*).

The Company is proposing to mine hematite mineralisation at the Barns deposit and export up to 250,000 tonnes per annum direct shipping ore (DSO) via Port Lincoln including upgrading ~1 Mtpa lower grade (40-55% Fe) hematite-goethite-magnetite to DSO grade over a 4-5 year mine life. A Mining Lease Proposal (MLP) has been prepared for this proposed operation but had been stalled by the Company's inability to secure a critical groundwater extraction licence from the Government.

However, **a groundwater licence has now been granted** for the Company's proposed iron ore mine and the Company can now complete the MLP.

The Barns iron ore deposit is located within the Southern Basins Prescribed Wells Area (SBPWA) just west of Port Lincoln (*Figure 3*) and is subject to a Water Allocation Plan (WAP).

The groundwater licence is for the extraction of up to 435 megalitres per annum for "industrial" purposes to progressively extract groundwater at a sustainable rate to facilitate the proposed iron ore mining operations and for other purposes ancillary to the proposed mine. This amount and the associated conditions of the licence are consistent with the WAP allocation for the Basement aquifer of the SBPWA.

Lincoln Minerals emphasises that the licence is only for the extraction of groundwater from the region's Basement aquifer NOT the upper Bridgewater Formation aquifer that is host to groundwater in the Uley East and Uley South lenses. The proposed mine site is on topographic and palaeo-topographic highs where the upper aquifer does not contain groundwater. Independent modelling shows that mining operations will not affect the Uley East lens nor the Uley South lens which is over 10km away. That is, the proposed mining operations will not have any effect on Eyre Peninsula's potable water supply in the short, medium or long term.

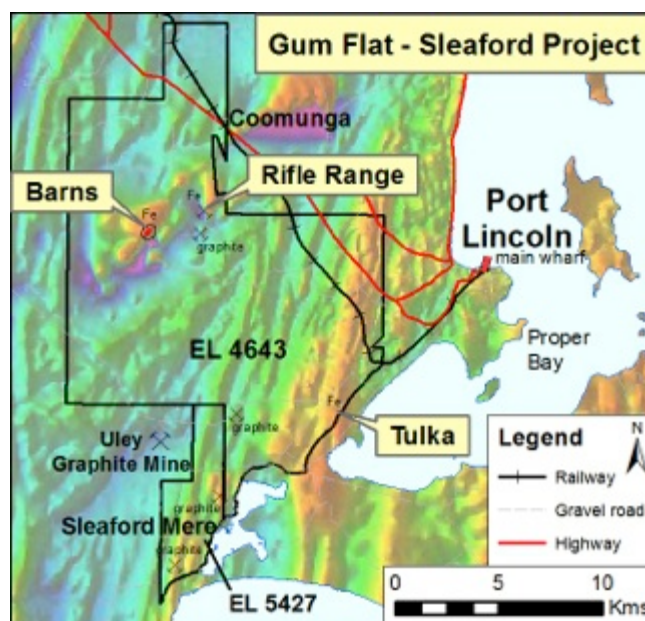


Figure 2: Location of Gum Flat Barns deposit and the new Sleaford Mere graphite EL

Quarterly Activities Report – September 2014

30 October 2014



Conditions imposed by the SA Minister for Sustainability, Environment and Conservation include preparation of an approved Monitoring Plan, obtaining a Mining Lease within four years and maintaining detailed records of extraction from meters supplied, installed and maintained in accordance with South Australian Licensed Water Use Meter Specifications. The licence may be varied by the Minister in accordance with the Act at yearly intervals if it is necessary or desirable to more effectively regulate the use of water.

Lincoln recognises that the groundwater resources in the SBPWA are valuable and need to be managed sustainably.

The Company believes that the groundwater extraction scheme for its proposed mining operation is consistent with these principles and is committed to working within the WAP for the SBPWA and the conditions of the groundwater licence.

Other Projects

No significant exploration was undertaken on Lincoln's other South Australian tenements during the Quarter.



Figure 3: Location of Gum Flat Barns iron ore deposit with respect to the Uley East lens

Information in this report that relates to exploration activity and results, Mineral Resources and Exploration Targets was compiled by Dr A John Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is Managing Director of 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. Dr Parker consents 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. 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.

This report contains forward looking statements that involve estimates based on specific assumptions and statements by third parties. Actual events and results may differ materially from those described in these statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on LML's beliefs, opinions and estimates as of the date the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Quarterly Activities Report – September 2014

30 October 2014



CORPORATE

At 30 September 2014, the Company had approximately \$2.16 million cash.

Exploration and evaluation expenditure by the Company during the September 2014 quarter was \$361,000.

International Graphite Exchange

Lincoln Minerals has signed a cooperation agreement with a group of Chinese local governments and private enterprises to launch a platform for spot trading of graphite in China.

The agreement was signed in September 2014 at the Graphchina 2014 graphene conference in Ningbo, and which attracted more than 1,000 delegates from all over the world.

Key signatories to the cooperation agreement are the Governments of Luobei County and Pingdu (two of China's foremost graphite mining regions), three major hi-tech graphite enterprises, Lincoln Minerals Limited and Matrass Mining Group.

The agreement, of the Qingdao International Graphite Exchange project, provides for the parties to work together on launching a graphite spot trading platform and develop applications for graphene. It is a major project in the Qingdao High-tech Development Zone looking at energy saving and new materials.

It is proposed that Lincoln will promote its graphite and related products through the Qingdao International Graphite Exchange to the rest of the world.

Qingdao is one of the most active graphite trading cities in the world and a very important port for international trade, located in the southeast part of Shandong Province, a short distance to Korea and Japan, and very close (less than 100 km) to one of China's major industrial graphite producing regions, the Pingdu region.



Lincoln Minerals' Chairman, Mr Jin Yubo (3rd from right) at the signing of the agreement in Ningbo, China

Board and Management

Yubo Jin	Chairman (Non-Executive)
Dr A John Parker	Managing Director
Kee Guan Saw	Director (Non-Executive)
Eddie Lung Yiu Pang	Director (Non-Executive)
Alex Hooi-Kiang Lim	Director (Non-Executive)
Jarek Kopias	Company Secretary / CFO
Dwayne Povey	Chief Geologist

Securities on Issue

Shares at 30 September 2014

268,386,949

Tenements

The Company is maintaining an ongoing lookout for corporate opportunities in the way of potential off-take agreements for its proposed future iron ore and/or graphite production, direct investment agreements to

Quarterly Activities Report – September 2014

30 October 2014



fund mine and/or project development, joint venture agreements for iron ore, graphite and/or copper and base metals, and additional exploration or development projects.

The Company has applied for renewals of Uno (EL 4310 in full) and Dutton River (EL 4361 in full). Campoona (EL 5091) has been renewed for a further 2 years to August 2016 (with a 46% reduction) and Cockabidnie North (EL 4539) has been renewed for a further 1 year to August 2015 (in full).

Tenement List

Tenement	Expiry	Area (km ²)	Locality	Licensee	Graphite Rights	Iron Ore Rights	Other Mineral Rights
LINCOLN MINERALS (AND AGL) HAS OWNERSHIP OF ALL MINERAL RIGHTS							
EL 5013	28-Jan-15	98	Eurilla (Lake Gilles)	LML	LML 100%	LML 100%	LML 100%
EL 5066	12-Feb-16	861	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5021	11-Feb-16	162	Cummins	LML	AGL 100%	LML 100%	LML 100%
EL 5022	11-Feb-16	139	Lake Gilles (Stony Hill West)	LML	LML 100%	LML 100%	LML 100%
EL 5091	5-Aug-16	17	Campoona	LML	AGL 100%	LML 100%	LML 100%
EL 5219	24-Feb-15	111	Tarlinga	LML	AGL 100%	LML 100%	LML 100%
EL 5297	2-Mar-15	147	Moseley Nobs	LML	LML 100%	LML 100%	LML 100%
EL 4310	28-Sep-14	26	Uno	LML	LML 100%	LML 100%	LML 100%
EL 4361	3-Nov-14	82	Dutton River	LML	AGL 100%	LML 100%	LML 100%
EL 4643	6-Jan-16	208	Gum Flat	LML	AGL 100%	LML 100%	LML 100%
EL 4815	20-Dec-15	372	Nantuma	LML	LML 100%	LML 100%	LML 100%
EL 5427	18-Jun-16	18	Sleaford Mere	LML	LML 100%	LML 100%	LML 100%
Subtotal		2,241					
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE **							
EL 4883	13-Aug-15	154	Cockabidnie	CXM	AGL 100%	0%	LML 100%
EL 4884	13-Aug-15	117	Minbrie	CXM	LML 100%	0%	LML 100%
EL 4885	13-Aug-15	76	Greenpatch	CXM	AGL 100%	0%	LML 100%
EL 4998	11-Apr-16	272	Tumby Bay (Carrow)	SAIOG	AGL 100%	0%	LML 100%
EL 5065	05-Aug-17	465	Mount Hill (Tod River)	SAIOG	AGL 100%	0%	LML 100%
EL 5170	04-Nov-14	106	Kimba Gap	SAIOG	LML 100%	0%	LML 100%
EL 5245	11-Dec-14	26	Pondooma	SAIOG	LML 100%	0%	LML 100%
EL 5335	17-Sep-15	52	Ironstone Hill	SAIOG	LML 100%	0%	LML 100%
EL 4384	15-Nov-14	138	Wanilla (Bald Hill)	CXM	AGL 100%	0%	LML 100%
EL 4451	14-Mar-15	155	Stony Hill	SAIOG	LML 100%	0%	LML 100%
EL 4467	18-Apr-15	104	Tooligie Hill (Wilgerup)	CXM	LML 100%	0%	LML 100%
EL 4539	22-Aug-15	11	Cockabidnie North	LML	LML 100%	0%	LML 100%
EL 4571	04-Oct-14	115	Gilles Downs	CXM	LML 100%	0%	LML 100%
EL 4605	16-Nov-14	31	Dutton Bay	CXM	AGL 100%	0%	LML 100%
Subtotal		1,822					
Grand total		4,063					

**** On all CXM/SAIOG tenements + EL 4539, LML and its wholly owned subsidiary, Australian Graphite Limited (AGL), have 100% of the rights to all minerals except iron.**

CXM = Centrex Metals Limited SAIOG = South Australian Iron Ore Group Pty Ltd, a wholly owned subsidiary of Centrex Metals

Quarterly Activities Report – September 2014

30 October 2014

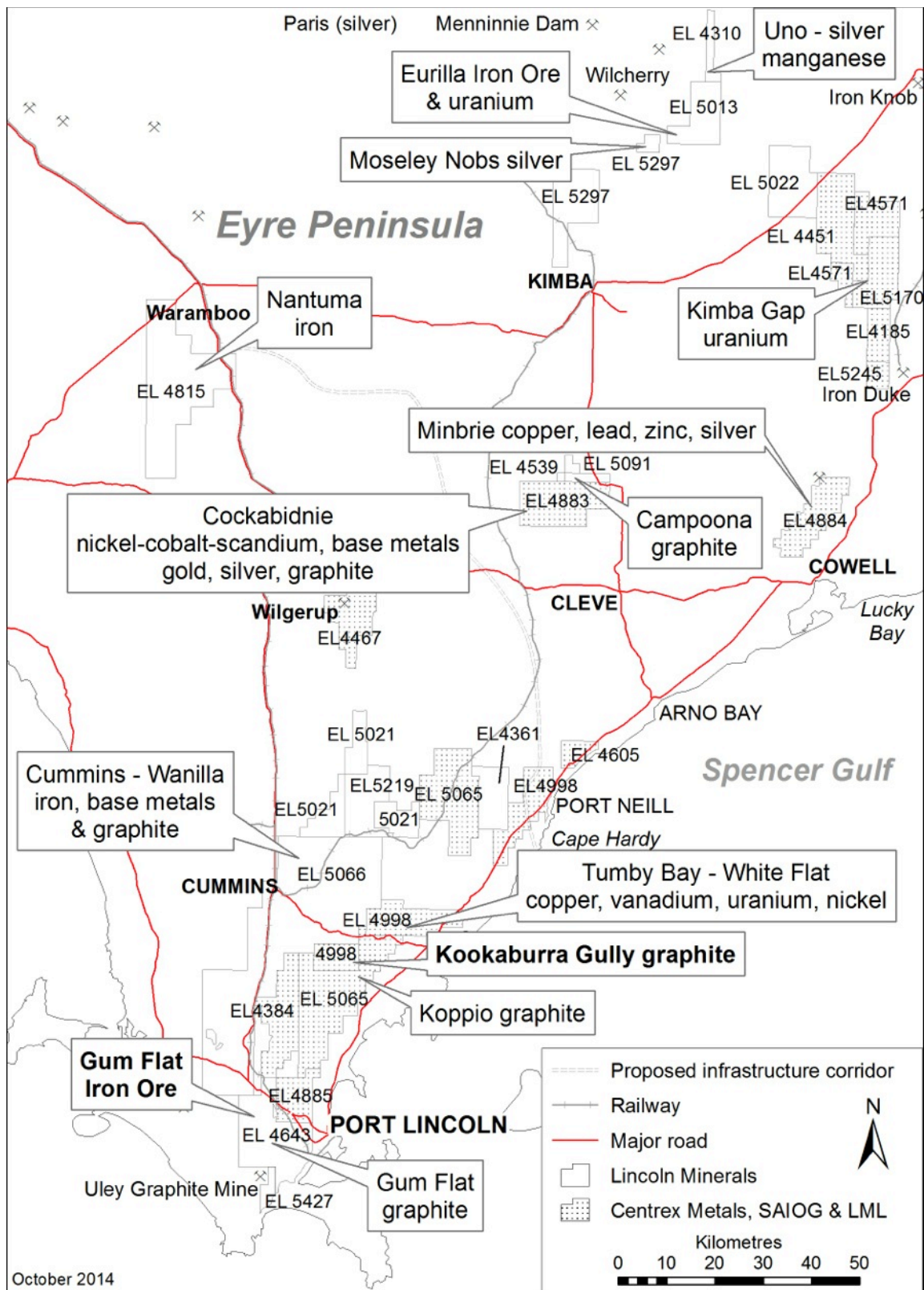


Figure 4: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 30 September 2014, http://www.minerals.statedevelopment.sa.gov.au/geological_survey_of_sa/data