

Quarterly Activities Report

December 2014

21 January 2015

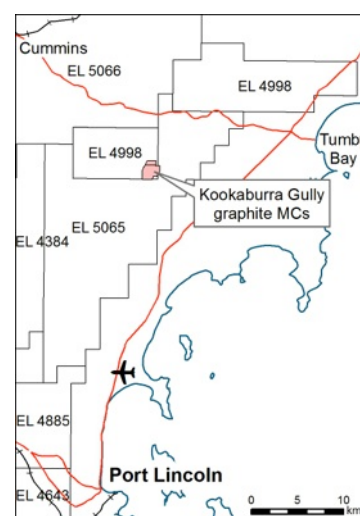
Key Points

Advanced Kookaburra Gully Graphite Project on South Australia's Eyre Peninsula

- **Mineral Claims pegged and registered for proposed Kookaburra Gully graphite mine**
- **Mining Lease Proposal draft completed** and lodged early in October 2014 with SA Department of State Development for review prior to the formal Mining Lease Application
- Mining Lease Proposal guidance document received from Department of State Development in December 2014

Subsequent to the end of the December 2014 Quarter

- Final draft of Mining Lease Proposal in preparation but awaiting further input from Department of State Development
- It is proposed to **lodge the Mining Lease Application in the January-March 2015 Quarter**



Corporate

- Lincoln Minerals has agreed 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 (Total Graphitic Carbon).

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.

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SOUTH AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER



Graphite – various ELs (SA's Eyre Peninsula)

(LML and its 100%-owned subsidiary, Australian Graphite Limited (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.

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.

Two Mineral Claims (MC 4372 and MC 4373) totalling approximately 300 hectares have now been registered for Lincoln's Kookaburra Gully graphite project (Figure 1).

The mineral claims were lodged early in October 2014 and were registered on 7 November 2014 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. The Mineral Claims are valid for 12 months during which time AGL must lodge its Mining Lease Application. 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).



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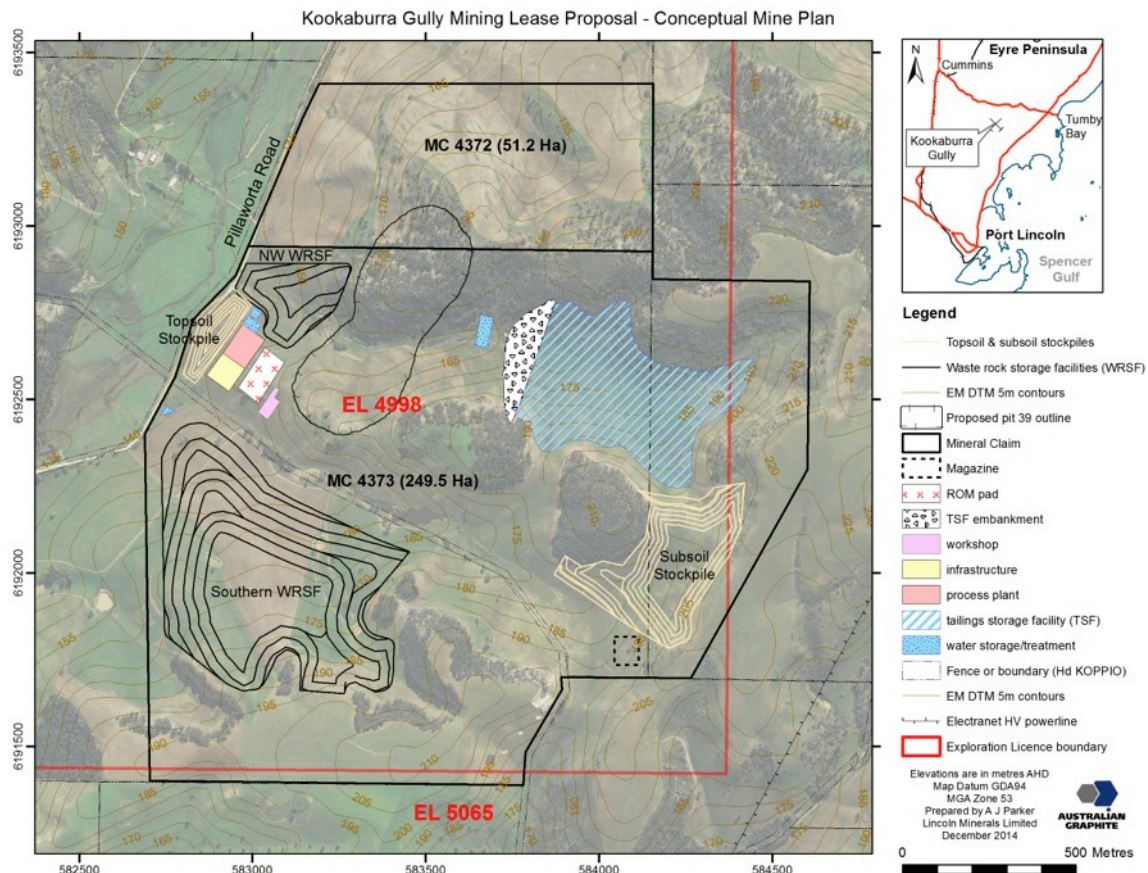


Figure 1: Location of Kookaburra Gully MC 4372 and MC 4373 and proposed mine plan

The draft Mining Lease Proposal (MLP) was completed and provided to the SA Department of State Development (DSD) early in October 2014, at its request, for review prior to Lincoln lodging it as part of the formal Mining Lease Application process.

On the basis of that review, which included input from other State Government departments, DSD provided a “Guidance Report” to Lincoln outlining areas in the MLP that could be improved to streamline the formal ML application and assessment process. The Guidance Report was received early in December 2014 and discussed with department officials immediately prior to Christmas. However, LML is still waiting for a further response from DSD in relation to proposed amendments to the MLP.

Since the initial discussions with DSD, Lincoln Minerals has been working on revisions to the MLP. Most of those revisions are relatively simple, albeit time consuming, and involve summarising or updating tables and/or figures in the Appendices for inclusion in the main body of the MLP or moving/duplicating figures and tables. The MLP is a large, complex document that summarises the existing environment, outlines the conceptual mine plan, outlines risks and potential impacts, measures to mitigate those risks and impacts, and mine closure/rehabilitation plans. It is supported by a number of appendices including flora/fauna studies, heritage surveys, groundwater studies and conceptual mine plans.



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Subject to any further requirements from DSD, LML and AGL expect to complete revisions to the MLP in January 2015. This will enable AGL to finalise and lodge its Mining Lease Application during the first quarter of 2015.

The lodgement of the Mining Lease Application and a smooth approvals process should position Lincoln to achieve its objective of securing a Mining Lease and all Government approvals for a Kookaburra Gully mine, in calendar 2015.

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.

For further information regarding 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. Other than some changes to the mine layout as identified in Figure 1, there have been no other significant changes to the proposed development outlined in the July 2014 update.

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

Other Projects

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

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.

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CORPORATE

At 31 December 2014, the Company had approximately A\$1.67 million cash.

Exploration and evaluation expenditure by the Company during the December 2014 quarter was \$282,000.

International Graphite Exchange

As previously advised, 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, of the Qingdao International Graphite Exchange project, provides for the parties to work together to launch 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.

Progress was made during the quarter to formalize that agreement and formally establish Qingdao International Graphite Exchange. Lincoln Minerals has committed to become a foundation shareholder of this exchange.



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

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.

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 31 December 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 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.

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The Company has applied for renewals of Eurilla (EL 5013 in full), Tarlinga (EL 5219 in full) and Moseley Nobs (EL 5297 in full). Uno has been renewed as a subsequent EL 5523 for a further 2 years to September 2016 and Dutton River has been renewed as a subsequent EL 5556 for a further 2 years to November 2016.

AGL Mineral Claims, MC 4372 and MC 4373, have been registered for Kookaburra Gully.

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 5523	28-Sep-16	26	Uno	LML	LML 100%	LML 100%	LML 100%
EL 5556	3-Nov-16	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-17	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-15	115	Gilles Downs	CXM	LML 100%	0%	LML 100%
EL 4605	16-Nov-15	31	Dutton Bay	CXM	AGL 100%	0%	LML 100%
MC 4372	6-Nov-2015	51.2 ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
MC 4373	6-Nov-2015	249.5 ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
Subtotal		1,822					
Grand total		4,063					

**** On all CXM/SAIOG tenements + EL 4539 + MCs 4372 & 4373, 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

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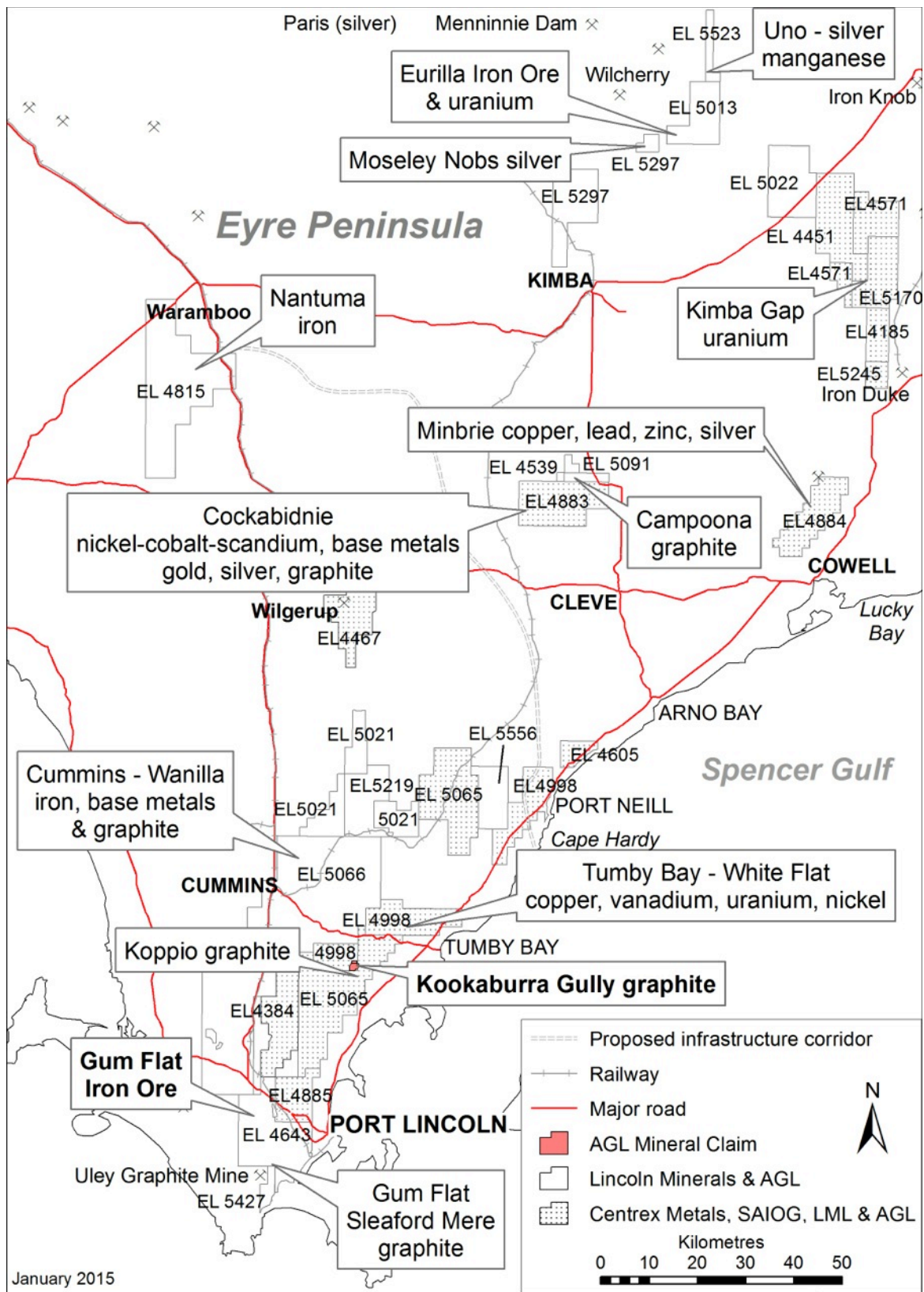


Figure 2: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 20 January 2015, http://www.minerals.statedevelopment.sa.gov.au/geological_survey_of_sa/data