

ANNUAL REPORT

2015

A PRE-EMINENT GRAPHITE, IRON AND BASE METAL EXPLORER
AND DEVELOPER ON SOUTH AUSTRALIA'S ENIGMA PENINSULA

Who we are

Lincoln Minerals Limited is a diversified ASX-listed and South Australian-focused mineral exploration and development company whose critical development and commercialisation milestones over the next 12 months for its primary graphite assets, are set to deliver the transition to maiden mining production. The Company also owns and is advancing a pool of second tier assets in the proven mining jurisdiction of South Australia's Eyre Peninsula across multiple mineral commodities.

Our Mission

To provide capital growth through exploration, discovery, development and mining of sustainable economic mineral deposits. Our strategy is to focus on world-class metallogenic provinces close to established infrastructure.

Highlights and Achievements 2014 - 2015

Mining lease application lodged and being assessed for Kookaburra Gully graphite project

Ongoing metallurgical test work points to production of high quality flake graphite

Targeting first production – also Lincoln's maiden mining output – in 2016

Proposed mine site close to established infrastructure

New Koppio graphite Mineral Resource doubles total graphite inventory

Foundation partner of new China-based international graphite trading exchange

Partnership formed for an international graphene research program with Melbourne's Monash University and Guangdong University of Technology in China

Market forecasts point to doubling of global graphite demand by 2020

Lincoln Minerals has large strategic tenement holding in world-class graphite province

Key groundwater licence granted for Gum Flat iron ore project on Eyre Peninsula

Total tenement holdings 3,301 square kilometres

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.



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CORPORATE DIRECTORY

Directors

Mr Jin Yubo, Chairman
Dr A John Parker, Managing Director
Mr Eddie Lung Yiu Pang, Non Executive

Company Secretary

Jaroslav (Jarek) Kopias

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ASX code LML

ABN 50 050 117 023

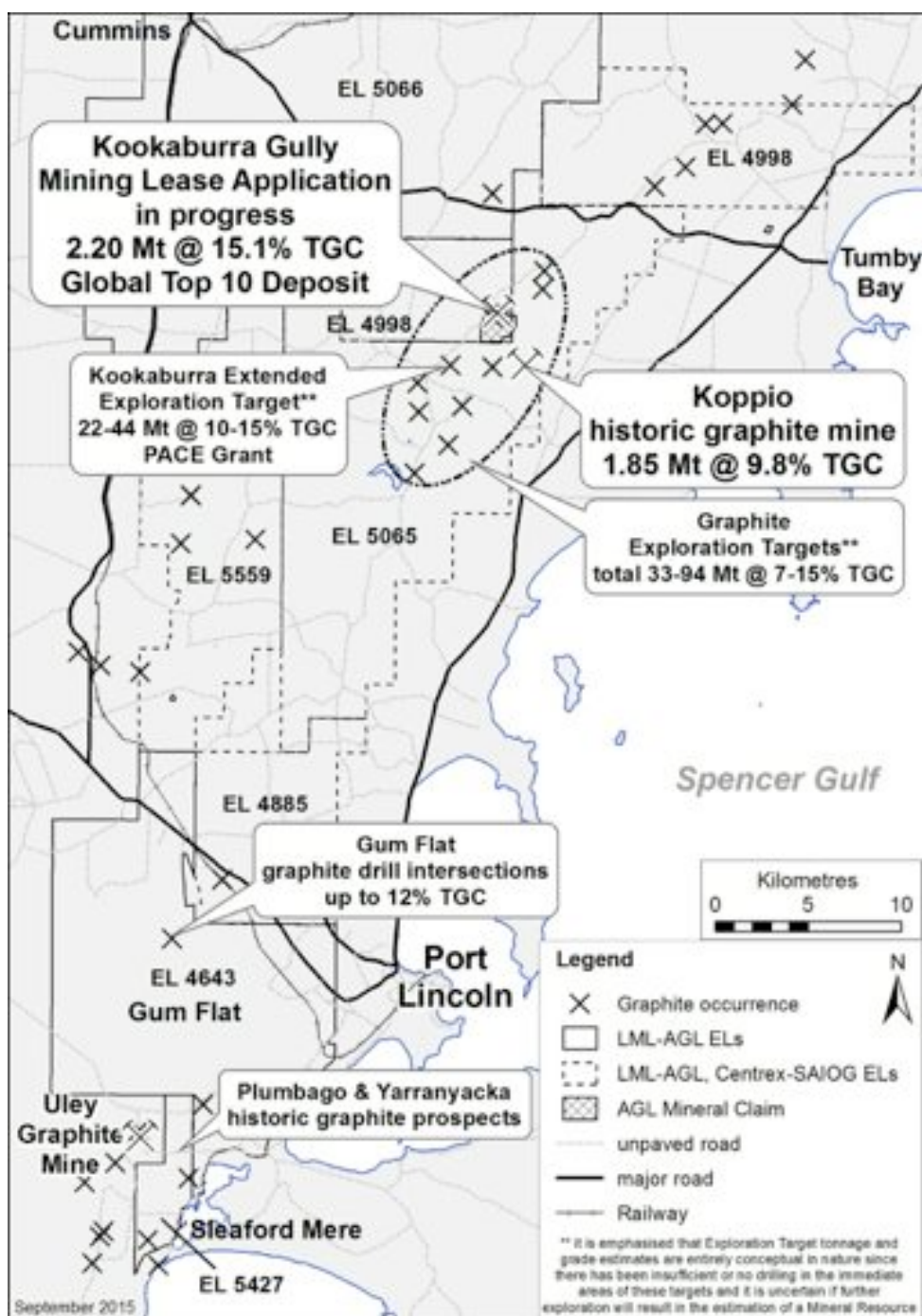
1 LINCOLN MINERALS – KEY ASSETS

Lincoln Minerals is a major mineral acreage holder on South Australia's Eyre Peninsula, with resources that include world class flake graphite JORC Mineral Resources, substantial magnetite and hematite resources and potential copper targets in a region with a long history of graphite, iron ore and copper mining



Lincoln Minerals is shifting its focus from exploration to production with plans in place for development and mining of graphite at its wholly owned Kookaburra Gully project.

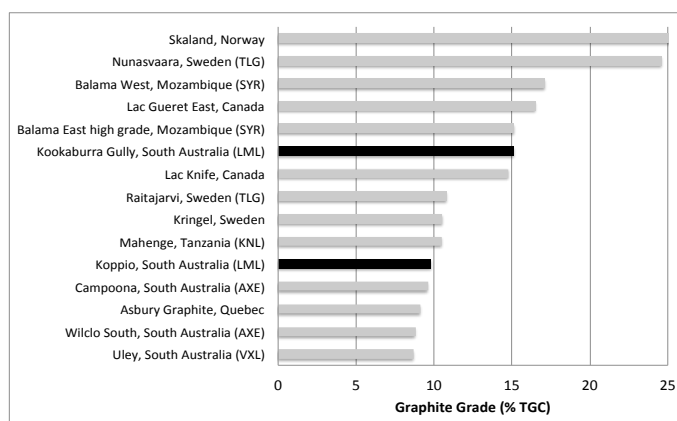
Lincoln Minerals is a foundation shareholder of **Qingdao International Graphite Exchange Center** and has a Board and management focused on rapid development and commercialisation of graphite, iron ore and other opportunities.



Mt = million tonnes TGC = Total Graphitic Carbon

Kookaburra Gully Graphite Project – Southern Eyre Peninsula

- **Mine production and processing plant construction targeted for second half of 2016**
- **Mining Lease Proposal** completed and **Mining Lease Application lodged February 2015**
- **Favourable project economics** supported by proximity to transport and infrastructure
- JORC 2012 Mineral Resource:
 - **2.20 Mt Indicated and Inferred Mineral Resources at 15.1% total graphitic carbon (TGC)** (at 5% TGC cutoff)
 - *or* **3.23 Mt Indicated and Inferred Mineral Resources at 11.2% TGC** (at 2% TGC cutoff)
- Highly sought after **premium flake graphite globally competitive** on quality, grade, cost and economics
- **Simple 4 stage flotation** yields >80% recovery at grades >93% TGC without chemical leaching
- Chemical leaching can lift concentrate grades to >99.95% TGC
- World-class resource which ranks in grade as a **Global Top 10 deposit capable of delivering near-term production at low cost**
- **Kookaburra Gully Mine Plan:**
 - Based on conceptual 250,000 tonne per annum graphite mine
 - Estimated capital expenditure A\$40-50 million including EPCM and 10% contingency
 - Estimated life-of-mine operating expenditure for mining and processing = A\$704 per tonne flake graphite concentrate based on 90% recovery
- **Historic Koppio Graphite Mine**
 - Mineralisation grades up to 42.8% TGC, is over 575m in strike length, extends to at least 100m below ground level, and is open to north, south and at depth
 - **1.85 Mt JORC 2012 Inferred Mineral Resource at 9.76% TGC** (at 5% TGC cutoff)
- Combined total Indicated and Inferred Mineral Resources for Kookaburra Gully and Koppio graphite deposits now stand at 4.03 million tonnes grading 12.35% TGC with **497,890 tonnes of contained graphite** (within the high-grade core based on a nominal cut-off grade of 5% TGC).
- **SA Government PACE Grant** offered to Lincoln Minerals to drill the Kookaburra Gully Extended graphite Exploration Target



Graphite grade of global graphite resources (excluding China and Sri Lanka)

Gum Flat Iron Ore Project – Southern Eyre Peninsula

- **109 Mt Indicated and Inferred Mineral Resources at 24.8% Fe** including some potential Direct Shipping Ore (DSO)
- Draft Mining Lease Proposal prepared and groundwater licences granted

Eurilla Multi-Commodity Project – Northern Eyre Peninsula

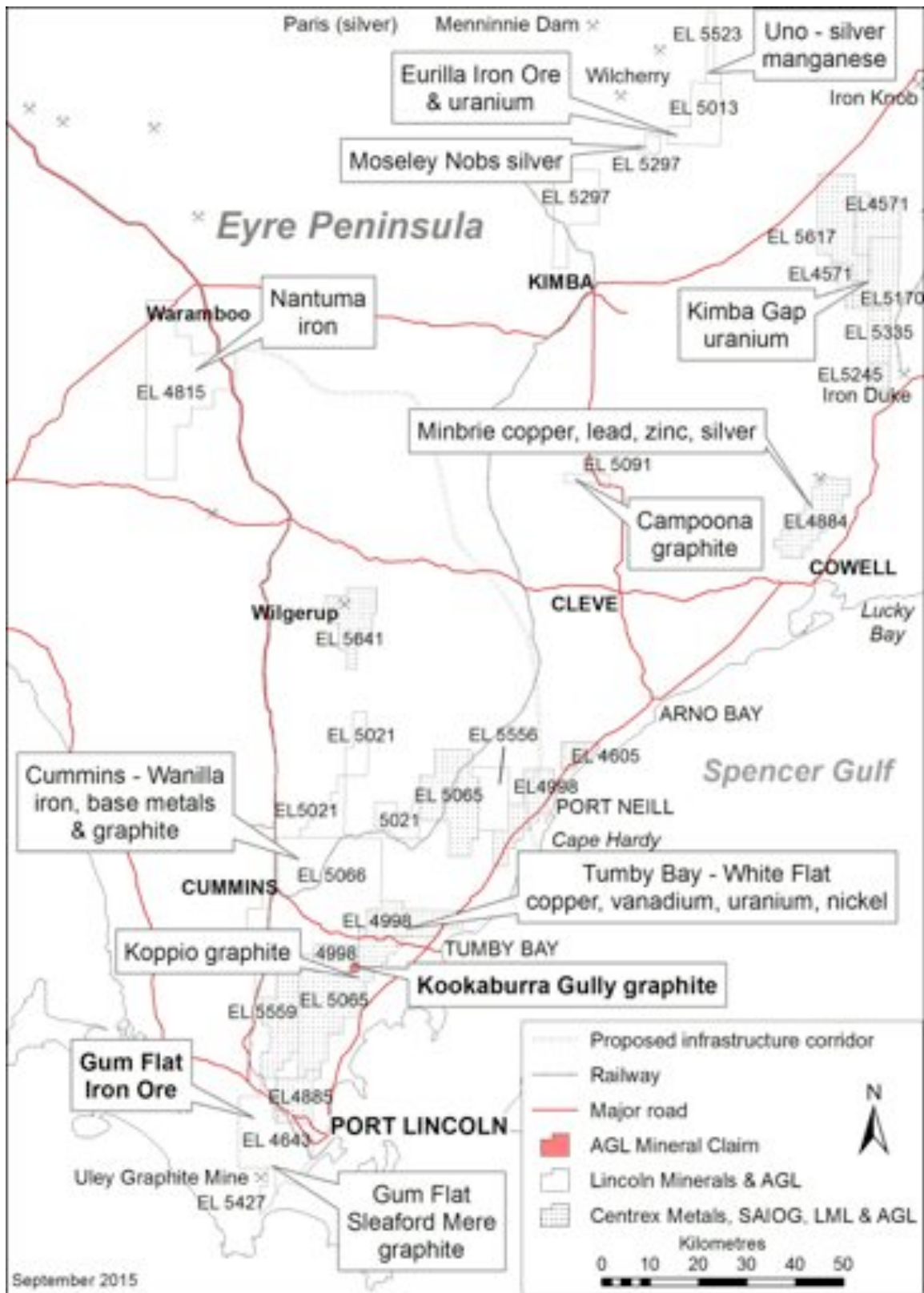
- *In situ* hematite-magnetite Inferred Resource of 21.7 Mt @ 33.3% Fe
- Uranium up to 0.05%-0.07% U with up to 0.1% Pb, 0.7% Zn & 0.5% Cu in a 5 hectare zone
- Manganese up to 66% MnO and epithermal style silver, gold and base metal anomalies near Uno

Minbrie Copper Project – Central Eyre Peninsula

- Vanadium and base metals at Minbrie including up to 0.4-0.6% V₂O₅ in magnetic concentrates and a 29.5m interval averaging 0.76% copper, 7.37% lead, 1.88% zinc, 9.0 g/t silver and trace gold

MAP OF OPERATIONS

Lincoln Minerals and its wholly owned subsidiary, Australian Graphite, have tenements totalling 3,301 square kilometres on South Australia's Eyre Peninsula.



Note, on all Centrex/SAIOG tenements shown on this map, Lincoln Minerals and Australian Graphite have the rights to all minerals except iron

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 14 September 2015, http://www.minerals.statedevelopment.sa.gov.au/geological_survey_of_sa/data

2 CHAIRMAN'S REPORT

Making the transition to mining

During 2014 and 2015 and the opening months of 2015-16, Lincoln Minerals has continued to enhance shareholder value by progressing its potential South Australian graphite mining opportunities. Furthermore, Lincoln Minerals has signed agreements to be a founding member of an international graphite trading exchange based in Qingdao, China, and to progress commercialisation of graphene.

In the period under review, the Company made substantial progress on exploration and development of its 100%-owned high grade flake graphite resources on SA's Eyre Peninsula to a point where the quantum of key approvals gained and project progress has now delivered the **near-term horizon of first graphite production in a year's time**. This is in what is one of the world's major graphite provinces. Lincoln has also continued to make progress on developing the Company's Gum Flat iron ore project and has overcome initial challenges in securing the key groundwater licensing – a precursor to allowing a mining lease application to be lodged should iron ore prices improve again.

The formation of the **Qingdao International Graphite Exchange Center Co., Ltd** is a very significant opportunity for Lincoln Minerals as a 25% foundation shareholder in a graphite and graphene trading platform based in one of the world's most active graphite trading ports. In addition, Lincoln has signed an international Project Cooperation Agreement with Monash University (Australia), Guangdong University of Technology (P.R. China) and the largest electronic components producer in China, for the advancement of Sino-Australian cooperation in the **development and application of graphene materials**.

During 2014 and 2015, development activities at our flagship **Kookaburra Gully Graphite Project** on southern Eyre Peninsula included ongoing metallurgical bench-scale test work, ongoing environmental studies, preparation of conceptual mine plans, modelling potential mine impacts on the environment, pegging of Mineral Claims and drafting and lodging a comprehensive Mining Lease Proposal (MLP). A Mining Lease Application including the MLP was lodged with the SA Department of State Development in February 2015 and is currently being assessed. Attending to Government requirements such as a Federal EPBC Referral has led to some delays but the Company expects a mining lease to be granted for Kookaburra Gully early in 2016.

Lincoln's JORC Mineral Resources at Kookaburra Gully, just 35 km north of Port Lincoln, total 2.2 million tonnes at 15.1% TGC and rate within the Top 10 global graphite deposits on grade. Metallurgical studies have shown that a high grade 93%-98% TGC flake graphite concentrate can be extracted with 80%-90% recovery from a simple 4-stage flotation process. The newly defined Mineral Resource for the historic **Koppio Graphite Mine doubles the combined inventory** to in excess of 4 million tonnes at 12.4% TGC.

Over the past 5 years, Lincoln Minerals has been working towards developing a small direct shipping (DSO) hematite-goethite iron deposit, the Gum Flat Barns deposit. A key component to enable mining of this deposit was to get approval to extract ground water from basement bedrock within Eyre Peninsula's Southern Basins Prescribed Wells Area. Following a successful appeal to the Environment Resources and Development (ERD) Court a **groundwater licence has been granted for mining of hematite-goethite-magnetite DSO** over 5 years. However, due to currently depressed iron ore prices, this project has been put on hold.

Lincoln Minerals has maintained **extensive tenement holdings on Eyre Peninsula** close to infrastructure and within the world-class Gawler Craton mineral province. In addition to the above projects, the Company has significant iron ore targets at Nantuma adjacent to Iron Road Limited's huge iron ore deposit on Central Eyre Peninsula. Elsewhere on Eyre Peninsula, the Company is exploring for silver, manganese, vanadium, uranium, nickel, gold and base metals at Eurilla, Uno, Minbrie and in the Tumby Bay region.

In making preparations for and undertaking our exploration and proposed development program, we appreciate the significant contribution made by local communities including traditional inhabitants, farmers and pastoralists. We have made good progress in our graphite development schedule and I look forward to the Company moving towards developing its first mining operation and successful delineation of further economic mineral deposits.

Finally, I thank all our staff and my fellow Directors for their support and enthusiasm during the past year of substantial project achievement.

Jin Yubo

Chairman

3 REVIEW OF OPERATIONS

3.1 Strategy and Objectives

Lincoln Minerals' mission is to provide **capital growth** through exploration, discovery, development and sustainable mining of economic mineral deposits, in particular **graphite, iron ore and copper**.

The strategy is to focus on **world-class metallogenic provinces close to established infrastructure**.

Lincoln Minerals has several iron, graphite, copper, uranium, gold, zinc-lead-silver, vanadium, manganese and nickel-cobalt exploration projects on Eyre Peninsula.

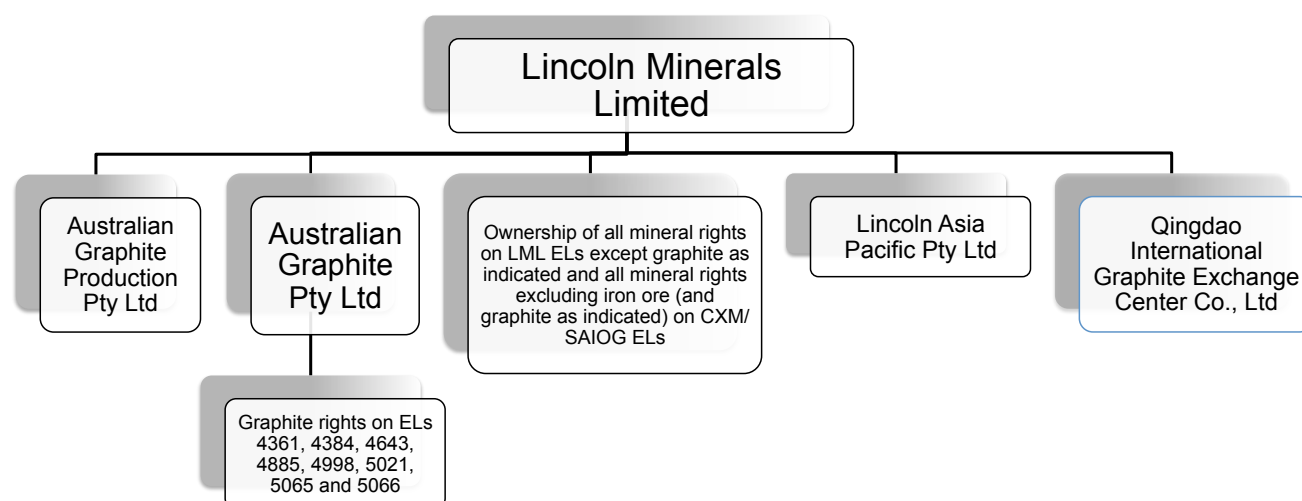
Eyre Peninsula is part of the highly endowed, world-class Gawler Craton mineral province that not only hosts iron ore mines of the Middleback Ranges but also the Olympic Dam and Prominent Hill iron oxide copper gold uranium (IOCGU) mines, the new Carapateena and Hillside copper deposits and the historic copper mines of the Moonta-Wallaroo area.

Eyre Peninsula is also Australia's foremost graphite province and home to one of the world's largest resources of this strategically important mineral.

Lincoln Minerals' exploration methodology is based on application of both proven and innovative exploration techniques while ensuring a systematic approach to effective target delineation. The Company utilises modern sophisticated exploration techniques, in particular advanced geophysical, remote sensing and geochemical techniques including field-based XRF mineral analysis and innovative vegetation and soil sampling to detect concealed mineralisation. These techniques are combined with computerised geographic information system (GIS) and 3D modelling software to interpret data for exploration, target generation and resource definition. This is followed up by systematic drilling along with state-of-the-art field and laboratory sample analysis to test targets and define resources.

A key focus of all of Lincoln Minerals' and Australian Graphite's operations is sustainable environmental and workplace health and safety management. Lincoln Minerals continually seeks to improve business sustainability by valuing environmental, social, economic and ethical considerations across all of its operations and the Company is committed to achieving the highest performance in workplace health, safety and environment.

In South Australia, the Company is focusing on areas close to existing export infrastructure that includes rail networks, established highways suitable for bulk haulage, existing power and water services and established or proposed bulk handling ports.



Lincoln Minerals' business structure

3.2 Australian Graphite Pty Ltd

In mid-2013, Australian Graphite Pty Ltd (AGL) was formed as a **wholly-owned subsidiary company of Lincoln Minerals Limited** to hold key graphite assets of the Company. Australian Graphite owns the graphite and graphite-associated mineral rights over a number of Lincoln Minerals' and Centrex-SAIOG ELs (see the Tenement schedule below).

A Coordination Agreement between AGL and Lincoln Minerals establishes Australian Graphite's rights to graphite, Lincoln's rights to other minerals and sets out the framework for exploration and development of resources or co-development of coincident resources as the case may be.

If any party discovers any economic deposit(s) of minerals, that party must notify the other parties of such discovery and commence negotiations to enter into a formal agreement based on a set of co-ordination principles depending on whether it is:

- An economic deposit of graphite minerals without significant other minerals or with uneconomic other minerals;
- An economic deposit of other minerals without significant graphite mineralisation or with uneconomic graphite mineralisation; or
- An economic deposit of graphite minerals that co-exists with an economic deposit of other minerals.

If a party is granted a mining lease (ML), having complied with the provisions of the Coordination Agreement, that party will become the mine operator but all other parties will have the right to reassess the economic value of their rights at any time provided that it be at their own cost and without any unreasonable adverse affects to the mine operator's activities.

3.3 Qingdao International Graphite Exchange Center Co., Ltd

In September 2014, Lincoln Minerals 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.

Key signatories to the cooperation agreement were 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 Hong Kong-based Matrass Mining Group.

The agreement 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.



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

During the first quarter of 2015, the **Qingdao International Graphite Exchange Center Co., Ltd** was formally enacted in China as a Foreign-invested Shareholding Enterprise with the issue of 12 million shares. With 3 million shares, Lincoln Minerals is a 25% foundation shareholder. Other shareholders are Qingdao Hainaer Nanometer Technology Co., Ltd. (PRC; 48%), Pleasant King Limited (HK; 25%) and FU Lei (PRC; 2%). The company will be based initially in the High-tech Industrial Development Zone, Qingdao.

The agreement of the Qingdao International Graphite Exchange project provides for the parties to work together to launch a graphite spot trading platform including settlement, storage, investing and financing activities.

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 Pingdu, one of China's major industrial graphite producing regions.

3.4 Graphene Research Agreement

In addition to the graphite exchange, Lincoln Minerals has also signed an international Project Cooperation Agreement with Monash University (Australia), Guangdong University of Technology (P.R. China) and the largest electronic components producer in China, for the advancement of Sino-Australian cooperation in the development and application of graphene materials.

The agreement is part of the 2015 Guangdong Province of China collaborative innovation and environment project and will involve research, development and commercialisation of graphene-based electronic applications. The Monash University team is led by Professor Dan Li.

Lincoln Minerals will assist with international promotion and application of graphene materials produced by the project and will share in the intellectual property.

3.5 Focused Board

In 2013, the Board of Lincoln Minerals welcomed the appointment of Mr Jin Yubo to the position of Non-Executive Chairman.

Mr Jin Yubo graduated with a Master of International Law in National Chi Nan University and has been a chairman or board member of several investment and real estate companies in China and Australia. He is a former committee member of a major Chinese city's People's Political Consultative Council. He is familiar with Chinese investment laws and regulations and has a wide range of political and business networks in mainland China, Hong Kong and other eastern and South East Asian countries.

His appointment is in addition to those in 2013, of Mr Kee Guan Saw, a Fellow Member of the Institute of Chartered Accountants in Australia, Mr Eddie Lung Yiu Pang and Mr Alex Hooi-Kiang Lim as Non-Executive Directors of the Company.

Mr Pang has a first-class Bachelor of Science with Honours degree in Chemistry. He operates a trading business based in Shanghai supplying the Chinese market with Australian wool and wine, Chilean iron ore, cathode copper and timber along with the marketing and export of Chinese products to Vietnam, the United Arab Emirates and Canada. Mr Pang has a number of private business interests in Australia, including vineyards and timber plantations and is currently the Executive Chairman of ASX-listed mineral exploration and development company, Genesis Resources Limited.

In the interests of reducing costs, Kee Guan Saw and Alex Hooi-Kiang Lim resigned as Directors on, respectively, 31 March 2015 and 1 July 2015. Both made a valuable contribution to the management and progress of the Company and the Board thanks them for their ongoing support.

Mr Jin Yubo and Mr Eddie Pang will continue to provide crucial support to Lincoln Minerals and Australian Graphite at a time when funding and marketing will be vital for the development of the Company's graphite mining opportunities.

3.6 Project Portfolio

The Company holds exploration rights to South Australian lease holdings totalling 3,301 km².

Lincoln Minerals and its fully-owned subsidiary, Australian Graphite, have exclusive rights to all minerals including iron ore on leases totalling 1,722 km². This includes two Mineral Claims at Kookaburra Gully under the name of Australian Graphite.

Lincoln Minerals and Australian Graphite are also joint operators with Centrex Metals Limited (and CXM's 100%-owned subsidiary, South Australian Iron Ore Group Pty Ltd (SAIOG)), on leases totalling 1,579 km² with exclusive rights to all minerals excluding iron ore.

South Australia's Department for State Development (DSD) has granted Amalgamated Expenditure Agreements (AEA) over two groups of tenements that are in advanced stages of iron ore and silver/base metal/uranium exploration respectively. They are the Gum Flat, Cummins, Wanilla and Dutton Bay ELs (Southern Eyre AEA) and the Eurilla, Moseley Nobs and Uno ELs (Northern Eyre AEA).

Lincoln Minerals has two wholly-owned subsidiaries, Lincoln Asia Pacific Pty Ltd and Australian Graphite Production Pty Ltd that currently have no exploration tenement or mining assets.

** MCs 4372 and 4373 had an expiry date of 6 November 2015 for lodging of a Mining Lease Application. This was done on 26 February 2015 so the expiry date is no longer applicable.

Lincoln Minerals Limited tenements as at 14 September 2015

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-17	98	Eurilla (Lake Gilles)	LML	LML 100%	LML 100%	LML 100%
EL 5066	12-Feb-16	589	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5021	11-Feb-16	162	Cummins	LML	AGL 100%	LML 100%	LML 100%
EL 5091	5-Aug-16	17	Campoona	LML	AGL 100%	LML 100%	LML 100%
EL 5297	2-Mar-18	147	Moseley Nobs	LML	LML 100%	LML 100%	LML 100%
EL 4310	28-Sep-16	26	Uno	LML	LML 100%	LML 100%	LML 100%
EL 4361	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%
MC 4372	NA **	0.5	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
MC 4373	NA **	2.5	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
Subtotal		1,722					
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE							
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 5559	15-Nov-16	138	Wanilla	CXM	AGL 100%	0%	LML 100%
EL 5617	14-Mar-17	155	Stony Hill	SAIOG	LML 100%	0%	LML 100%
EL 5641	18-Apr-17	104	Tooligie Hill (Wilgerup)	CXM	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%
Subtotal		1,579					
Grand total		3,301					

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

3.7 Centrex Metals Limited Coordination Agreement

Under agreements signed in 2005, 2006 and 2010, Lincoln Minerals and Australian Graphite have the rights for all metals and minerals other than iron ore on all Exploration Licenses on Eyre Peninsula for which Centrex Metals Limited and its subsidiary, South Australian Iron Ore Group Limited, are the licensees. These agreements, and in particular the 2010 Coordination Agreement, establish Lincoln's and Australian Graphite's rights to all non-ferrous metals and minerals on Centrex and SAIOG ELs on Eyre Peninsula and set out the framework for exploration and development of resources or co-development of coincident resources as the case may be.

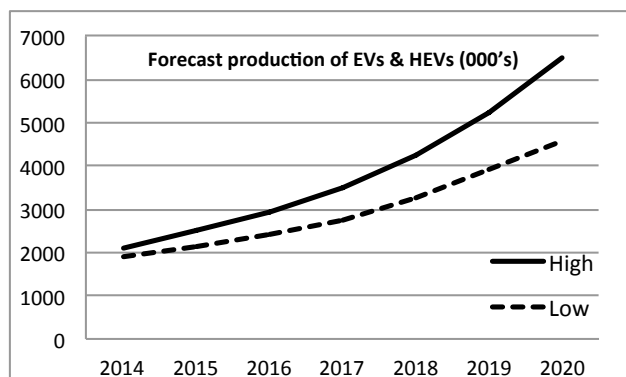
Centrex has joint ventures with Chinese companies, Wuhan Iron and Steel Group (WISCO) and the Baogang Group, in which those companies have been assigned an interest in the respective ELs. Both WISCO and the Baogang Group have signed a Deed of Consent and Assumption recognising Lincoln's rights over the tenements that are the subject of their respective JVs. This has enabled Centrex to assign an interest in the iron ore rights on those tenements to their Chinese partners and has facilitated major drilling programs on the respective tenements without diminishing Lincoln's and Australian Graphite's existing rights in any way.

Lincoln Minerals and Australian Graphite are maintaining an active role in monitoring these drilling programs for other minerals including copper, graphite and vanadium that might be of interest. The Minbrie copper discovery in early 2012 was the result of drilling by Centrex and Baogang on EL 4884.

4 KEY BUSINESS DRIVERS

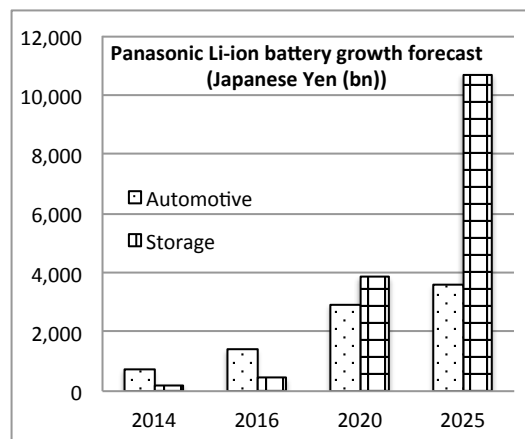
4.1 Graphite Demand and Prices

Graphite is a form of carbon, an excellent conductor of heat and electricity with the highest natural strength and stiffness of any material to extremely high temperatures and it is non-corrosive. It is best known as the “lead” in pencils and as a dry lubricant. It is also commonly used in steelmaking to line blast furnaces, in electrical equipment as “brushes” in electrical motors and, in particular, as the anode in **lithium-ion batteries** where there is about 10 to 20 times more graphite than lithium – **a growing market** especially in new generation electric cars where there can be up to 140 kilograms of spherical graphite in every electric car.



Demand for electric car batteries is forecast to increase, driven largely by government plans to increase hybrid & electric cars. Currently, there are about 270,000 electric cars in China but the government goal is to increase this to at least 5 million by 2020. Tesla (USA) produced 10,000 EVs in 2012, 50,000 (projected) in 2015 and their **goal is 500,000 per year**. It has also been claimed that batteries made from natural flake graphite give greater range than batteries made from synthetic graphite.

The existing global graphite market is valued at about US\$13.6 billion but synthetic graphite accounts for a major part of that (maybe as high as 90%). However, the prices for synthetic spherical graphite are much higher (at least 3 times higher) than those for spherical graphite produced from natural flake graphite. Growth of the total graphite market since 2002 has been approximately 7.5% each year (compound annual growth rate) and this has been forecast to continue to grow from 2014 until 2025. Panasonic Corporation has forecast a growth rate of ca. 15% CAGR for automotive lithium-ion batteries over this period and an even more astounding growth rate of ca. 75% CAGR for residential and commercial lithium-ion battery storage systems.

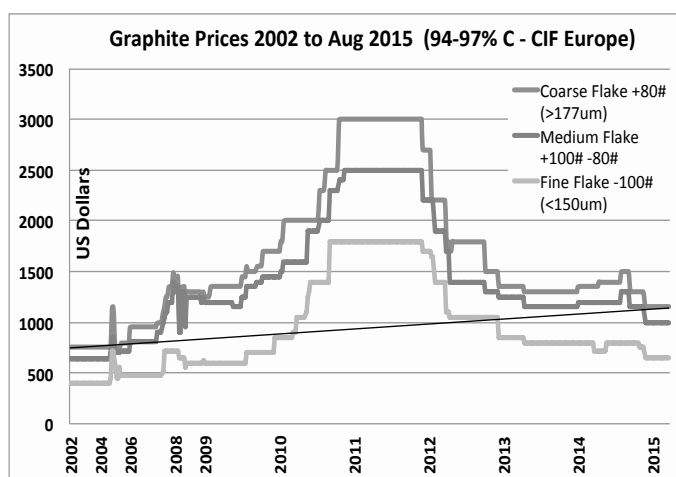


The February 2014 announcement of Tesla's giga-factory to build Li-ion batteries in California set off a shock wave in the flake graphite industry. On top of that, in May 2015, Tesla announced that it would produce non-mobile battery storage systems for homes. Tesla followed that up by stating that the response to their battery announcement in May 2015 had been “crazy off the hook,” with 38,000 reservations for the Powerwall model and 2,500 reservations for the higher-capacity Powerpack model. Benchmark expects that to produce each Powerwall, 16 kilograms of graphite (or 16 kilograms of spherical graphite derived from 40 kilograms of flake graphite concentrate), as well as 12 kilograms of lithium hydroxide, will be required.

Naturally occurring graphite occurs as crystalline flake graphite – thin, flat, plate-like particles scattered within high metamorphic grade schist, and as amorphous graphite – very fine grained, low-grade graphite similar to the graphite in pencils.

Flake graphite is most valuable with 2015 market prices for high grade large flake graphite (+80#, 94-97% C) ranging between US\$1,050 and US\$1,500 per tonne (Europe CIF) while fine grained flake graphite (-100#, 94-97% C) has been selling for US\$750 to US\$1,100 per tonne (source: Industrial Minerals).

Lithium-ion batteries on their own are projected to **more than double the demand for graphite from 1.2 million tonnes per annum to about 2.6 million tonnes per annum by 2020**.



Pricing data from Industrial Minerals' premium graphite price charts

However, demand from other high-tech applications including pebble-bed nuclear reactors and grid-scale solar power systems is also projected to be increasing. High purity graphite has unique properties which makes it ideal as an energy storage medium (much better than nitrate salt and other materials):

- High melting point (over 3500°C);
- High specific heat (capacity to hold heat energy); and
- Low emissivity (does not radiate heat readily).

As demonstrated by the 3MWe Lake Cargelligo Thermal Power Station in NSW (www.graphiteenergy.com), thermal solar energy reflected from banks of mirrors (heliostats) can be captured and stored in high purity graphite blocks then turned into electricity on demand by passing water through tubes embedded in the graphite to make steam to drive a turbine to generate electricity.

In summary, the type of demand growth from all these applications would require **several new graphite mines** and, therefore, enhance opportunities for Lincoln Minerals and Australian Graphite.

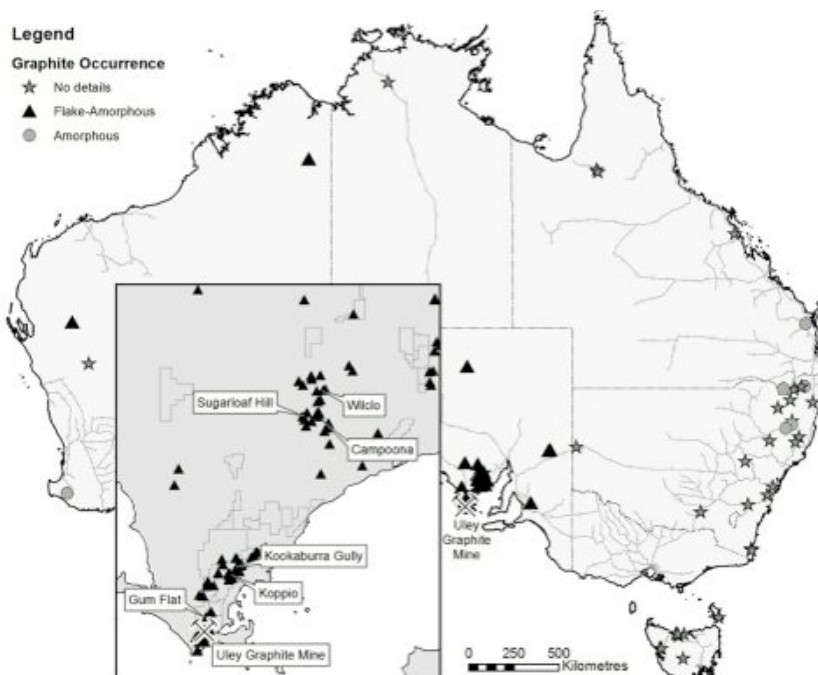
4.2 Graphite Resources in Australia

Extensive graphite resources occur on Eyre Peninsula in South Australia. Within Australia, Eyre Peninsula is “**the Pilbara of Graphite**” and it now hosts five world-class JORC mineral resources including Koppio, Uley and Campoona within the Global Top 20 graphite deposits outside of China and Sri Lanka. Australian Graphite’s Kookaburra Gully deposit rates at the top of those Eyre Peninsula deposits.

Lincoln Minerals and Australian Graphite have exclusive rights to graphite on all tenements. These include:

- **Kookaburra Gully** located approximately 35km north of Port Lincoln – contains shallow high grade flake graphite with total Inferred and Indicated Mineral Resources of 2.2 million tonnes at 15.1% TGC 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 (*South Australian Department of Mines (now DSD) Report Book 21/87, 1945*) and containing high grade lenses of coarse flake graphite up to 42.8% TGC and a JORC 2012 Inferred Mineral Resource (5% TGC cutoff) of 1.85 million tonnes at 9.76% TGC (*Lincoln Minerals Limited, ASX Announcement 13 July 2015*).
- **Kookaburra Gully Extended** – large EM anomaly and Exploration Target including the historic flake graphite **Pernella, Glendara** and **Yellow Gums** prospects near Koppio.
- **Plumbago** and **Yarranyacka** prospects – historic prospects in the Gum Flat and Sleaford Mere area immediately adjacent to Uley Graphite Mine.
- **Campoona Syncline** – immediately adjacent to Archer Exploration’s Campoona Hill, Sugarloaf Hill and Wilclo graphite prospects.

Consequently, Lincoln Minerals and Australian Graphite are in a strong position within one of the world’s major flake graphite provinces.



5 EXPLORATION AND DEVELOPMENT – SOUTH AUSTRALIA

5.1 Kookaburra Gully Graphite Project

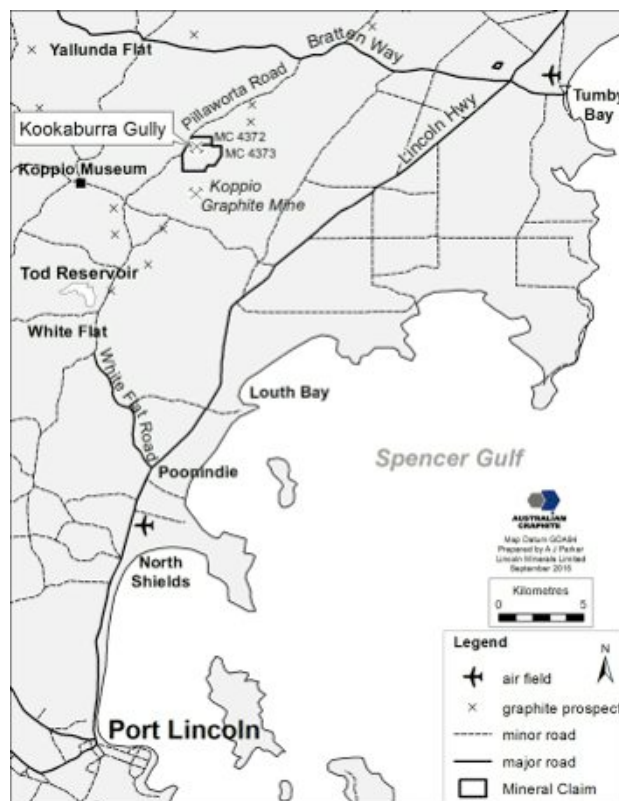
(Australian Graphite has exclusive rights to graphite and graphite-associated minerals)

Australian Graphite is proposing the development of the Kookaburra Gully Graphite Project, located approximately 35km north of Port Lincoln and 20km west of Tumby Bay on Eyre Peninsula in South Australia. It is located within Exploration Licences EL 4998 and EL 5065 on Mineral Claims MC 4372 and MC 4373.

Pancontinental Mining Limited conducted exploration activities and metallurgical analysis and test work at Kookaburra Gully in the 1980s. More recently, Lincoln Minerals conducted an airborne electromagnetic (AEM) survey of the area (mid-2012) and conducted exploration and resource definition drilling programs in 2013 and 2014. Metallurgical test work on samples from Kookaburra Gully has identified that high quality flake graphite concentrates can be produced by a simple flotation process.

Updated Mineral Resources at Kookaburra Gully, prepared in accordance with JORC Code 2012 (*Lincoln Minerals Limited, ASX release 19 December 2013*), were based on two alternative calculations (and production strategies). At a nominal 5% TGC cut-off, the Indicated and Inferred Mineral Resources total 2.20 Mt at 15.1% TGC. Total contained graphite for this Mineral Resource is 332,000 tonnes.

At a nominal 2% cut-off, the Indicated and Inferred Mineral Resources total 3.23 Mt at 11.2% TGC. Total contained graphite for this resource is 361,000 tonnes.



Location of Kookaburra Gully and Koppio

Kookaburra Gully Mineral Resource at a nominal 5% TGC lower cut-off grade

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Indicated	1.47	13.9	204,352	2.57
Inferred	0.73	17.3	127,425	2.52
TOTAL (>5% TGC)	2.20	15.1	331,778	2.55

Mt = million tonnes TGC = Total Graphitic Carbon

Kookaburra Gully Mineral Resource at a nominal 2% TGC lower cut-off grade

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Indicated	2.10	10.6	223,349	2.56
Inferred	1.13	12.2	137,370	2.52
TOTAL (>2% TGC)	3.23	11.2	360,719	2.54

Mt = million tonnes TGC = Total Graphitic Carbon

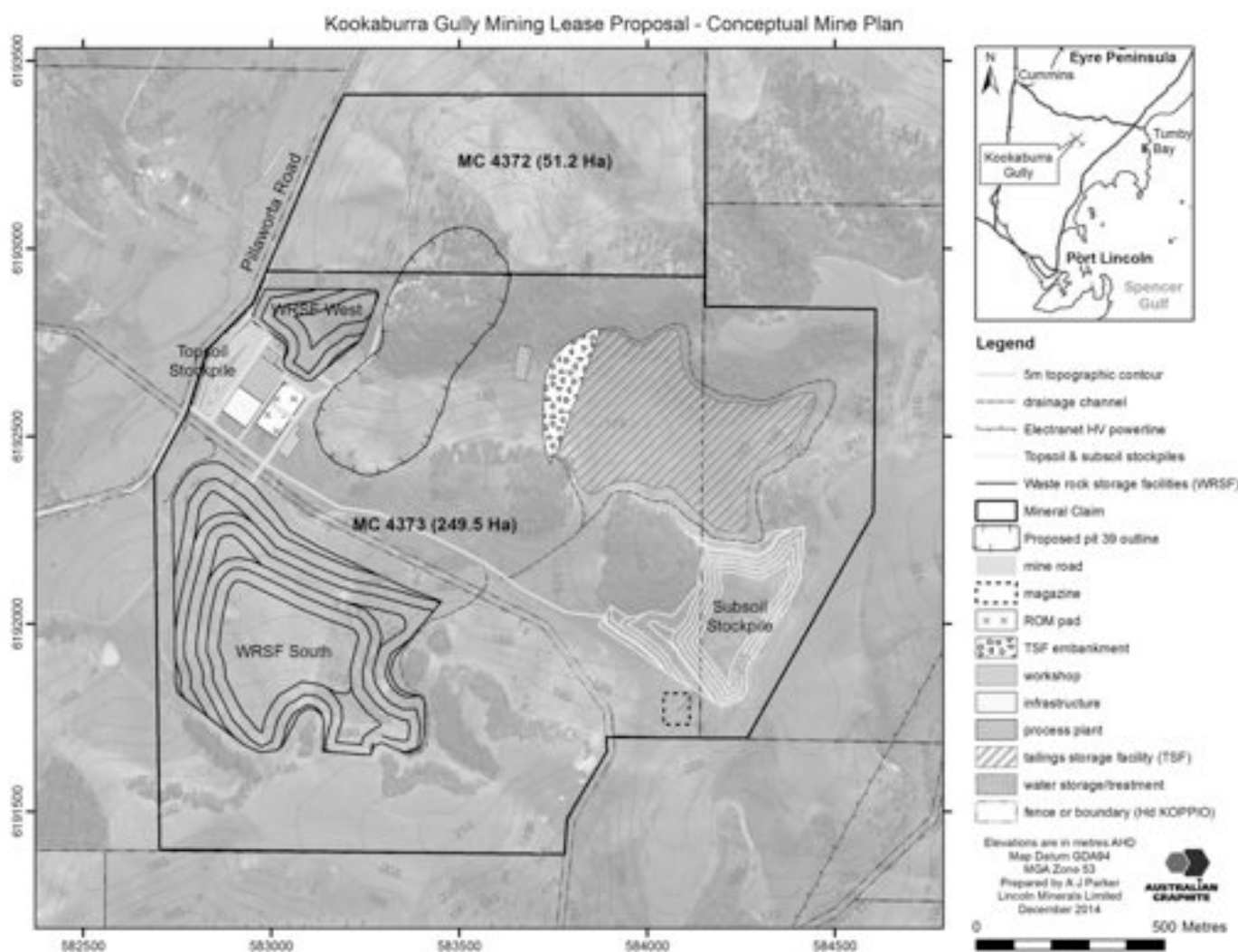
NB tonnages may not add up exactly as shown due to rounding of significant figures

The Mineral Resources at Kookaburra Gully reinforce Lincoln's confidence in being able to quickly progress the Company's graphite resources on southern Eyre Peninsula into a high-quality, long-life graphite mining and processing operation. For that reason, the Company pegged Mineral Claims totalling 300 hectares (ha) over the Kookaburra Gully project area in October 2014 and these were registered by the Department of State Development (DSD) early in November 2014 as MC 4372 and MC 4373.

During 2014 and early 2015, the Company prepared a Mining Lease Proposal (MLP) for the proposed Kookaburra Gully Graphite Mine. This went through a comprehensive adequacy checking process with DSD from October 2014 to February 2015 and then late in February 2015, a Mineral Lease Application (MLA) was lodged with DSD for formal processing. The MLP includes:

- optimisation of the layout for mining operations and the way the site will be progressively developed and rehabilitated, including the pit, process plant, waste rock storage facilities, tailings storage facility and stockpiles (see figure below) to protect and preserve native vegetation, minimise the area of arable land impacted, and minimise environmental impacts such as dust, surface water flow, noise and carbon offsets;
- technical assessments including flora, fauna, surface water, groundwater, geology, noise and air quality surveys, to understand and mitigate any potential impacts; community consultation and feedback, and
- risk assessment of the various potential impacts.

Since February 2015, at the further request of DSD, the project team made minor revisions to the MLP. These were made to clarify potential impacts on the community (dust and noise), flora, surface water and groundwater. The project team also prepared and lodged an EPBC Referral under the Commonwealth Government *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) in April 2015 (EPBC Ref: 2015/7470).



Metallurgy

During 2014-15, Lincoln Minerals continued rigorous metallurgical bench-scale testing of representative bulk aircore drill and trench samples of the Kookaburra Gully graphite deposit to optimise the flotation of graphite and removal of gangue minerals. Samples were processed by ALS Metallurgy Laboratories in Adelaide using a laboratory-scale flotation system and a bulk water sample collected from the Tod Reservoir near Port Lincoln.

Petrological studies have shown that Kookaburra Gully graphite occurs as fine to coarse flakes with an average graphite flake size of 350-500 microns disseminated in a quartz-mica matrix (\pm feldspar \pm tourmaline and other accessories). Near-surface lithologies are extensively altered to kaolinitic clay with remnant quartz and accessories.

Results of metallurgical tests are shown in the table below and provide details of the graphite flake products.

Metallurgical test results for bulk aircore drill samples (A and B) and trench samples (C and D) (drill intervals converted to true depth below ground level)

	Aircore A		Aircore B		Trench C-1		Trench C-2		Trench D	
Depth BGL	28–38 m		43–67 m		1–2 m		1–2 m		2–5 m	
Depth AHD	122-134 m		94-123 m		188-189 m		188-189 m		152-155 m	
Graphite recovery	91.2%		98.1%		75.5%		63.8%		86.6%	
Total Concentrate Grade	93.7% TGC		94.3% TGC		97.3% TGC		97.0% TGC		92.2% TGC	
Screened concentrate	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %
+300 μ m		nd		nd		nd		nd	93.4	1.1
+177 μ m, -300 μ m		nd		nd		nd		nd	93.4	6.4
+150 μ m, -177 μ m		nd		nd		nd		nd	93.4	4.5
+150 μ m	95.3	2.9	96.5	2.3	97.8	8.9	94.8	24.3		
+106 μ m, -150 μ m	95.3	7.3	96.5	6.3	97.5	14.1	97.0	16.2	94.0	11.0
+75 μ m, -106 μ m	94.4	11.1	96.5	10	97.1	23.1	97.5	23.8	94.1	16.7
+20 μ m, -75 μ m	94.3	61.2	95.8	50.8	96.7	47.3	97.6	34.0	94.2	49.1
-20 μ m	90.4	17.5	90.7	30.7	94.5	6.6	93.4	1.7	79.8	11.1

**BGL is below ground level; AHD is Australian Height Datum; Dist'n is distribution; nd is not determined*

Standard Sieve/Mesh Sizes are: 80# = 177 μ m; 100# = 150 μ m; 200# = 75 μ m



Laboratory-scale flotation tests on a Kookaburra Gully bulk trench sample and resultant graphite flake concentrates grading from medium-coarse flake (left) to fine flake (right)

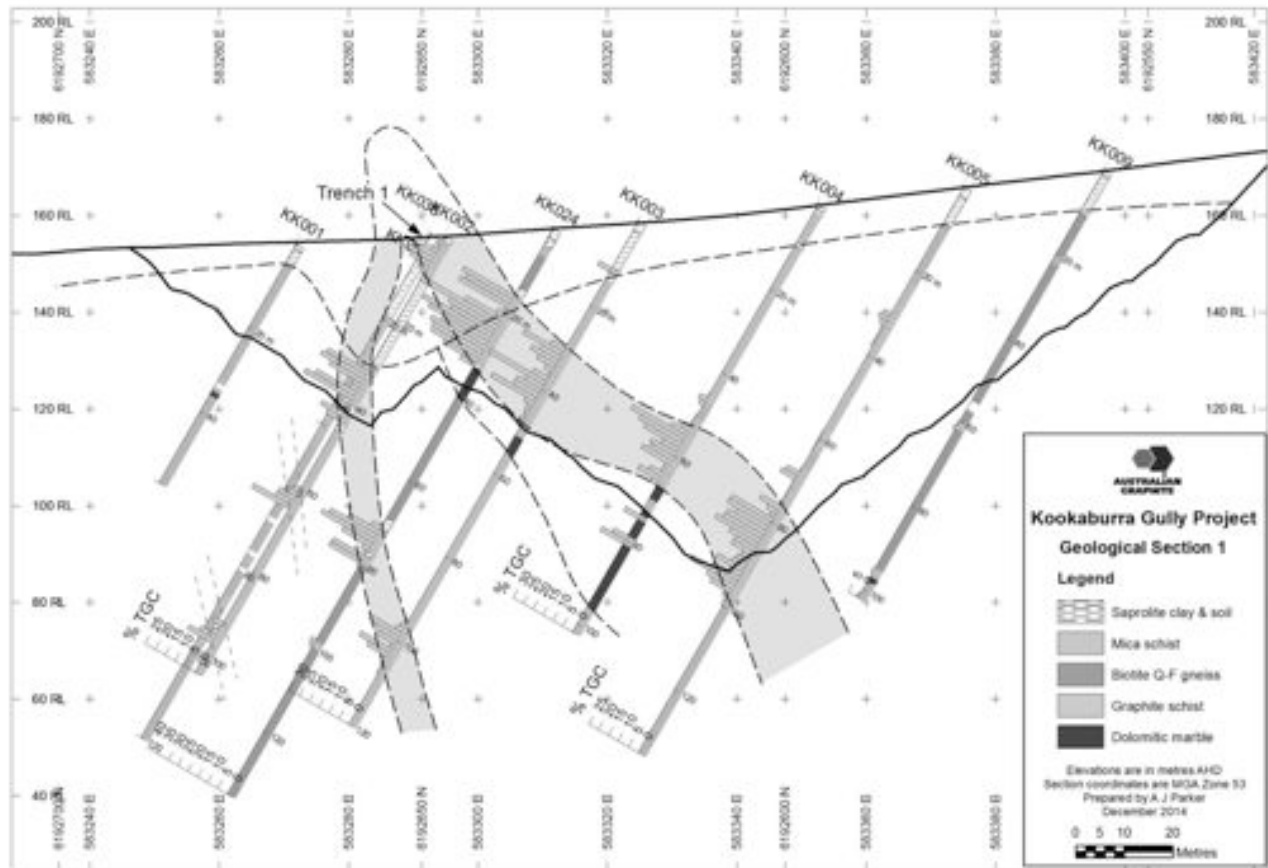
The next stage of metallurgical test work will be at a larger laboratory or mini pilot plant scale on a much larger bulk sample (50-200 tonnes).

Deposit Geology

The Kookaburra Gully graphite deposit consists of a series of graphitic schist lenses which are interpreted to be fold limbs of an antiformal structure hosted by highly metamorphosed rocks of the Palaeoproterozoic Hutchison Group of the Gawler Craton. These metasedimentary rocks were metamorphosed to Upper Amphibolite and, locally, Lower Granulite facies metamorphic conditions and multiply deformed during the

Kimban Orogeny (about 1,710 million years ago) into a series of tight synclines and anticlines, bordered by major fault and ductile mylonite zones. The combination of these events has deformed the graphite units into a series of relatively thin lenses in the limbs of those folds but thicker multiple lenses in the hinge zones.

The deposit strikes roughly NE-SW and dips to the SE at approximately 40–50 degrees (locally up to 80 degrees), with a strike length of graphite mineralisation of at least 535 m. It is interpreted that the antiformal structure plunges to the south.



Northwest-southeast geological section through the conceptual pit and Kookaburra Gully graphite deposit

Throughout much of the area, bedrock is covered by thin Cainozoic sediments, including partially lateritic Tertiary peneplain deposits and veneers of Quaternary to Recent alluvium, calcrete and soil, so that basement outcrops are largely restricted to scattered outcrops exposed on hillsides and along drainage channels.

The extent of the Tertiary weathering process has altered primary metamorphic minerals such as feldspar and mica to various clays down to depths of 30–40 m below the original peneplain surface. This has also oxidised and removed trace sulphides down to a depth of about 120m RL (Australian Height Datum).

The Tertiary peneplain has been dissected by Quaternary to Recent erosion such that it is now represented by the tops of hills with fresher bedrock locally exposed in deeper gullies. Bedrock exposures on the tops of hills are generally quite saprolitic and bleached in colour with hard honeycomb bands and nodules or bands of lateritic ironstone. Whilst general textures and geological structures are preserved in these hilltop exposures, primary mineralogy has been almost totally altered to clay with relic quartz grains.



High grade kaolinised graphite schist

Mine and Processing Plant Design

The proposed mining lease will be approximately 300 ha in size, although only 105 ha of land will be directly impacted. The proposed annual 250,000 tonne mine production will have a mine-life of approximately 7.5 years subject to start-up and scaling up of operations, graphite prices and subsequent sales of graphite production.

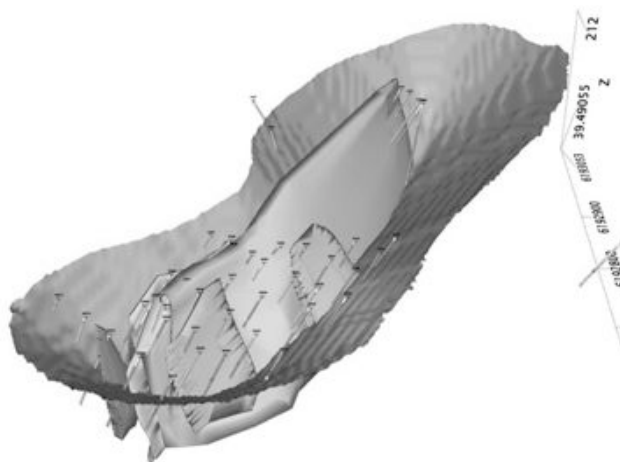
Facilities include:

- An open pit mine or quarry that, upon completion, will be about 700 metres in length, 270 metres wide, 90-110 metres in depth and with an area at the pit crest of about 18.5 ha. This will partially fill with water after mining ceases to form a lake with vegetated embankments.
- A processing plant to upgrade graphite ore into high grade graphite concentrate of approximately 25,000 to 55,000 tpa for export. The processing plant, including grinding mill, will be enclosed and will operate 24/7; however there will be no mining operations, including primary crushing, or transport operations at night.
- A site office comprised of transportable units with verandas. The site office will provide open plan office space, private offices, a conference/training room and a first aid room and will be the control point for site access and inductions. There will be a separate lunchroom, change rooms/toilet facilities and a small onsite laboratory.
- A maintenance workshop and fuel storage facilities for mining equipment.
- A run-of-mine (ROM) stockpile for temporary ore storage prior to processing.
- A Tailings Storage Facility (TSF) with an ultimate size of approximately 24 ha for the storage and disposal of waste materials from the processing plant. The TSF would be rehabilitated on completion of mining and processing activities with the intention of returning the land to agricultural use.
- Waste rock storage facilities (WRSF) totalling approx. 58 ha including topsoil and subsoil stockpiles. These would be progressively contoured, have subsoil and topsoil placed on them and then be revegetated and restored as far as practicable to agricultural use prior to relinquishment of the lease. Waste rock will form the structural embankment wall for the TSF which will also be contoured and rehabilitated upon completion of mining and processing activities.
- A small temporary topsoil stockpile which will provide a visual screen during operations for the processing plant and associated infrastructure from Pillaworta Road. This would be removed as required for site rehabilitation.
- A temporary subsoil stockpile that would also be removed as required for site rehabilitation.
- Water storage tanks, seepage ponds and drainage channels for process water and surface water management.
- An onsite power generator as required dependant on negotiations in regard to obtaining grid power.
- A magazine to store explosives if or when required.

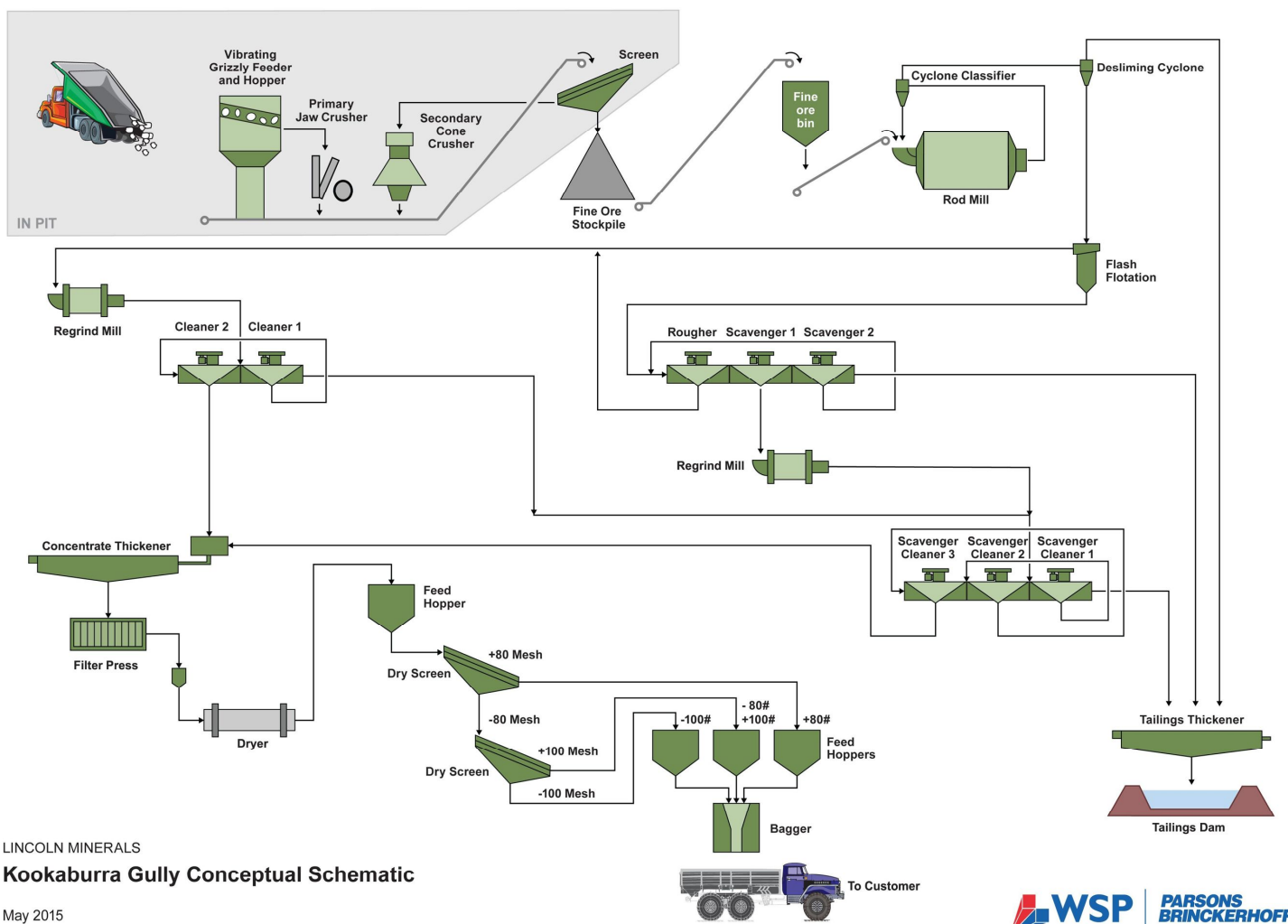
The conceptual process flow sheet has been revised in line with metallurgical tests. The process design is based on an annual production capacity target of 250,000 dry tpa of graphite ore and a nominal total graphitic carbon head grade of 15.29%.

The process flow sheet incorporates conventional mineral processing technology starting with crushing of the ore followed by grinding in a rod mill. The ground product is treated by flash and rougher flotation to maximise the recovery of large flake. A desliming step is included for shallow near surface ore that is clay rich. The rougher tailings are treated in a scavenger flotation circuit followed by regrind and several stages of scavenger cleaning to maximise recovery. The flash and rougher concentrates then undergo regrinding and cleaner flotation.

Graphite concentrate is dewatered in a filter press then dried in a dryer before screening and packaging of graphite products.



Oblique 3D model of preferred open-cut pit and graphite schist unit looking north



LINCOLN MINERALS

Kookaburra Gully Conceptual Schematic

May 2015

Conceptual graphite processing flow sheet for Kookaburra Gully Graphite Project

AMC Consultants Pty Ltd carried out pit optimisations in 2014 and prepared a conceptual mine plan for Kookaburra Gully based on graphite prices at the time and estimated mining costs. The assumptions were:

Nameplate capacity at 85% availability	Unit	Base Case
Treatment rate	dmt/a	250,000
Capital cost	\$m	40.4
Ore head grade	% TGC	15.1
Concentrate recovery	%	90
Concentrate grade (low-high)	%TGC	94 – 97
Concentrate	dmt/a	34,229
Revenue price assumption (low-high)	A\$/t concentrate	1,077 – 1,382
Pit slope	degrees	37
Mining cost – plant feed	\$/t feed	8.91
Mining cost – waste	\$/t	3.06
Drill-and-blast cost (below 30m)	\$/t	1.39
Process plant operating cost	\$/t feed	43.20
Transport of concentrate to Port Adelaide	A\$/t concentrate	100

Revenue price based on Industrial Minerals data and A\$/US\$ = 0.92

A 30-metre deep oxide zone was modelled and treated as free-digging when applying costs.

The ultimate pit limit and stages of development were determined using Whittle™ software and the two low and high revenue scenarios. From this, the yearly operating cash flow, cumulative cash flow and optimum operating pit shells were determined.

			Production				Operating Cash Flow (incl. Capital Cost but pre-tax)		Total Cost \$/t conc FOB
Scenario	Graphite Price (A\$/t conc)	Life (yrs)	Plant feed	Feed %TGC	Concentrate	Conc %TGC	Undisc'd	NPV (10%)	
Low revenue	1,077	6.2	1.55 Mt	15.7	233 kt	94.0	63	35	630
High revenue	1,382	7.2	1.80 Mt	15.4	256 kt	97.0	134	82	704

The price assumptions used for the cash flow estimates were based on Industrial Minerals graphite price data in 2013 and an exchange rate of 0.92 (A\$/US\$). The product selling price was obtained as a weighted average of the price assumptions and the range of products (flake sizes) expected to be produced from the Kookaburra Gully project based on the laboratory metallurgical tests of trench samples.

Since 2013, the prices in US\$ have come down but based on the current US\$ graphite price range and A\$/US\$ exchange rate of 0.75, the 2015 graphite price range for Kookaburra Gully concentrate is A\$1,040 to A\$ 1,595 /tonne concentrate which compares favourably with the prices used for the conceptual mine plan.

A policy is in place to hire from the local community wherever possible and a local employment target of a minimum of 80% fulltime equivalents (FTEs) from the local community has been set for mining and processing operations. Further, AGL has committed to buying locally where it is commercially viable and will employ practices that encourage local contractors and suppliers to support the mine's activities during both construction and mining.

AGL is committed to implementing a local industry/business participation plan and working with local employment providers and networks to ensure the maximum benefits of local employment and business opportunities are realised. This will be formalised in a 'sustainable procurement policy'. Further consultation will take place during the development of the mine with key employment stakeholders.

The anticipated size of the workforce is 60 FTEs during construction and pre-stripping. The workforce will likely decrease to about 30 when routine mining and processing commences.

Mining Lease Proposal

On 26 February 2015, Lincoln, through Australian Graphite Pty Ltd (AGL), formally lodged a Mining Lease Application (MLA) to develop a graphite mine at Kookaburra Gully.

The lodgement of the MLA follows completion of an extensive review process by SA's Department of State Development (DSD) of Lincoln's draft Mining Lease Proposal (MLP) – the main supporting documentation behind the MLA.

The results of the Mineral Resource estimates, metallurgical studies, mine plan and scoping studies undertaken for the Kookaburra Gully deposit indicate that the Company will be able to produce high-quality flake graphite (greater than 93% TGC) and that the anticipated graphite mining and processing program will be globally competitive.

Throughout 2014 and into early 2015, Parsons Brinckerhoff assisted Lincoln Minerals prepare a Mining Lease Proposal (MLP) for the Kookaburra Gully flake graphite project.

Parsons Brinckerhoff's scope of services included:

- Preparation of the MLP in support of a Mining Lease Application;
- Delivery of the required technical study components, either directly or through sub-consultants;
- Preparation and implementation of a Stakeholder Consultation Plan; and
- Meetings as necessary with DSD and other regulatory bodies.

The MLP provides sufficient detail on the proposed open pit, tailings storage facility, waste rock storage facilities, processing plant, transport routes, water supply, power and other infrastructure to enable an assessment of the potential environmental and community impacts and mitigation/management measures associated with the project. AMC Consultants Pty Ltd prepared a conceptual mine plan, EBS Ecology has

undertaken ongoing flora, fauna and cultural heritage surveys, Parson Brinkerhoff modelled air quality (dust) impacts, Resonate Acoustics modelled noise and vibration and Aldam Geoscience has undertaken various groundwater studies to support the MLP.

All the above studies were compiled into a MLP and combined with a detailed risk assessment and rehabilitation plan to return most of the land to agricultural use after mine closure.

A key component of the Kookaburra Gully project has been the Stakeholder Consultation Plan. This has addressed impacts and benefits to surrounding landholders, stakeholders and the wider Eyre Peninsula community including impacts from general mining operations and traffic/truck movements on existing road users, groundwater, ephemeral creeks, community services such as school buses, and agricultural operations.

The community has raised a number of key issues that have been considered and addressed in relation to environmental management of the mine. The key issues include: management and protection of groundwater, surface water, flora and fauna, traffic and transport safety, the management of noise, vibration and dust, and mine site rehabilitation.

In response to the community concerns, the Company has prepared four Community Information Update brochures that provide a summary of the key components of the Concept Design Plan and Mining Lease Proposal for the proposed Kookaburra Gully Graphite Mine. The most recent of these, Community Information Update #4 was released in September 2015 and summarises some of the concerns and responses contained in the MLP. For further information the reader is referred to this brochure which can be downloaded from the Company website www.lincolnminerals.com.au.

A full copy of the MLP and supporting documentation including instructions on how and where to make a submission can be viewed on the DSD's website at:

http://minerals.statedevelopment.sa.gov.au/mining/public_notices_mining

A full copy has also been made available on Lincoln Minerals' website and hard copies are available to view at Lincoln's Adelaide and Melbourne offices and, on Eyre Peninsula, at the Tumby Bay District Council office and the Port Lincoln City Council office.

The MLP is open for public submissions until 29 October 2015.

The MLP and Mining Lease Application are in the name of Australian Graphite Pty Ltd (AGL). AGL is referred to in all of the application documentation relating to the proposed Kookaburra Gully graphite project. This will not impact or change any commitments that Lincoln has made with the community during the consultation period for the MLP and which are endorsed and will be adopted by AGL.

EPBC Referral for Kookaburra Gully

As part of its detailed independent expert environmental studies at Kookaburra Gully, AGL identified flora and fauna of National Environmental Significance under the Environment Protection and Biodiversity Conservation Act 1999 (**EPBC Act**) that might be impacted by its proposed mining and associated activities. Consequently a detailed EPBC Referral outlining environmental aspects of the area and potential flora and fauna impacts was prepared and lodged with the Commonwealth Department of the Environment in April 2015.

Following initial assessment of the Referral, further information has been requested and was compiled by AGL in the September quarter. A decision is pending submission of that information.

Warden's Court

Following complaints lodged by landowners at the northern end of AGL's Kookaburra Gully deposit (MC 4372), AGL has been involved in SA Warden's Court proceedings to resolve the matters raised. The first of these involved the validity of Notices of Entry issued by AGL in 2014 to peg a Mineral Claim. Following a trial on 1 June 2015, Warden Fahey reached a decision in AGL's favour that the Notices were valid.

A second trial was held in early August 2015 to determine matters in relation to disputed exempt land. Following that trial, Warden Cannon reached a decision that denied the landowners' claims that springs existed within and near the proposed open pit. In the same proceedings, the Warden found in the landowners' favour that a small area within and near the proposed pit comprised cultivated land exempt from mining operations without the benefit of a waiver of that exemption from the landowners.

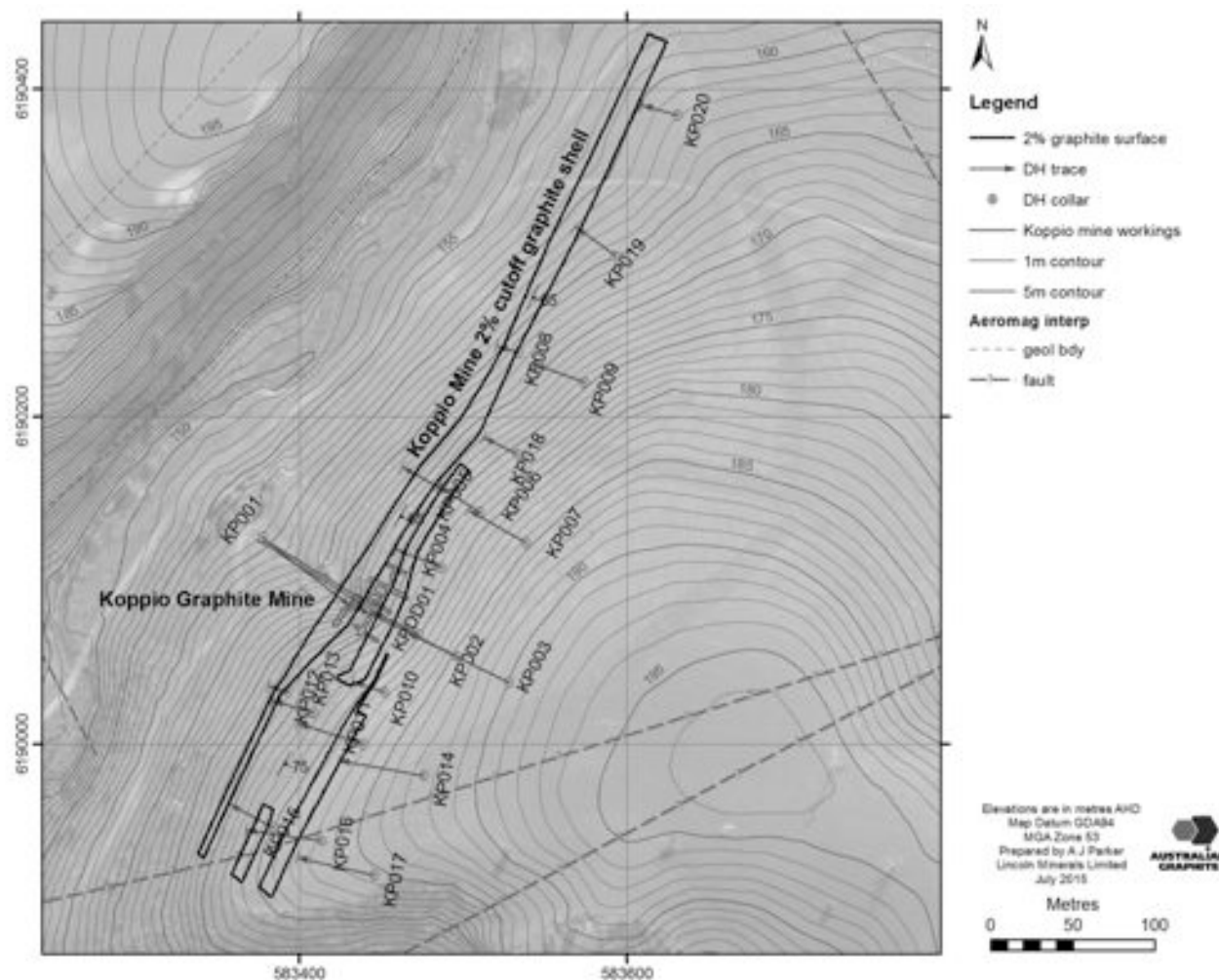
A Conciliation Conference has been scheduled by Warden Cannon to facilitate an access and compensation agreement(s) between the parties and to negotiate a waiver of the benefit of any exempt land status.

5.2 Koppio Graphite Mine

(Australian Graphite has exclusive rights to graphite and graphite-associated minerals)

The historic Koppio Graphite Mine was mined intermittently from the early 1900s to 1944. Historic mine records and a single drillhole from 1945 outlined high grade mineralisation up to 33.2% graphitic carbon within and immediately below the mine workings (refer *Lincoln Minerals Limited ASX Release, 26 March 2014*).

In April 2014, Lincoln completed a total of 20 aircore and RC drill holes over and along strike from the historic mine for a total of 1,679 metres (*Lincoln Minerals Limited, ASX Announcement 30 April 2014*). Drilling intersected varying grades and thicknesses with all but one drill hole intersecting minor to significant graphite mineralisation. The best one metre intersection, in Hole KPO17 (53-54m), was 42.8% TGC (*Lincoln Minerals Limited, ASX Announcement 10 July 2014*).



Drillhole plan showing surface distribution of graphite units from drilling at Koppio Graphite Mine

Like Kookaburra Gully, the Koppio graphite deposit occurs within Palaeoproterozoic Hutchison Group metasediments. High-grade metamorphism has produced coarse-grained flake graphite within graphitic schist units.

The graphite occurs in a number of steeply-dipping lenses with an aggregate thickness of about 10-30m in the central and southern parts of the deposit as interpreted from the historic mine workings, surface mapping carried out by Lincoln, and drillhole intercepts. The aggregate thickness reduces to about 10m at the northern end of the deposit (160m north of the mine workings). The interpreted dip of the graphite units is about 60°–75° to the east-southeast but they are complexly folded.

Mineralisation at Koppio has a strike length of 575m and a depth extent of at least 100m below ground level at the site of the historic mine workings. The **current strike length is still open to the north and south of current drilling extents.**

Previous petrological studies on samples from the old underground mine workings have shown that flake length is good and ranges up to 800 microns with an average flake length of 350-400 microns. No detailed metallurgical tests have yet been undertaken on Koppio samples.

Petrological summary of flake size at Koppio

Sample No.	Prospect	Visual estimate of graphite vol% abundance	Graphite flake length range 50µm to (µm)	Mean flake length (µm)	TGC % assay
KP-MS-01	Koppio	25-30	800	350	32.0
KP-MS-02	Koppio	12-15	800	350	14.7
KP-MS-03	Koppio	25	800	400	22.9

Koppio Graphite Deposit – JORC Code 2012 Mineral Resource

The Koppio resource modelling, undertaken by OreWin Pty Ltd (OreWin), an independent mining and resource consultancy, was based on information compiled by Lincoln's geologists. Geochemical assay and density information from drill samples collected in 2014 were used to define the graphite mineralisation and geological domains. Two domains were defined using: (1) a nominal 5% TGC cut-off value; and (2) a nominal 2% TGC cut-off value. Domain 1 represents the high-grade core of the deposit, interpreted at a nominal 5% TGC cut-off, while Domain 2 is the 2%–5% halo surrounding Domain 1. Based on these domains, estimation parameters were defined, reviewed and enhanced to estimate the graphite Mineral Resource.

The Koppio Mineral Resource, reported in accordance with JORC Code, 2012 is set out below (*Lincoln Minerals Limited, ASX Announcement 13 July 2015*). This table shows two alternative calculations (and production strategies) that Lincoln Minerals is currently developing. At a nominal 5% cut-off, the Inferred Mineral Resource is 1.85 Mt at 9.76% TGC. Total contained graphite for this Mineral Resource is 180,733 tonnes.

At a nominal 2% TGC cut-off, the total Koppio Inferred Mineral Resource is 3.06 Mt at 7.16% TGC. Total contained graphite for this resource is 219,293 tonnes.

The new Mineral Resource underpins mining studies at the historic mine site going forward.

Koppio Mineral Resource

Mineral Resource Classification	Lower Cut-off Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Inferred – Domain 1	5%	1.85	9.76	180,733	2.67
Inferred – Domain 2	2%	1.21	3.18	38,560	2.80
TOTAL (>2% TGC)		3.06	7.16	219,293	2.72

Mt = million tonnes TGC = Total Graphitic Carbon

Combined total Indicated and Inferred Mineral Resources for Kookaburra Gully and Koppio graphite deposits now stand at 4.03 million tonnes grading 12.35% TGC with **497,890 tonnes of contained graphite** (within the high-grade core, which is based on a nominal cut-off grade of 5% TGC).

Total combined Mineral Resources for Koppio and Kookaburra Gully

Mineral Resource Classification	Cutoff Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Koppio					
High-grade Core (Domain 1) – Inferred	5%	1.85	9.76	180,733	2.67
Low-grade Halo (Domain 2) – Inferred	2%	1.21	3.18	38,560	2.80
Kookaburra Gully					
High-grade Core (Domain 1) - Indicated	5%	1.45	13.74	199,193	2.56
Low-grade Halo (Domain 2) – Indicated	2%	0.62	3.04	18,984	2.54
High-grade Core (Domain 1) – Inferred	5%	0.73	16.17	117,964	2.50
Low-grade Halo (Domain 2) – Inferred	2%	0.40	2.91	11,538	2.54
TOTAL (>2% TGC)		6.26	9.05	566,972	2.63

Mt = million tonnes TGC = Total Graphitic Carbon

5.3 Graphite Exploration Targets

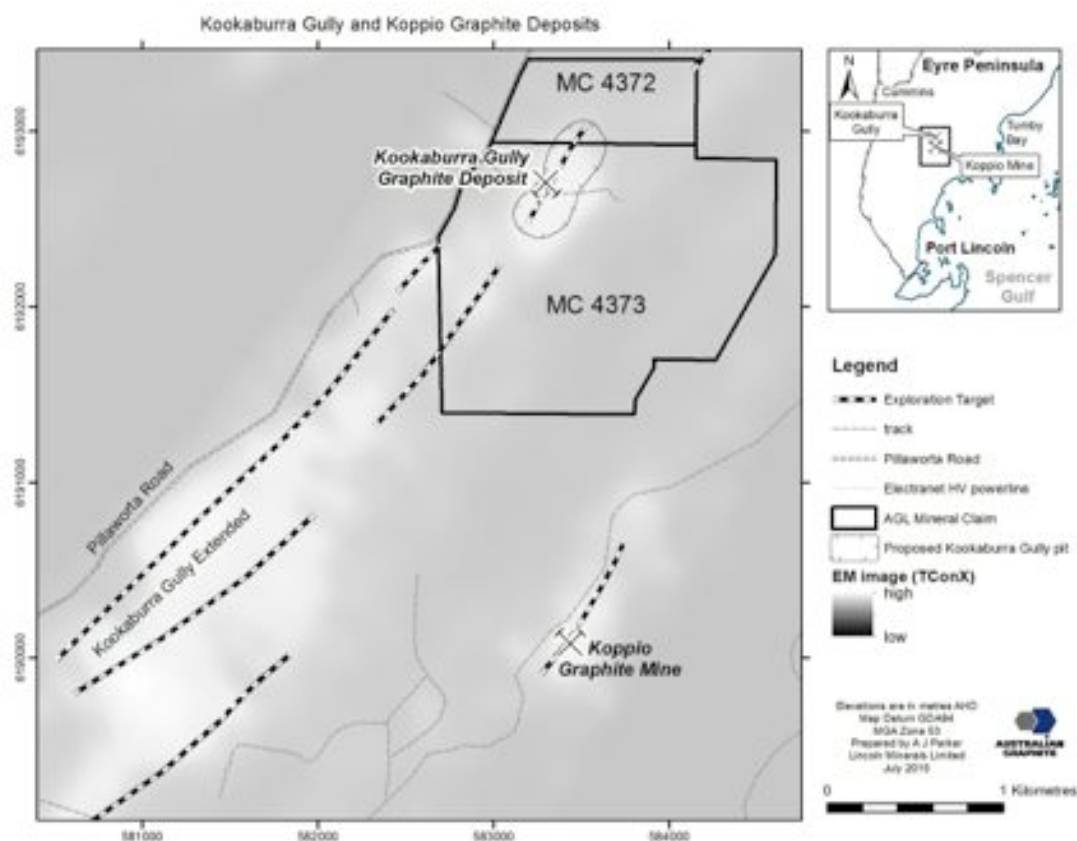
Graphite has been widely identifiable from airborne electromagnetic (AEM) surveys in the past due to its high electrical conductivity. Graphitic rock units are very good conductors and therefore are easily detected by EM.

The 2012 Koppio-Kookaburra Gully AEM survey included the historic Koppio Graphite Mine and Kookaburra Gully graphite deposits, the latter of which is located on the northeastern end of a 4.5 kilometre long EM anomaly, with possible fold repetitions.

Lincoln has reprocessed and re-interpreted airborne electromagnetic (EM) data and maps over the Koppio-Kookaburra Gully area to identify an extensive suite of drilling Exploration Targets that total 33 million to 94 million tonnes of graphite mineralisation at 7-15% TGC (*Lincoln Minerals Limited, ASX Announcement 30 January 2014*). Except for the Kookaburra Gully and Koppio Mineral Resources, no drilling, trenching or sampling has been undertaken by Lincoln Minerals on any of the other Exploration Targets. *Therefore, it is emphasised that Exploration Target tonnage and grade estimates are entirely conceptual in nature since there has been insufficient or no drilling in the immediate areas of these targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

5.3.1 SA Government's PACE Grant for Kookaburra Gully Exploration Targets

In light of the new results for the Koppio graphite deposit, which are consistent with the Exploration Target estimated for Koppio, airborne electromagnetic (EM) survey imagery over a nearby third target, Kookaburra Gully Extended, outlines a very significant Exploration Target for follow up in collaboration with the South Australian Government's Plan for Accelerating Exploration (PACE) Discovery Drilling Grants. Grants were announced early in April 2015 for 27 projects across the State and Lincoln Minerals has been offered one such grant to undertake drilling at Kookaburra Gully Extended. This target is about 2-4 km southwest along strike from Kookaburra Gully and is defined by a large airborne EM anomaly. There has never been any drilling in the immediate vicinity of this target. The PACE grant will jointly fund the actual drilling costs.



Koppio-Kookaburra Gully EM survey and location of Kookaburra Gully resource relative to the 4.5 km-long Kookaburra Gully Extended EM target. EM image = TConX image

Lincoln Minerals has a long-term vision for graphite in the Koppio Hills and this grant will help the Company accelerate exploration of potential graphite deposits in the region and build on an already substantial graphite resource inventory. Lincoln Minerals has an existing Exploration Work Approval (EWA) from the Government for drilling at Kookaburra Gully Extended and can commence drilling when weather and farming conditions allow.

5.3.2 Other Graphite Targets

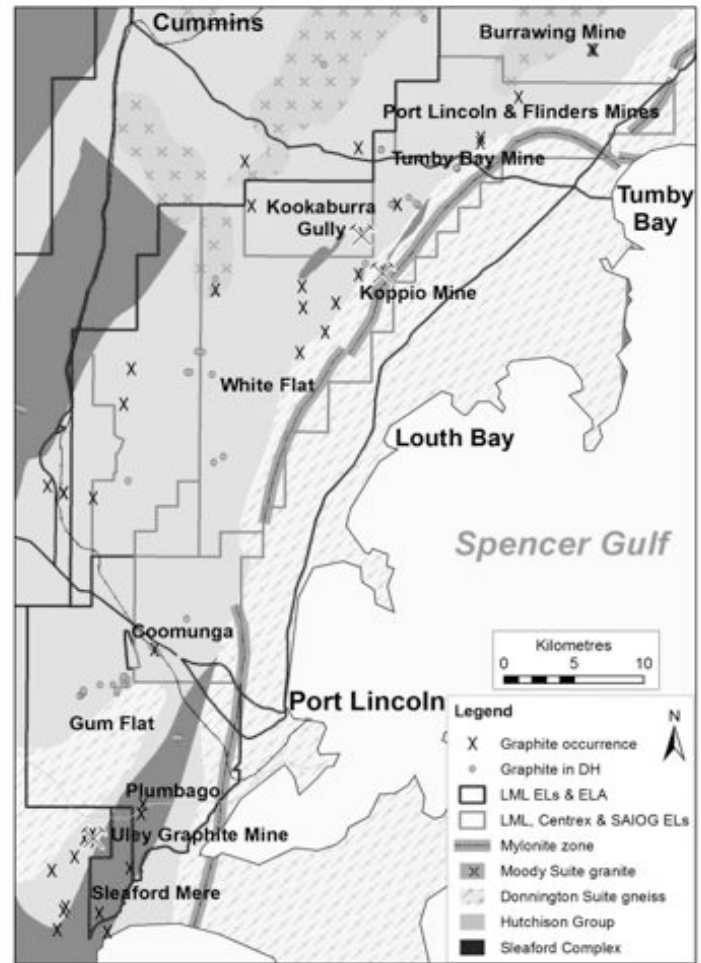
(Lincoln Minerals and Australian Graphite have exclusive rights to graphite on all tenements)

As previously noted, there are numerous graphite prospects and old mines on southern Eyre Peninsula. In addition, a search of LML, Eyre Iron and DSD exploration drilling records has identified numerous graphite drill intersections.

Lincoln's Gum Flat and Sleaford Mere projects are immediately north and east, respectively, of the Uley Graphite Mine and contain the historic Plumbago and Yarranyacka graphite prospects. Uley is the only "operating" graphite mine in Australia.

The Cockabidnie or Campoona Syncline Project, EL 5091, is located on central Eyre Peninsula adjacent to Archer Exploration Limited's graphite prospects at Campoona Hill, Sugarloaf Hill, Jamieson Tank and Wilclo.

There are subtle but significant EM anomalies in the Campoona Syncline area which correspond to graphite intersections in historic drilling by CRA Exploration Ltd (CRAE) in the early 1980's midway between Archer's Campoona Hill prospect and Sugarloaf Hill. These graphite intersections were not assayed by CRAE but resampling of old drillcore by Lincoln Minerals has identified intervals with up to 15% TGC.



Location of graphite prospects and drill intersections on southern Eyre Peninsula

5.4 Iron Ore

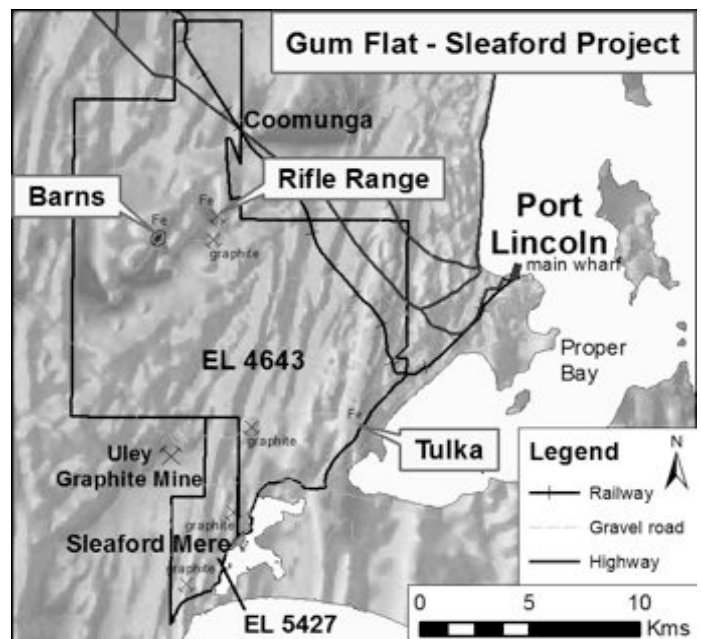
5.4.1 Gum Flat Iron Ore

(Lincoln Minerals and Australian Graphite have 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 to Port Lincoln.

Gum Flat EL 4643 contains a number of priority magnetic targets including Barns, Rifle Range and the Port Lincoln-Tulka suite. All are within 20km of Port Lincoln, an existing port capable of handling Panamax ships up to 15m draft.

More than 100 million tonnes of iron mineralisation has been identified in the Barns-Rifle Range area, most of it magnetite but with some hematite-goethite suitable for direct shipping. The magnetite requires processing into a high grade concentrate before it can be exported.



Location of Barns iron ore deposit

It has been proposed to export DSO from the main wharf at Port Lincoln using a containerised system similar to that used recently at Port Adelaide in South Australia albeit with covered containers. Alternatively, it could be shipped out of the proposed bulk commodity ports at either Port Spencer, Cape Hardy or Lucky Bay.

The Company is proposing a two-stage development option:

Stage 1: Mine and export up to 250,000 tonnes per annum DSO via Port Lincoln including upgrading 1.4 Mtpa lower grade (40-55% Fe) hematite-goethite-magnetite to DSO grade over a 4-5 year mine life

Stage 2: Mine up to 10 Mtpa magnetite and process onsite to produce up to 2.5 Mtpa high grade concentrate for export subject to defining additional resources.

Planning is currently underway for Stage 1 only.

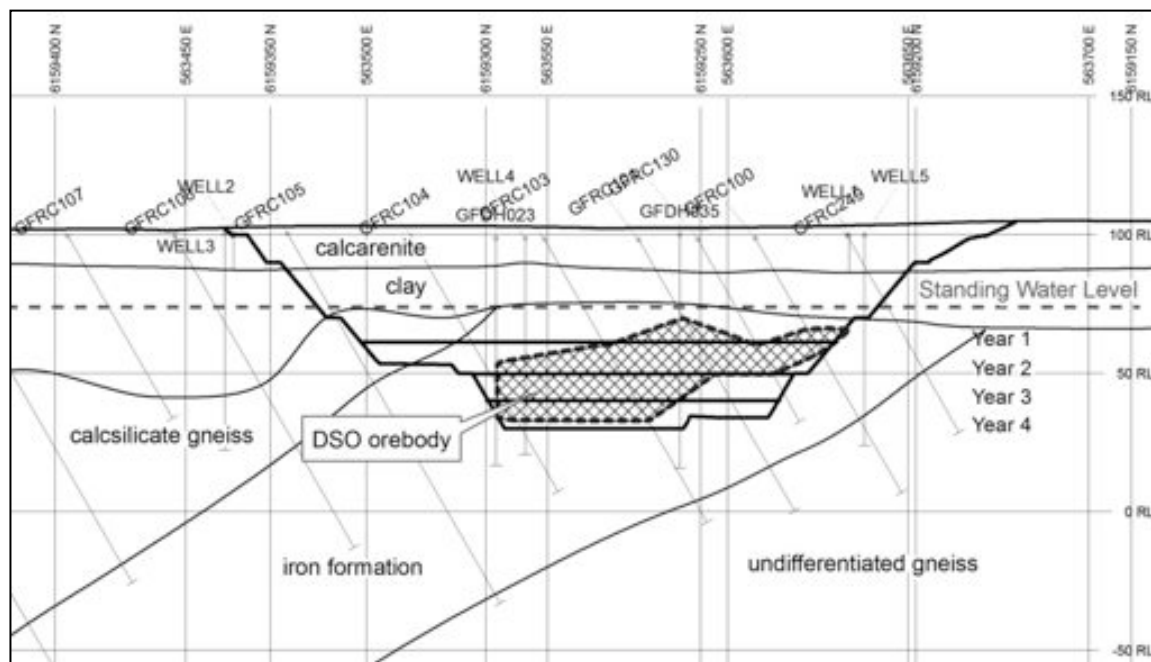
Extending west from Port Lincoln with a railway line and major highway running through the area, EL 4643 is ideally located with respect to infrastructure and proximity to a major shipping port.

Mining and Processing (Stage 1)

The proposed mine plan for Stage 1 mining of the Barns DSO hematite-goethite (+magnetite) deposit is based on the following:

- Mine up to 0.25 Mtpa DSO hematite-goethite from a conventional open cut pit or quarry over a 4-5 year period; and
- Crush, screen and transport ore by double road trains in covered containers to Port Lincoln or an alternate port for export.

An extension to Stage 1 would involve constructing a magnetic/gravity concentration plant at Barns to produce a fines concentrate from lower grade ore (40%-55% Fe) also for export.



NW-SE section through the proposed Barns Stage 1 pit showing the proposed mine schedule to progressively lower the pit floor and water level by 10% of the saturated aquifer thickness per year

Groundwater

Groundwater is a primary concern for the Barns mine plan since the proposed mine site is within the Southern Basins Prescribed Wells Area (SBPWA) used for groundwater extraction by the Eyre Peninsula community from the Quaternary Bridgewater Formation limestone or calcarenite aquifer. The Bridgewater Formation at the proposed mine site is not saturated. Therefore, mining operations will not directly affect it. However, there is groundwater in the underlying basement fractured-rock aquifer which is separated from the Bridgewater Formation by a saprolite clay aquitard.

Lincoln Minerals has devoted considerable time and resources to ensure that proposed mining activities will not have a detrimental or unsustainable effect on the aquifer system.

To mine the iron ore at Gum Flat, Lincoln will need to extract groundwater from the basement fractured rock aquifer to lower and maintain the water level below mining operations.

In September 2014, the SA Minister for Sustainability, Environment and Conservation granted Lincoln Minerals a groundwater licence for the Company's proposed iron ore mine.

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 Water Allocation Plan (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 more than 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.

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 Minerals recognises that the groundwater resource in the SBPWA is valuable and needs to be managed sustainably. The Company believes that the revised groundwater extraction scheme for its proposed mining operation is consistent with these principles and is committed to working within the WAP for the SBPWA.

Mining Lease Application

Lincoln Minerals' draft Mining Lease Proposal (MLP) for Stage 1 mining of the Barns DSO deposit at Gum Flat was completed in October 2011. This draft MLP was reviewed by DSD which listed some items that needed to be further addressed before lodging the MLP.

Of these items, an EPBC referral and groundwater licensing were the major obstacles.

In March 2012, the Federal Government Department of Sustainability, Environment, Water, Population and Communities for the second time formally backed plans by LML to develop the proposed Gum Flat Stage 1 iron ore mine. The decision upheld the authority's earlier decision in October 2011 that LML's proposed Gum Flat mine does not present any major environmental issues and is not a controlled action under the Environment Protection and Biodiversity Conservation Act (EPBC).

Upon receipt of the groundwater extraction licence, the Company can now attend to the remaining outstanding items required by DSD in relation to port access and lodge the MLP for formal assessment and approval. However, the Company has decided to put the project on hold temporarily due to the low international iron ore prices from late 2014 through to 2015.

5.4.2 Nantuma (iron) – EL 4815

(LML has exclusive rights to all metals)

Late in 2011, Lincoln Minerals expanded its iron ore footprint on South Australia's Eyre Peninsula with the granting to it of a new exploration licence, EL 4815.

Nantuma is immediately adjacent Iron Road Limited's 4.5 billion tonne iron ore deposits and adds to Lincoln's strong portfolio of near mining and advanced iron ore deposits and tenements throughout the Peninsula. The aeromagnetic anomalies that define Iron Road's iron ore resources continue west onto EL 4815 and Lincoln Minerals has defined Exploration Targets(**) for iron ore totalling 0.7 billion to 1.8 billion tonnes at 14-20% Fe within relatively coarse-grained magnetite gneiss of possible Archaean age. Nantuma straddles the existing rail line to Warrambo and Iron Road's proposed infrastructure corridor to Cape Hardy.

***** It is again emphasized that Exploration Target tonnage and grade estimates are entirely conceptual in nature. There has been insufficient or no drilling in the immediate areas of these targets and it is uncertain if exploration will result in the estimation of a Mineral Resource.***

5.4.3 Eurilla (iron and manganese) – ELs 4310, 5013 and 5297

(LML has exclusive rights to all metals)

The Eurilla project area is along strike from the Wilcherry Hill magnetite and Hercules iron ore deposits to the northwest and has potential for significant iron ore and manganese mineralisation.

Previous work on the Eurilla project has identified:

- 21.7 Mt @ 33.3% Fe Inferred Mineral Resource for Eurilla South iron ore with associated manganese grading up to 17.5% MnO;
- Manganese mineralisation grading up to 66% MnO at Uno.

The Company has not undertaken any field activities at Eurilla over the past 12 months but is considering various options including drilling and/or joint ventures to enhance the value of these prospects.

5.5 Copper and Other Metals – Eyre Peninsula

(LML has exclusive rights to base metals on all tenements)

Lincoln Minerals has rights to base metals (including copper, lead, zinc and nickel) and associated minerals such as vanadium, silver and gold on all tenements including those it shares with Centrex Metals and the SA Iron Ore Group.

In 2012, drilling at Minbrie identified significant copper-lead-zinc and silver mineralisation in diamond core drillhole, BUDD192 where a 29.5m interval from 131.1m to 160.6m defined an average grade of 0.76% Cu, 7.37% Pb, 1.88% Zn, 9.0g/t Ag and trace gold. Base metal grades ranged up to 4.8% Cu, 47.1% Pb, 5.5% Zn along with up to 36 g/t Ag and trace gold up to 0.1 g/t Au.

Previous work at the Bungalow end of the Bungalow-Minbrie project area outlined significant vanadium associated with magnetite iron ore in a sub-vertical zone of ferrovanadium mineralisation that yields a magnetic concentrate (7% to 11.4% DTR) averaging 0.4% to 0.6% V₂O₅ with 59% to 65% Fe and 0.7% to 1.5% TiO₂.

At Eurilla, previous exploration has identified

- Uranium mineralisation grading up to 0.07% U along with up to 0.5% base metal (Zn+Pb+Ni+Cu+Co) over a 5 hectare area at Jungle Dam; and
- Multiple areas of anomalous soil Ag, Au, Cu, Zn and U, with four prospects (Skaro, Mondas, Gallifrey and Sonar Prospects) identified as being prospective for epithermal style mineralisation.

The soil sampling programs at Skaro, Mondas, Gallifrey and Sonar prospects have identified those targets as being prospective for epithermal Paris (Investigator Resources Limited) and Parkinson Dam (Tasman Resources Limited) style mineralisation. This region has **significant potential for iron oxide-copper-gold-uranium (IOCGU) style mineralisation** associated with large concealed Hiltaba Suite granite plutons.

Previous exploration by Lincoln Minerals in the Cockabidnie area on central Eyre Peninsula has identified significant saprolitic-style nickel-cobalt (+scandium) mineralisation grading up to 1.15% Ni and 0.33% Co over a strike length of ca. 3 kilometres in the Campoona Syncline. Also in and adjacent to the Campoona Syncline, Lincoln Minerals has discovered other base metals grading up to 2.4% Pb+Zn and up to 26ppm Ag with trace gold (0.26ppm Au).

Copper mined in the Lincoln Uplands near Tumby Bay from oxidised ore during the period 1840s to ~1915 recorded grades up to 30% Cu from areas of Hutchison Group outcrop, subcrop and shallow cover. Surface rock chip samples (Helix Resources and others) contain over 10% Cu and 4.5 g/t Au. Mineralisation is structurally controlled with sulphides at depth but prior exploration concentrated around known deposits with little or no drill testing of depth or along-strike extensions.

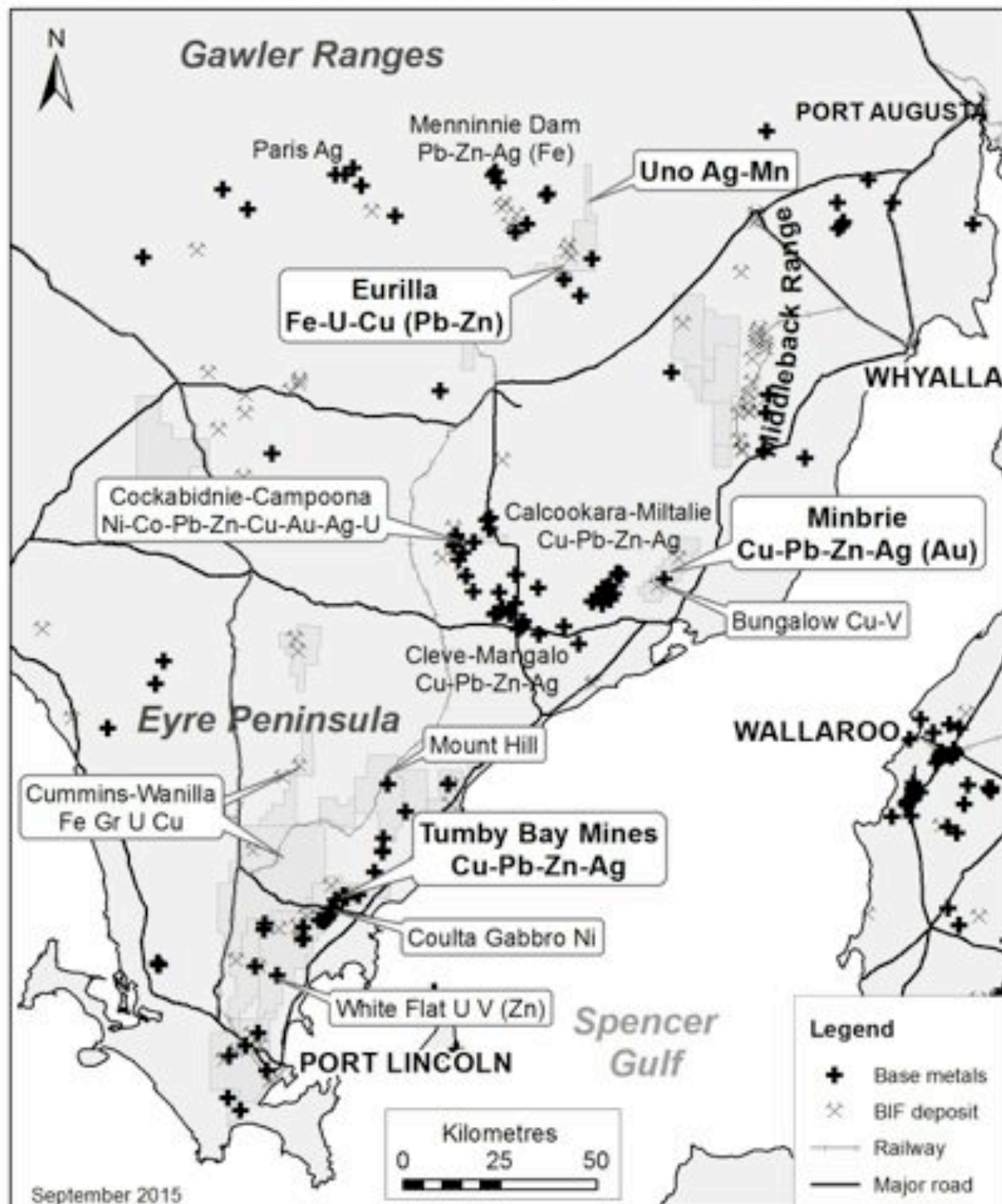
Also in the Tumby Bay area, nickel has been recorded in the Coultas Gabbro and vanadium in laterite near White Flat.

While all this work represents an early stage of base metal exploration on these various prospects, Lincoln Minerals is very encouraged by these discoveries and is looking for a suitable joint venture partner(s) to progress the projects.

5.6 Other Projects

The Company has maintained an ongoing program of review and monitoring but no significant field exploration was undertaken on Lincoln's other South Australian tenements during the year.

Copper-Lead-Zinc-Silver Historic Mines and Prospects



6 DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

The Directors present their report together with the consolidated financial report of Lincoln Minerals Limited (the Company) and its subsidiary companies (the Group) for the financial year ended 30 June 2015 together with the Auditor's report thereon.

6.1 DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and qualifications

Experience and other directorships

Current Directors

Mr Jin Yubo

Chairman (Non-Executive)

Appointed 18 September 2013

Mr Jin Yubo graduated with a Master of International Law in National Chi Nan University and has been a chairman or board member of several investment and real estate companies in China and Australia. He is a former committee member of a major Chinese city's People's Political Consultative Council. He is familiar with Chinese investment laws and regulations and has a wide range of political and business networks in mainland China, Hong Kong and other eastern and South East Asian countries.

Other directorships of listed entities within the last three years: Nil.

Dr Allan John Parker

BSc(Hons), PhD, Dipl Comp Sc

Managing Director

Appointed 16 October 2006

Dr Parker is a geologist and geophysicist.

Dr Parker has a broad and extensive knowledge of iron ore, graphite, uranium, gold, and base metal mineral deposits and mineralising systems, particularly in South Australia's Gawler Craton. He also has a strong geophysical background and is a leading geographical information systems (GIS) expert. He has 22 years experience in mineral exploration and prior to that, 16 years experience in geological mapping with the SA Geological Survey.

He is a long-standing member of the Australian Institute of Geoscientists (33 years), Geological Society of Australia and Australian Society of Exploration Geophysicists, is a Fulbright Postdoctoral Fellow and a member of the Australian Institute of Company Directors.

Other directorships of listed entities within the last three years:

Genesis Resources Limited from 12 August 2010 to 29 July 2012.

Eddie Lung Yiu Pang

Director (Non-Executive)

Appointed 1 December 2013

Mr Pang has a first-class Bachelor of Science with Honours degree in Chemistry. He operates a trading business based in Shanghai supplying the Chinese market with Australian wine and dairy products, along with marketing and export of Chinese pharmaceutical products and chemicals to the United Arab Emirates, Lebanon, Iraq and Canada. Mr Pang has a number of private business interests in Australia, including vineyards and timber plantations.

Mr Pang's extensive network of business associates in China (both national and private) and the Middle East will be an invaluable asset for Lincoln in its future capital raising and product marketing.

Other directorships of listed entities within the last three years:

Genesis Resources Limited from 6 March 2009 to date.

Previous Directors

Alex Hooi-Kiang Lim

Director (Non-Executive)

Appointed 1 December 2013

Resigned 1 July 2015

Mr Alex Hooi-Kiang Lim was a former independent director of Nexnews Bhd listed on the Bursa Malaysia, and has a number of business interests in the palm oil plantation and insurance sectors.

Other directorships of listed entities within the last three years:

Genesis Resources Limited from 26 November 2012 to date.

Kee Guan Saw FCA

Director (Non-Executive)

Appointed 18 September 2013

Resigned 31 March 2015

Mr Saw is a Fellow Member of the Institute of Chartered Accountants in Australia and is the current President of the Chinese Chamber of Commerce Victoria Inc. He also has an extensive business network in Australia as well as in mainland China, Malaysia and Singapore.

Other directorships of listed entities within the last three years:

latia Limited from 17 August 2011 to date.

6.2 COMPANY SECRETARY

Mr Jaroslaw (Jarek) Kopias was appointed Company Secretary effective 30 November 2011 and is also the Company's Chief Financial Officer.

Jarek is a qualified Certified Practising Accountant who has worked extensively in the resource sector in various corporate and mine site roles. He holds a Bachelor of Commerce Degree and is a Chartered Secretary. Jarek is also Company Secretary and Chief Financial Officer of ASX listed companies, Core Exploration Limited (ASX:CXO), Crest Minerals Limited (ASX:CTT) and Valence Industries Limited (ASX:VXL). Mr Kopias is also a non-executive Director of Crest Minerals Limited.

6.3 DIRECTORS' MEETINGS

The number of directors' meetings held and numbers of meetings attended by each of the directors of the Company during the financial year were:

	<i>Number of meetings held while in office</i>	<i>Number of meetings attended</i>
Y Jin	4	4
AJ Parker	4	4
KG Saw	3	3
AHK Lim	4	4
ELY Pang	4	3

The Board does not operate any separate committees due to its small size.

6.4 PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

During the year the Company continued to explore its exploration licences in South Australia, where the majority of its effort was directed to:

- Graphite projects in the Koppio-Kookaburra Gully region 35 km north of Port Lincoln; and
- The Gum Flat iron ore project 20 km west of Port Lincoln.

Graphite Projects

Over the last 5 years, the international price of graphite has increased dramatically from a few hundred dollars a tonne to over \$1,250 per tonne for high grade coarse flake graphite. The Company has numerous graphite prospects and a very strong ground tenure in what is the richest world class graphite province in Australia. Consequently, the Company has undertaken a detailed review and mapping of these prospects including flying low-level electromagnetic (EM) surveys over its priority targets (July-August 2012) in the Koppio-Kookaburra Gully and Campoona-Cockabidnie areas and drilling at Kookaburra Gully (January 2013 and March 2014) and the historic Koppio Graphite Mine (April 2014).

Significant high-grade graphite Mineral Resources have been identified at both Kookaburra Gully and Koppio. A Mining Lease Proposal (MLP) has been prepared and a Mining Lease Application lodged in February 2015 for a proposed graphite mine and processing plant at Kookaburra Gully (*refer ASX release 26 February 2015*).

During 2013, the Koppio-Kookaburra Gully airborne EM survey was interpreted to indicate conceptual graphite Exploration Targets totaling 33 million tonnes to 94 million tonnes at a potential grade of 7-15% TGC. A South Australian Government PACE Drilling Grant has been offered to Lincoln Minerals to drill the extension of Kookaburra Gully after harvest in early 2016. *It is emphasised that Exploration Target tonnage estimates are entirely conceptual in nature. There has been insufficient drilling in the immediate areas of these targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

Kookaburra Gully Graphite Project

The Kookaburra Gully flake graphite project is an exciting world class deposit within the top 10 global graphite resources based on grade (excluding the small but extremely high grade Sri Lankan vein deposits). On this basis, the Company has targeted the Kookaburra Gully deposit for immediate development and, in late 2013, appointed Parsons Brinckerhoff to prepare a MLP for a proposed 250,000 tonnes per annum mine and processing plant at Kookaburra Gully to produce 30,000-50,000 tpa high grade flake graphite concentrate.

Mineral Claims (MC) MC 4372 and MC 4373 were pegged in October 2014 and a Mining Lease Application (MLA) was lodged with the SA Government Department of State Development in February 2015. The Company has set a revised target date of late 2016 to commence mining at Kookaburra Gully.

Lodgement of the MLA is a milestone for Kookaburra Gully and Lincoln Minerals in every sense. It means the backbone of work needed to elevate this project from exploration and assessment through to where it can now be a viable new mining operation in Australia's graphite sector, has been realised.

The MCs, MLP and MLA have been made in the name of Australian Graphite Pty Ltd (AGL) which is a fully-owned subsidiary of Lincoln Minerals. AGL owns the graphite mineral rights over a number of LML and Centrex Metals Limited-South Australian Iron Ore Group exploration licences (see the Tenement schedule at the end of this report).

The Inferred and Indicated Mineral Resource for Kookaburra Gully is 2.20 million tonnes (Mt) at 15.1% total graphitic carbon (TGC) with 332,000 tonnes of contained graphite at a nominal cut-off grade of 5% TGC (refer ASX release 19 December 2013).

Kookaburra Gully Mineral Resource at a nominal 5% TGC lower cut-off grade

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Indicated	1.47	13.9	204,352	2.57
Inferred	0.73	17.3	127,425	2.52
TOTAL (>5% TGC)	2.20	15.1	331,778	2.55

Mt = million tonnes TGC = Total Graphitic Carbon

Kookaburra Gully Mineral Resource at a nominal 2% TGC lower cut-off grade

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Indicated	2.10	10.6	223,349	2.56
Inferred	1.13	12.2	137,370	2.52
TOTAL (>2% TGC)	3.23	11.2	360,719	2.54

Mt = million tonnes TGC = Total Graphitic Carbon

NB tonnages may not add up exactly as shown due to rounding of significant figures

Metallurgical tests have shown that the Kookaburra Gully 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.

The proposed Kookaburra Gully mining lease will be ~300 hectares in size, although only about one third of that footprint will be directly impacted by mining operations. Subject to global graphite prices, a 7.5 year mine life is anticipated from an open pit mine approximately 700 metres long, 270 metres wide, and 90-110 metres in depth. The open-pit will partially fill with water after mining ceases to form a lake and surrounding areas will be re-vegetated and/or restored to farm land.

Kookaburra Gully's infrastructure will include a processing plant to upgrade the graphite ore into high grade graphite concentrate of 93-98% TGC. The enclosed processing plant, including grinding mill, will operate 24/7 but there will be no open pit mining operations, including primary crushing, or transport operations at night. The mine site will include a Run-of-Mine (ROM) stockpile for temporary ore storage prior to processing, temporary soil stockpiles, a Tailings Storage Facility (TSF) and a waste rock storage facility, all to be rehabilitated for agricultural use when mining stops.

The MLP-MLA has taken into account key issues raised by the community in the Company's extensive engagement with local property holders, regional townships and other stakeholder interests. These considerations include addressing concerns on management and protection of groundwater, surface water, flora and fauna, traffic and transport safety, the management of noise, vibration and dust, and mine site rehabilitation. Detailed flora and fauna surveys have been undertaken along with groundwater, air quality and noise monitoring and modelling. AGL will be abiding by the principles of regional Natural Resource Management plans to preserve the environmental values of lower Eyre Peninsula.

Approximately 1.6 megalitres of water per day will be required to process the graphite ore within the plant and to supply all on-site demands including dust suppression, potable water, fire fighting, vehicle wash-down and

maintenance purposes. AGL is proposing to initially source water from the Tod Reservoir, 12 km to the south of the mine site, with ongoing operations post commissioning supplemented through the recycling of water from the process plant, proposed TSF and groundwater recovered from mine dewatering.

At full operation, there are likely to be three to seven semi-trailer movements of graphite concentrate a day from the site to export facilities at either Port Lincoln, Port Adelaide or perhaps in the future, one of the proposed ports of Port Spencer or Cape Hardy. AGL has set an employment target of 80% fulltime equivalents (FTEs) from the local community for mining and processing operations, with 60 FTEs anticipated during construction and pre-stripping and a permanent workforce during mining of around 30.

For further information regarding progress on the Mining Lease Proposal, please consult the September 2015 Community Information Update No. 4 which is available on the Company website www.linconminerals.com.au.

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

Historic Koppio Graphite Mine

Based on the revised EM interpretation, a drilling program was completed at the historic Koppio Graphite Mine in April 2014. Drilling intersected varying grades and thicknesses with all but one drill hole intersecting minor to significant graphite mineralisation. The best one metre intersection, in Hole KPO17 (53-54m), was 42.8% TGC.

The historic Koppio Graphite Mine was intermittently mined from the early 1900s to 1944 (*South Australian Department of Mines (now SA Department for State Development) Report Book 21/87, 1945*).

Like Kookaburra Gully, the Koppio graphite deposit occurs within Palaeoproterozoic Hutchison Group metasediments. High-grade metamorphism to Upper Amphibolite facies, and locally to Lower Granulite facies, has produced coarse-grained flake graphite within graphitic schist units. The April 2014 drilling at Koppio extended the extent of graphite mineralisation at the site of the historic workings from a strike length of ca. 50m to more than 525m and to a depth extent of at least 100m below ground level. The current strike length is still open to the north and south of existing drilling. The graphite occurs in a number of steeply-dipping lenses with an aggregate thickness of about 10-30m in the central and southern parts of the deposit as interpreted from the historic mine workings, surface mapping carried out by Lincoln, and drillhole intercepts. The aggregate thickness reduces to about 10m at the northern end of the deposit (160m north of the mine workings). The interpreted dip of the graphite units is about 60°–75° to the east-southeast but they are complexly folded.

Resource modelling, undertaken by OreWin Pty Ltd (OreWin), an independent mining and resource consultancy, was based on information compiled by Lincoln's geologists and is reported in accordance with JORC Code, 2012 (*Lincoln Minerals Limited, ASX Announcement 13 July 2015*). At a nominal 5% cut-off, the Inferred Mineral Resource is 1.85 Mt at 9.76% TGC. Total contained graphite for this Mineral Resource is 180,733 tonnes. At a nominal 2% TGC cut-off, the total Koppio Inferred Mineral Resource is 3.06 Mt at 7.16% TGC. Total contained graphite for this resource is 219,293 tonnes.

The new Mineral Resource underpins mining studies at the historic mine site going forward.

Koppio Mineral Resource

<i>Mineral Resource Classification</i>	<i>Lower Cut-off Grade (% TGC)</i>	<i>Tonnage (Mt)</i>	<i>Average Grade (% TGC)</i>	<i>Contained Graphite (tonnes)</i>	<i>Density (g/cc)</i>
<i>Inferred – Domain 1</i>	5%	1.85	9.76	180,733	2.67
<i>Inferred – Domain 2</i>	2%	1.21	3.18	38,560	2.80
TOTAL (>2% TGC)		3.06	7.16	219,293	2.72

Mt = million tonnes TGC = Total Graphitic Carbon

Kookaburra Gully Extended

The JORC Mineral Resources at Kookaburra Gully represent 500m of a 4.5km long EM target, the remainder of which has not yet been drilled. A South Australian Government PACE Drilling Grant has been offered to Lincoln Minerals to drill the extension of Kookaburra Gully after harvest in early 2016. The potential Exploration Target for Kookaburra Gully Extended is 22-44 Mt at 10-15% TGC but only part of this is targeted for drilling in 2016. *It is emphasised that Exploration Target tonnage estimates are entirely conceptual in*

nature. There has been insufficient drilling in the immediate areas of these targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The potential graphite mineralisation at Kookaburra Gully Extended combined with the possible future redevelopment of the historic Koppio Graphite Mine reinforces the Company's confidence in being able to quickly progress the Company's graphite resources on southern Eyre Peninsula into a high-quality, long-life graphite mining and processing operation.

Gum Flat Iron Ore Project

The Company's Gum Flat iron ore project contains a total 109 million tonnes Inferred and Indicated Mineral Resources at an overall average grade of 24.8% Fe. Most of this is magnetite mineralisation, including a 12.3 million tonne magnetite Indicated Resource @ 26.6% Fe, but it also includes a 1.4 million tonne hematite-goethite Indicated Resource @ 50% Fe and 2.9 million tonnes of lower grade hematite that could be beneficiated (refer ASX release 7 June 2012).

Subject to obtaining suitable project finance, gaining access to appropriate port facilities and obtaining all necessary approvals including groundwater licenses, the Company has proposed to mine and export hematite/goethite Direct Shipping Ore (DSO) and hematite/magnetite concentrates via either the main wharf at Port Lincoln or the proposed ports of Port Spencer, Cape Hardy or Lucky Bay.

The Company is currently considering a two-stage development option:

- Stage 1 –via Port Lincoln or Port Spencer, Cape Hardy or Lucky Bay; and
- Stage 2 – mine 1 million tonnes to 2 million tonnes per annum (Mtpa) lower grade hematite and/or magnetite ore and process to produce up to 400,000 tonnes per annum upgraded high grade fines for export.

In 2011, the Company prepared a Mining Lease Proposal (MLP) for Stage 1 (mine and export up to 250,000 tonnes per annum hematite DSO) but it was delayed by the South Australian State Government until groundwater licenses were obtained.

Following a successful appeal to the Environment, Resources and Development Court of South Australia (ERD Court), ground water licences were granted to Lincoln Minerals in mid 2014 subject to certain conditions. The Company can now complete the MLP for Barns Stage 1 but has put the project on hold due to the currently low iron ore prices.

Other Areas

No significant exploration was undertaken on the Company's other projects during the year due to shortage of funds and the focus of activities on graphite projects.

6.5 RESULTS AND DIVIDENDS

The Group made a loss after tax of \$14,512,666 (2014: \$1,130,809). In 2015 the Group capitalised \$1,084,933 (2014: \$1,217,918) of exploration and evaluation expenditure and expensed \$119,279 (2013: \$146,178) of such expenditure that was unable to be carried forward. Significant impairment write downs have also been recorded in relation to the Group's Gum Flat (\$11,973,033) Cockabidnie (\$509,897) and Eurilla Dam projects (\$1,193,959). A provision for impairment losses has been recognised in relation to these projects and will be assessed at each reporting date. Interest income was \$53,135 (2014: \$14,668).

During the year the Company issued no new shares.

Cash at the end of June 2015 was \$443,863, (2014: \$2,889,580).

No dividends were paid and the directors have not recommended the payment of a dividend (2014: Nil).

6.6 ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of the exploration and mining tenements granted to it and the mining legislation of the states in which the mining tenements are held. The Directors are satisfied that no breaches of the environmental conditions of these licences have occurred as they are continually monitoring the Group's operations. No notices of any such breaches have been received from any authority.

6.7 ENVIRONMENT AND SOCIAL POLICY

Environment

The Group is aware of its corporate responsibility to impact as little as possible on the environment and, as necessary, to undertake exploration programs, mining operations and/or rehabilitate sites in line with detailed procedures and guidelines published by the South Australian Government.

The Group has a policy to monitor performance and improve operational procedures to best environmental practice and minimise the impacts of exploration activities wherever possible.

Social

The Board and Management are committed to a working environment that provides equality to all and that respects the rights, cultural beliefs and relevant concerns of all landholders and communities that have a legitimate interest in land upon which we propose to undertake exploration and development.

This will involve ongoing communication with relevant local residents, farmers, pastoral property owners, Aboriginal groups and local authorities.

The Group has an employment strategy that aims to help improve access to employment for local Aboriginal people and where appropriate, will investigate and assist in the development and implementation of traineeships and/or training programs that will best meet the Group's and industry's future needs.

6.8 OPTIONS

There are no options outstanding as at the date of this report (2014: Nil).

6.9 SIGNIFICANT EVENTS AFTER BALANCE DATE

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Company in subsequent financial years.

6.10 LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In 2015-16, the Group will be principally engaged in obtaining all approvals necessary for the development of a graphite mine and processing plant at Kookaburra Gully.

Kookaburra Gully graphite programme for 2015-16:

- Respond to Government and stakeholder queries in relation to the Mining Lease Proposal and Mining Lease Application,
- Marketing and product assessment with potential customers,
- Geotechnical drilling, soil testing and engineering surveys at Kookaburra Gully;
- Exploration and resource definition drilling of Kookaburra Gully Extended EM anomaly (with assistance of SA Government PACE Grant),
- Mini pilot plant testing of a bulk ore sample(s) from Kookaburra Gully (ca. 5-200 tonnes),
- Prepare a detailed mine plan and process plant design,
- Undertake a definitive feasibility study for Kookaburra Gully, and
- Prepare a detailed Program for Environmental Protection and Rehabilitation (PEPR) for the proposed Kookaburra Gully Graphite Mine.

The Group will also continue exploration for minerals on its other tenement areas on eastern Eyre Peninsula in South Australia.

The expected sources of Australian income for the coming financial year will be the receipt of interest on cash funds held on deposit, a R&D refund from the Australian Taxation Office and possible sale of land assets at Gum Flat. It is proposed that upon the granting of a Mining Lease for Kookaburra Gully, the Company will seek to raise funds for detailed mine and process plant design, preparation of the PEPR and, ultimately, for mine development.

6.11 CORPORATE GOVERNANCE

The Board has adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3rd Edition" (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its development status.

A summary of the Company's ongoing corporate governance practices is set out annually in the Company's Corporate Governance Statement and can be found on the Company's website at <http://www.lincolnminerals.com.au/corpgovernance.php>.

6.12 REMUNERATION REPORT - AUDITED

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group. This report outlines the remuneration arrangements in place for KMP of Lincoln Minerals Limited.

Key Management Personnel comprise:

Directors

Y Jin	Chairman (non-executive)
AJ Parker	Managing Director
ELY Pang	Director (non-executive)
AHK Lim (resigned 1 July 2015)	Director (non-executive)
KG Saw (resigned 31 March 2015)	Director (non-executive)

Executives

JK Kopias	Chief Financial Officer and Company Secretary
DA Povey	Chief Geologist

Remuneration philosophy

The performance of the Group depends on the quality of its directors and executives, who are KMP of the Company. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and KMP.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

Corporate Performance

The performance of the Company / Group for the past 5 years is:

<u>Year</u>	<u>Net (loss) for the year</u>	<u>(Loss) per share – cents (adjusted for rights issues)</u>	<u>Shareholders' Equity</u>	<u>Number of issued shares – end of year</u>	<u>Share price – end of the year – cents</u>
2011	(1,203,039)	(0.98)	14,786,162	133,363,972	12.5
2012	(1,301,246)	(0.92)	15,174,758	153,363,972	11.5
2013	(1,404,259)	(0.81)	14,993,712	172,534,468	4.7
2014	(1,130,809)	(0.56)	18,219,080	268,386,949	7.0
2015	(14,512,666)	(5.41)	3,706,414	268,386,949	4.0

No dividends have been paid, nor have there been any capital reductions or share cancellations over the above periods.

Remuneration committee

Due to the relatively small size of the Group, the Board has decided not to form a separate Remuneration Committee, and instead the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and KMP.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and KMP on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and KMP. In the future, share options may form part of a remuneration package and the number and terms of such options will be determined in accordance with the above objectives.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre and with the experience and qualification appropriate to the development of the Company, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the determined aggregate is then divided between the Directors as agreed. The latest determination occurred at an Extraordinary General Meeting held in January 2007 when shareholders approved an aggregate remuneration of \$250,000 per year. The current fee level is \$40,000 (2014: \$40,000) per non-executive director per annum and the Chairman \$55,000 (2014: \$55,000) per annum, all inclusive of statutory superannuation for a total of \$165,000 (2014: \$189,714).

The Board considers fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

All of the Non-executive Directors received directors' fees in cash.

Non-executive Directors' fees are not linked to the performance of the Group. However, Directors may be issued options from time to time to provide the necessary incentive to work and grow long-term shareholder value. Issues of options to Directors require approval by shareholders in general meeting.

Executive Director and Key Management Personnel remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for Group and individual performance;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the group; and
- Ensure total remuneration is competitive by market standards.

Structure

It is Board policy that employment contracts are entered into with the Managing Director and other KMP.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration

The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting predetermined performance targets. However, the Board may consider performance related remuneration in the form of cash or share options or

performance rights when they consider these to be warranted. Following a review of the Group's performance, the Board decided not to reward any variable remuneration in the current year.

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established by the Board of Directors. There was no variable remuneration issued during the year.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed in accordance with contract terms by the Board of Directors and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Employment contracts

Employees are employed under terms which include annual reviews as to their personal performances and assessment as to general employment market conditions. The Managing Director has been engaged by contract until 31 December 2015 with an automatic 12 month extension although the contract may be terminated by the Company giving twelve months' notice. As at the date of the report the Managing Director's annual salary is \$234,000 plus superannuation, subject to annual review by the Board.

KMP have all been engaged for two year periods although these contracts may be terminated by either the Group or the respective staff member by the giving of four weeks' notice.

The Managing Director is entitled to 12 months termination payment upon termination of his employment by the Company prior to the end of his contract.

No termination payments were made during the period to KMP other than statutory entitlements upon leaving the Company.



Compensation of Directors and Key Management Personnel (KMP)

	Short term		Post employment		Share-based payment	Total	
	Salary and fees	Contract payments	Super-annuation	Long service leave ⁷	Performance Rights		Value of rights as a % of total remuneration
	\$	\$	\$	\$	\$	\$	%
Year ended 30 June 2015							
<u>Directors</u>							
YB Jin	-	55,000	-	-	-	55,000	-
AJ Parker	221,230	-	35,000	2,826	-	259,056	-
AHK Lim	-	40,000	-	-	-	40,000	-
ELY Pang	-	40,000	-	-	-	40,000	-
KG Saw ³	-	30,000	-	-	-	30,000	-
<u>Executives</u>							
JK Kopias	-	78,750	-	-	-	78,750	-
DA Povey	113,850	-	10,816	2,728	-	127,394	-
Total Directors and KMP – 2015	335,080	243,750	45,816	5,554	-	630,200	-
Year ended 30 June 2014							
<u>Directors</u>							
YB Jin ¹	-	43,193	-	-	-	43,193	-
AJ Parker	217,300	-	35,000	12,369	-	264,669	-
AHK Lim ²	-	23,370	-	-	-	23,370	-
ELY Pang ²	-	23,370	-	-	-	23,370	-
KG Saw ³	-	31,413	-	-	-	31,413	-
RV Ryan ⁴	-	11,957	-	-	-	11,957	-
KH Hung ⁵	-	15,543	-	-	-	15,543	-
RA Althoff ⁴	7,959	-	736	-	-	8,695	-
EH Lim ⁵	15,543	-	-	-	-	15,543	-
SW Chan ⁶	-	16,630	-	-	-	16,630	-
<u>Executives</u>							
JK Kopias	-	101,203	-	-	-	101,203	-
DA Povey	113,850	-	10,531	4,540	-	128,921	-
Total Directors and KMP – 2014	354,652	266,679	46,267	16,909	-	684,507	-

¹ Mr Jin was appointed to the board on 18 September 2013.

² Mr Lim and Mr Pang were appointed to the board on 1 December 2013.

³ Mr Saw was appointed to the board on 18 September 2013 and resigned on 31 March 2015.

⁴ Mr Ryan and Mr Althoff resigned as Directors on 18 September 2013.

⁵ Mr Hung and Mr Lim resigned as Directors on 20 November 2013.

⁶ Ms Chan resigned as Director on 30 November 2013.

⁷ Based on Company's accounting policy, Dr Parker and Mr Povey commenced accruing long service leave following more than 5 years of service. The figures above represent the movement in present value of each KMP's long service leave entitlement during the year.

No bonuses were earned by or paid to any KMP in either 2015 or 2014.

No shares were issued in either 2015 or 2014 as compensation.

It is the Company's policy that Director's do not hedge any share based remuneration. The Company requires all executives and directors to sign annual declarations of compliance with this policy.

Option holdings of Key Management Personnel

There were no options held by KMP during the year.

Shareholdings of Key Management Personnel - 2015

The movement during the reporting period in the number of ordinary shares in Lincoln Minerals Limited held directly, indirectly or beneficially by each KMP.

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
<u>Directors</u>			
Y Jin	-	-	-
AJ Parker	1,230,002	-	1,230,002
AHK Lim	-	-	-
ELY Pang	10,816,532	-	10,816,532
KG Saw ¹	-	-	n/a
<u>Executives</u> - Nil			

¹ Resigned during the year, therefore not considered a KMP at the reporting date.

END OF REMUNERATION REPORT – AUDITED

6.13 AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditor KPMG, a copy of which is attached to and forms part of this report.

During the year KPMG, the Company's auditor, has performed certain other services in addition to the audit and review of financial statements.

The Board considers that those non-audit services provided by the auditor are compatible with and do not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or sharing risks or rewards.

Details of the amounts paid to KPMG during the year for audit and non-audit services are set out hereunder:

	<u>2015</u> \$	<u>2014</u> \$
<u>Audit services</u>		
Audit and review of financial reports (KPMG Australia)	80,465	52,000
<u>Other services</u>		
Taxation advice, research & development advice and related matters	31,095	34,750

No other auditors were engaged by the Group.

6.14 INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Company entered into agreements to indemnify all current directors of the Company as at the date of this report against all liabilities (subject to certain limited exclusions) to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a director or executive officer unless the liability relates to conduct involving a lack of good faith. The Company has also agreed to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the financial year the Company paid insurance premiums in respect of directors' liability insurance. Disclosure of the nature of the liability and the extent of the premium is prohibited by the confidentiality clause of the contract of insurance.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Lincoln Minerals Limited) incurred in their position as director unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Dated at Melbourne, Victoria, this 29th day of September 2015 and signed in accordance with a resolution of the Directors.



Y Jin, Chairman



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lincoln Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG
Darren Ball
Partner

Adelaide

29 September 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

7 FINANCIAL STATEMENTS 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	<u>2015</u> \$	<u>2014</u> \$
Other income		17,400	14,500
Exploration and evaluation expense	9	(119,279)	(146,178)
Impairment expense	9	(13,864,629)	-
Corporate and administrative expenses	3	(954,189)	(1,067,677)
Depreciation and amortisation		(11,717)	(14,122)
Loss on sale of assets		(77)	(18,621)
RESULTS FROM OPERATING ACTIVITIES		(14,932,491)	(1,232,098)
Finance income – interest		53,135	14,668
Finance costs		-	(9,349)
NET FINANCE INCOME		53,135	5,319
LOSS BEFORE INCOME TAX		(14,879,356)	(1,226,779)
Income tax benefit	4	366,690	95,970
NET LOSS FOR THE YEAR		(14,512,666)	(1,130,809)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		(14,512,666)	(1,130,809)
Basic and diluted loss per share (cents)	18	(5.41)	(0.56)

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Note	Issued capital	Accumulated losses	Share based payments reserve	Total
		\$	\$	\$	\$
Balance at 1 July 2013		23,631,175	(8,733,748)	96,285	14,993,712
Total comprehensive loss for the year					
Loss		-	(1,130,809)	-	(1,130,809)
Total comprehensive loss for the year		-	(1,130,809)	-	(1,130,809)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares		4,792,623	-	-	4,792,623
Share issue expenses		(436,446)	-	-	(436,446)
Total contributions by owners of the Company		4,356,177	-	-	4,356,177
Balance at 30 June 2014		27,987,352	(9,864,557)	96,285	18,219,080
Balance at 1 July 2014		27,987,352	(9,864,557)	96,285	18,219,080
Total comprehensive loss for the year					
Loss		-	(14,512,666)	-	(14,512,666)
Total comprehensive loss for the year		-	(14,512,666)	-	(14,512,666)
Transactions with owners of the Company, recognised directly in equity					
Total contributions by owners of the Company		-	-	-	-
Balance at 30 June 2015		27,987,352	(24,377,223)	96,285	3,706,414

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	443,863	2,889,580
Trade and other receivables	7	443,449	249,170
TOTAL CURRENT ASSETS		887,312	3,138,750
NON CURRENT ASSETS			
Property plant and equipment	8	639,427	658,791
Exploration and evaluation	9	2,215,975	15,114,950
Intangible assets	10	3,948	7,875
Equity-accounted investee	11	320,343	-
TOTAL NON CURRENT ASSETS		3,179,693	15,781,616
TOTAL ASSETS		4,067,005	18,920,366
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	161,577	508,433
Employee entitlements – leave provisions		193,695	182,679
TOTAL CURRENT LIABILITIES		355,272	691,112
NON CURRENT LIABILITIES			
Employee entitlements – leave provisions		5,319	10,174
TOTAL NON CURRENT LIABILITIES		5,319	10,174
TOTAL LIABILITIES		360,591	701,286
NET ASSETS		3,706,414	18,219,080
EQUITY			
Contributed equity	13	27,987,352	27,987,352
Reserves	14	96,285	96,285
Accumulated losses		(24,377,223)	(9,864,557)
TOTAL EQUITY		3,706,414	18,219,080

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

		2015	2014
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(936,194)	(1,049,171)
Interest received		52,834	15,228
Other Income		17,400	14,500
Research & Development tax concession received		95,970	-
Interest paid		-	(9,349)
Net cash (outflow) from operating activities	6	(769,990)	(1,028,792)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(1,154,658)	(1,020,535)
Payments for property, plant and equipment	8	(10,376)	(41,343)
Investment in equity-accounted investee	11	(320,343)	-
Proceeds on sale of assets		218	-
Net cash (outflow) from investing activities		(1,485,159)	(1,061,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of Convertible Note		-	250,000
Repayment of Convertible Note		-	(250,000)
Proceeds from share issues		-	4,792,623
Share issue expenses		(190,568)	(247,056)
Net cash (outflow)/inflow from financing activities		(190,568)	4,545,567
Net (decrease)/increase in cash and cash equivalents		(2,445,717)	2,454,897
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,889,580	434,683
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	443,863	2,889,580

The accompanying notes form part of these Financial Statements

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. THE REPORTING ENTITY

The consolidated financial report of Lincoln Minerals Limited ("the Company") for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group") was authorised for issue in accordance with a resolution of the directors on 29 September 2015.

The Group is a for-profit entity primarily involved in exploration for iron ore and graphite.

Lincoln Minerals Limited, incorporated in Australia, is a company limited by shares which are publicly traded on ASX Limited, having been listed on 9 March 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial report is a general purpose report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial report has been prepared on an historical cost basis and is presented in Australian dollars, the Company's functional currency.

(c) Basis of preparation

The financial report has been prepared on a going concern basis as detailed in note 23 to the accounts.

New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018.

New and amended standards adopted by the company

The Group has not applied any new accounting standards and amendments for the first time for the annual reporting period commencing 1 July 2014.

(d) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the Company's subsidiaries are included in the consolidated financial statements from the date control commenced. The Company retains control as at the date of this report of the following companies, Lincoln Asia-Pacific Pty Ltd, Australian Graphite Pty Ltd and Australian Graphite Production Pty Ltd. Lincoln Asia-Pacific Pty Ltd has not traded or operated between its registration (during 2009/10) and the date of this report. Australian Graphite Pty Ltd was registered in 2012/13 and holds the Group's graphite related assets. Australian Graphite Production Pty Ltd was acquired in 2013/2014, holds no assets and has not traded.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Interests in equity-accounted investees

The Group's interest in an equity-accounted investee comprises interest in an associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

(e) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgments, estimates and assumptions of future events. The key judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the dates upon which they are granted. The fair value of options granted is determined using the Black-Scholes valuation method, taking into account the terms and conditions on which the options were granted. Refer note 2(v) for detail.

Recoverability of exploration and evaluation costs

The carrying amount of exploration and evaluation expenditure is dependent on the future successful outcome from exploration activity and or alternatively the sale of the respective areas of interest.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The accounting policies set out below have been applied consistently to all periods presented.

(f) Jointly controlled operations and assets

The interests of the Group in jointly controlled operations and jointly controlled assets are brought to account by recognising in its financial statements its share of jointly controlled assets, jointly incurred liabilities/expenses, and its share of income earned from the sale of any goods or services by the joint arrangement.

(g) Income

Interest is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Overhead recoveries from joint venture partners are brought to account as revenue on the basis of exploration expenditures incurred in accordance with the joint venture agreements.

(h) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Refer to impairment policy at note 2(k).

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as being 5 to 15 years for the current and comparable period. Land is not depreciated.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss and other comprehensive income in the period the item is de-recognised. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(i) Exploration and evaluation

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Reimbursements by joint venture partners of expenditure in respect of areas of interest are deducted from the Company's total outlays on the areas prior to carrying forward such expenditure as an asset.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of the exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted or planned;

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision to abandon is made.

(j) Intangibles

Computer software intangible assets acquired by the Group are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a reducing balance basis over the estimated 3 year useful lives of intangible assets from the date that they are available for use for the current and comparable period.

(k) Impairment – non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank, cash on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Employee benefits

(i) Wages, salaries, annual and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

Liability for long service leave is recognised and measured as the present value of the estimated future cash outflows to be made in respect of employees' services up to the reporting date. The obligation is calculated using expected future increases in wage and salary rates, experience of employee departures and periods of service. Expected future payments are discounted using the rates attached to the corporate bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations. The obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when settlement is expected to occur.

(iii) Share-based payments

Refer to note 2(v).

(p) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement over the lease term. The Group does not have any finance leases.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of share proceeds received, net of any related tax benefit.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities (in a transaction that is not a business combination) that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they are not expected to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any additional income taxes that may arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Research and development tax concessions are presented as a reduction of tax expense.

(t) Earnings per share (EPS)

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number

of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. EPS for the previous year are restated for any rights issues during the current financial year.

(u) Goods and Services Tax (GST)

Revenues, expenses and non-financial assets and liabilities are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Share-based payments

The Company may provide benefits to Directors and Senior Executives of the Group in the form of share-based payments, whereby directors and employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with directors and employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market conditions attached to the transactions are not taken into account in determining fair value.

The cost of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

(w) Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(x) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are

retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(y) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3. CORPORATE AND ADMINISTRATIVE EXPENSES

	<u>2015</u>	<u>2014</u>
	\$	\$
ASX fees	28,031	25,230
Audit fees	55,465	52,000
Directors' fees	165,000	189,714
Head office administration	190,346	256,653
Insurances	35,098	34,410
Legal fees	18,124	22,618
Operating lease payments	78,743	45,866
Payroll tax	864	1,166
Public relations	45,475	23,884
Share registry	27,558	26,390
Staff recruitment, re-location, conferences, training	16,039	19,912
Travel	89,332	92,122
Employee benefits recorded in profit or loss ¹	204,114	277,712
	<u>954,189</u>	<u>1,067,677</u>

¹ In addition, employee benefits of \$313,595 (2014: \$340,206) are capitalised into exploration and evaluation expenditure (Note 9).

4. INCOME TAX BENEFIT

Numerical reconciliation between tax benefit and pre-tax net loss

Loss before tax	(14,879,356)	(1,226,779)
Prima facie income tax benefit at 30% (2014: 30%)	<u>(4,463,807)</u>	<u>(368,034)</u>
Research and development tax refund	(366,690)	(95,970)
Effect of permanent and temporary differences and tax losses not recognised	4,463,807	368,034
Income tax benefit attributable to operating loss	<u>(366,690)</u>	<u>(95,970)</u>

A deferred tax asset with respect to accumulated tax losses has been recognised to the extent of the Company's deferred tax liability regarding temporary differences of approximately \$665k (2014: \$4,534k), relating mainly to capitalised exploration assets. The unrecognised deferred tax asset mainly with respect to accumulated tax losses is \$6,746k tax effected at 30% (2014: \$6,230k), and has not been recognised as an

asset as it is not considered probable at this time that future taxable income will be available against which to utilise the tax losses.

5. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash at bank and in hand	405,246	379,386
Short term deposits	38,617	2,510,194
	<u>443,863</u>	<u>2,889,580</u>

Short term deposits are made for varying periods of between 30 and 90 days, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates. The effective interest rate on short term deposits in 2015 was 3.66% (2014: 2.5%). An amount of \$38,617 of short term deposits remains in place to secure a bank guarantees in respect of a bond for Exploration Licence 4643 in favour of Department of State Development \$10,000 (2014: \$10,000) and a bond for Melbourne office rental \$28,617 (2014 \$Nil).

The Company has no available undrawn loan facilities.

6. RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS FROM OPERATIONS

Operating (loss) after income tax	(14,512,666)	(1,130,809)
Depreciation and amortisation	11,717	14,122
Exploration expenditure expense	119,279	146,178
Impairment expense	13,864,629	-
Changes in Assets and Liabilities		
(Increase) in other current operating assets	(217,488)	(108,366)
(Decrease) / Increase in operating creditors and accruals	(41,622)	19,893
Decrease in leave provisions	6,161	30,190
Net cash used in operating activities	<u>(769,990)</u>	<u>(1,028,792)</u>

7. RECEIVABLES AND OTHER ASSETS

Accrued interest receivable	1,276	975
Bonds and deposits	15,000	43,617
Prepaid expenses	25,985	24,659
GST refundable	34,260	75,496
Research & Development tax refund	366,690	95,970
Other	238	8,453
	<u>443,449</u>	<u>249,170</u>

No receivables are interest-bearing and all are receivable within 90 days, except bonds and deposits.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Office plant and equipment	Exploration plant and equipment	Motor vehicles	Total
<u>2015</u>	\$	\$	\$	\$	\$
At cost	555,825	29,520	301,736	139,809	1,026,890
Accumulated depreciation	-	(19,444)	(263,548)	(104,471)	(387,463)
Closing net book amount	555,825	10,076	38,188	35,338	639,427
Opening net book amount	555,825	16,174	43,327	43,465	658,791
Additions	-	3,160	7,216	-	10,376
Disposals	-	(295)	-	-	(295)
Transfers	-	(1,173)	1,173	-	-
Depreciation charge to P&L	-	(7,790)	-	-	(7,790)
Depreciation charged to exploration	-	-	(13,528)	(8,127)	(21,655)
Closing net book amount	555,825	10,076	38,188	35,338	639,427
<u>2014</u>					
At cost	555,825	72,958	277,431	139,809	1,046,023
Accumulated depreciation	-	(56,784)	(234,104)	(96,344)	(387,232)
Closing net book amount	555,825	16,174	43,327	43,465	658,791
Opening net book amount	555,825	10,444	62,250	53,462	681,981
Additions	-	12,021	21,503	-	33,524
Disposals	-	-	(18,621)	-	(18,621)
Depreciation charge to P&L	-	(6,291)	-	-	(6,291)
Depreciation charged to exploration	-	-	(21,805)	(9,997)	(31,802)
Closing net book amount	555,825	16,174	43,327	43,465	658,791

9. EXPLORATION AND EVALUATION

	<u>2015</u>	<u>2014</u>
	\$	\$
Opening net book amount	15,114,950	14,043,210
Exploration expenditure during the year	1,063,279	1,186,116
Depreciation charged to exploration	21,654	31,802
Less, exploration & evaluation expensed	(119,279)	(146,178)
Less, Impairment of Gum Flat	(11,973,033)	-
Less, Impairment of Eurilla Dam	(1,193,959)	-
Less, Impairment of Cockabindie	(509,897)	-
Less, expensed amounts previously capitalised	(187,740)	-
Closing net book amount	2,215,975	15,114,950
Gross exploration assets capitalised	16,080,604	15,114,950
Provision for impairment	(13,864,629)	-
Net exploration assets	2,215,975	15,114,950

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The carrying value of assets was assessed at 30 June 2015 and a total of \$13,864,629 was expensed during the period. Of this amount, \$121,755 was incurred in the current reporting period and \$13,742,874 related to the write-off of assets carried from prior periods. The impairment write down was due to an assessment of the carrying value based on prospectivity of tenements held by the Group.

The most significant write downs relate to the Gum Flat project (\$11,973,003) and the Eurilla Dam project (\$1,193,959) which have been written down due to falling iron ore prices and increased uncertainty around the timing and extent of any price recovery. The recoverable amounts of the assets, as assessed by the Board, have been assessed on a fair value less cost to sell basis using a net present value calculation of the potential development of the Gum Flat and Eurilla projects and have been written down to \$nil.

These impairments have been recognised in "impairment expense" in the consolidated statement of profit or loss and other comprehensive income.

At the Group's Gum Flat Project – costs previously capitalised total \$11,973,033 prior to impairment (2014: \$11,866,152) - magnetite and hematite mineral resources have been defined along with compilation of a Mining Lease application for the Stage 1 mining proposal to mine the hematite-goethite cap above the magnetite resource. The Mining Lease proposal was completed in October 2011 but could not be lodged as a formal Mining Lease Application until a groundwater extraction license was obtained.

In September 2014, following a successful appeal to the Environment, Resources and Development Court, a groundwater licence was granted for the Company's proposed hematite iron ore mine and the Company can now complete the mining lease proposal. 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.

10. INTANGIBLE ASSETS

<u>Computer software</u>	<u>2015</u>	<u>2014</u>
<u>Cost</u>	\$	\$
Balance at beginning of the year	73,365	73,365
Balance at the end of the year	73,365	73,365
<u>Amortisation and impairment</u>		
Balance at beginning of the year	65,490	57,658
Amortisation for the year	3,927	7,832
Balance at the end of the year	69,417	65,490
Closing net book amount	3,948	7,875

11. EQUITY ACCOUNTED INVESTEEES

The Group has a 25% interest in the Qingdao International Graphite Exchange Centre Co., Ltd (Exchange) through a share investment and has determined that it has significant influence because it has representation on the board of the investee and holds 25% of the voting rights. The Exchange's principal place of business is in Qingdao, Shandong Province, China. The Exchange has been established to provide a platform to promote the Groups graphite and related products globally.

There has been no activity during the year hence the Group's share of profit or loss is \$nil. The Exchange has not declared nor paid a dividend during the year.

	<u>2015</u>	<u>2014</u>
	\$	\$
Percentage ownership interest	25%	0%
Current and non-current assets	1,281,372	-
Current and non-current liabilities	-	-
Net assets (100%)	1,281,372	-
Carrying amount of interest in associate (25%)	320,343	-

Current assets represent cash and cash equivalents which is the only asset of the Exchange at reporting date.

12. TRADE AND OTHER PAYABLES

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade payables – external parties	82,326	443,566
Trade payables – related parties	5,500	12,571
Accrued expenses	73,751	52,296
	<u>161,577</u>	<u>508,433</u>

Trade payables are non-interest bearing and normally settled on 30 day terms. Trade payables and accrued expenses are stated at cost. No adjustment is required for fair value.

13. CONTRIBUTED EQUITY

	<u>2015</u>	<u>2014</u>
	\$	\$
Share capital		
Fully paid ordinary shares	27,987,352	27,987,352
	<u>27,987,352</u>	<u>27,987,352</u>
Movements in share capital:	<u>Number</u>	<u>\$</u>
<u>Fully paid ordinary shares</u>		
Balance at 30 June 2014 and 30 June 2015	<u>268,386,949</u>	<u>27,987,352</u>

Holders of fully paid ordinary shares have the right, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Fully paid ordinary shares entitle their holders to vote, either in person or by proxy, at a meeting of the Company. On a poll each fully paid ordinary share is entitled to one vote.

The Company does not have authorised capital or par value in respect of issued shares.

No options were outstanding at 30 June 2015 and no options have been granted or exercised between the end of the year and the date of this report.

14. RESERVES

	<u>2015</u>	<u>2014</u>
	\$	\$
Share-based payments reserve		
Balance at beginning of the year	96,285	96,285
Balance at the end of the year	<u>96,285</u>	<u>96,285</u>

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

15. AUDITOR'S REMUNERATION

The Auditor of Lincoln Minerals Limited is KPMG Australia.

	<u>2015</u>	<u>2014</u>
	\$	\$
Audit or review of financial reports	80,465	52,000
Other services - taxation advice and related matters	31,095	34,750
Total remuneration	<u>111,560</u>	<u>86,750</u>

16. COMMITMENTS AND CONTINGENCIES

Exploration licences

The Group's exploration licence tenements are renewable on an annual basis at various renewal dates throughout the year and the amount of each expenditure covenant is set by the Minister for Mineral Resources Development at the time of each renewal grant.

	<u>2015</u>	<u>2014</u>
Expenditure required to maintain tenure of all of the exploration licences	\$	\$
Within one year	626,960	1,319,602
After one year but not more than five years	661,125	314,630
	<u>1,288,085</u>	<u>1,634,232</u>

Currently there are a number of tenements for which the Group has incurred exploration and evaluation expenditures but the Group does not hold the license rights for these tenements. The licenses are held by Centrex Metals Limited (ASX:CXM) and its subsidiary South Australian Iron Ore Group Pty Ltd (SAIOG). There is a Heads of Agreement dated 8 July 2005, a Supplementary Agreement dated 21 March 2006 and a Coordination Agreement dated 19 April 2010 between the Group, Centrex Metals Limited and SAIOG whereby the Group is granted rights to all minerals and substances on the tenements other than iron ore. The Agreements also grant Centrex Metals the right to all iron ore found on one tenement held by the Company (EL 4539).

In 2013, the graphite rights on several tenements were transferred by way of a Sale of Assets Agreement from the Company into Australian Graphite Pty Limited (AGL), a wholly-owned subsidiary of the Company. The graphite rights are managed by a Coordination Agreement between the Company and AGL.

To the extent that expenditure commitments are not met, tenement areas may be reduced and other arrangements made in negotiation with the relevant state government department on renewal of tenements to defer expenditure commitments.

Rights to some of the graphite exploration targets are currently held in tenements operated by Centrex Metals Limited. Should Lincoln wish to transfer graphite rights to another entity held by the Company, Centrex cannot unreasonably withhold permission to transfer these rights.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts at the reporting date but not recognised as liabilities, are payable as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Within one year	256,230	255,645
After one year but not more than five years	128,115	127,823
	<u>308,346</u>	<u>383,468</u>

Operating commitments

Commitments for the payment of office rental under a long-term rental agreement at the reporting date but not recognised as liabilities, are payable as follows:

Within one year	52,116	52,116
After one year but not more than five years	45,602	97,718
	<u>97,718</u>	<u>149,834</u>

Contingencies

As at 30 June 2015 and the date of this report there were no contingencies.

17. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Company in subsequent financial years.

18. EARNINGS PER SHARE

	<u>2015</u>	<u>2014</u>
Loss used to calculate basic and diluted loss per share - \$	(14,512,666)	(1,130,809)
Basic and diluted loss per share (cents)	(5.41)	(0.56)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	268,386,949	203,351,240

The calculation of diluted earnings per share does not include weighted potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

19. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank cash, short term deposits, trade receivables and trade payables. The main purpose of these financial instruments is to finance the Group's exploration operations. It is, and has been throughout the period under review, the Group's policy that trading in financial instruments shall not be undertaken. The main risk arising from the Group's financial instruments is cash flow interest rate risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(w) to the financial statements.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relate to its earnings on cash funds and debt securities held.

Commodity price risk

The Group has not commenced production as yet so in the reporting period there has been no commodity price risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits, receivables and investments in debt securities.

Management has established a credit policy under which the counterparties are analysed for credit worthiness by reference to available information so as to manage the risk of exposure to default. The credit risk exposure is concentrated with banks (for cash) and the federal government (tax receivable).

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash and cash equivalents	443,863	2,889,580
Receivables and other assets	443,449	249,170
	<u>887,312</u>	<u>3,138,750</u>

The Group recorded an impairment loss during the year of \$13,864,629 (2014: \$nil).

Liquidity risk

The Group has liquidity risk arising from trade and other payables. Trade payables are normally settled within 30 days and the contracted cash flows of trade and other payables equals their carrying amounts.

Fair values

The fair values and carrying amounts for all of the financial assets and liabilities of the Group as at the 2015 and 2014 balance dates are the same.

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	<u>2015</u>	<u>2014</u>
Carrying amounts	\$	\$
Fixed rate instruments		
Cash and cash equivalents	428,359	2,500,000
	<u>428,359</u>	<u>2,500,000</u>

The weighted average interest rate on deposits for 2014/15 was 3.66% (2013/14: 2.51%).

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have affected the loss for the year by \$14,537 (2014: \$5,836). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At present, all of the Group's capital is equity funded, and there are no intentions to incur debt financing in the near future. No dividends have been paid since the Company's inception and there are no intentions to pay dividends until at least such time as the Group has commenced revenue-generating activities.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

Key Management Personnel of the Company comprise:

Directors		Executives	
Y Jin	Chairman	JK Kopias	Chief Financial Officer and
AJ Parker	Managing Director		Company Secretary
AHK Lim	Director	DA Povey	Chief Geologist
ELY Pang	Director		

Compensation options

Compensation of Key Management Personnel by category:

	<u>2015</u>	<u>2014</u>
	\$	\$
Short term employee benefits	578,830	621,331
Post-employment benefits - superannuation	45,816	46,267
Post-employment benefits - long service leave	5,554	16,909
Total	<u>630,200</u>	<u>684,507</u>

Loans to Key Management Personnel

Nil.

Other transactions with Key Management Personnel

Geosurveys Australia Pty Ltd is an entity associated with Dr AJ Parker. During the year there were no transactions with Geosurveys Australia Pty Ltd (2014: \$2,604). The prior year transactions were at equal to or less than commercial rates.

A number of KMP or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. During the year, the Company received services from Kopias Consulting, an entity associated with JK Kopias. Amounts were billed and payable under normal commercial terms and conditions. Balances outstanding as at the reporting date relating to these transactions were \$5,500 (2014: \$12,571).

The Chairman Mr Yubo Jin holds a 25% stake in the Qingdao International Graphite Exchange Center Co., Ltd.

There were no bonuses or rights to bonuses earned or paid in either 2014 or 2015.

Individual Directors and Executives disclosures

Information regarding individual Directors and Executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report in the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous year and there were no material contracts involving Directors' interests in existence at year end or as at the date of this report.



21. SEGMENT INFORMATION

Contributions by business segment based upon the nature of exploration licence tenements are:

2015	Australia		Corporate	Total
	Iron Ore	Graphite		
	\$	\$	\$	\$
<u>Income</u>				
Financial Income	-	-	53,135	53,135
Other Income	-	-	17,400	17,400
<u>Expenses</u>				
Exploration and evaluation expenses	(107,567)	(11,712)	-	(119,279)
Impairment expense	(13,722,141)	(142,488)	-	(13,864,629)
Depreciation	-	-	(7,790)	(7,790)
Amortisation	(3,927)	-	-	(3,927)
Other expenses	-	(69,884)	(884,382)	(954,266)
Loss before income tax	(13,833,635)	(224,084)	(821,637)	(14,879,356)
Income tax benefit	75,414	291,276	-	366,690
Net loss for the year	(13,758,221)	67,192	(821,637)	(14,512,666)
<u>Assets</u>				
Exploration and evaluation	-	2,215,975	-	2,215,975
All other assets	355,504	349,261	1,146,265	1,851,030
Total assets	355,504	2,565,236	1,146,265	4,067,005
Total liabilities	(649)	(94,909)	(265,033)	(360,591)
Net assets	354,855	2,470,327	881,232	3,706,414

2014	Australia		Corporate	Total
	Iron Ore	Graphite		
	\$	\$	\$	\$
<u>Income</u>				
Financial Income	-	-	14,668	14,668
Other Income	-	-	14,500	14,500
<u>Expenses</u>				
Exploration and evaluation expenses	(130,029)	(16,149)	-	(146,178)
Depreciation	-	-	(6,291)	(6,291)
Amortisation	(7,832)	-	-	(7,832)
Other expenses	-	(63,588)	(1,032,058)	(1,095,646)
Loss before income tax	(137,861)	(79,737)	(1,009,181)	(1,226,779)
Income tax benefit	72,281	23,689	-	95,970
Net loss for the year	(65,580)	(56,048)	(1,009,181)	(1,130,809)
<u>Assets</u>				
Exploration and evaluation	13,600,386	1,514,564	-	15,114,950
All other assets	640,835	81,882	3,082,699	3,805,416
Total assets	14,241,221	1,596,446	3,082,699	18,920,366
Total liabilities	(41,850)	(165,056)	(494,380)	(701,286)
Net assets	14,199,371	1,431,390	2,588,319	18,219,080

22. PARENT ENTITY DISCLOSURE

As at and throughout the financial year ending 30 June 2015 the parent company was Lincoln Minerals Limited.

		<u>2015</u>	<u>2014</u>
		\$	\$
Result of the parent entity			
Loss for the period		(13,826,576)	(646,118)
Other comprehensive income		-	-
Total loss for the period		<u>(13,826,576)</u>	<u>(646,118)</u>
Financial position of parent entity at year end			
Current assets		4,324,312	5,439,143
Non-current assets		963,718	14,267,052
Total assets		<u>5,288,030</u>	<u>19,706,195</u>
Current liabilities		260,363	526,056
Non-current liabilities		5,319	10,174
Total liabilities		<u>265,682</u>	<u>536,230</u>
		<u>2015</u>	<u>2014</u>
Total equity of the parent entity comprising of:	Note	\$	\$
Contributed equity	13	27,987,352	27,987,352
Reserves	14	96,285	96,285
Accumulated Losses		(22,740,248)	(8,913,672)
Total equity		<u>5,022,348</u>	<u>19,169,965</u>

Parent entity contingencies

At 30 June 2015 there were no contingencies.

Parent entity commitments

Parent entity commitments are the same as those for the Group which are disclosed in note 16.

23. GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

It is the ultimate strategy of the Directors to continue to explore the Group's areas of interest for which rights of tenure are current. The minimum expenditure commitments to execute this strategy on exploring these tenements total \$1,288,085 for the next 12 months (2014: \$1,634,232). In order to do so the directors consider that the Group will fund its projects through a combination of use of existing cash, partnership arrangements and access to equity markets if necessary. There is uncertainty over the timing and amount of benefit to the Group resulting from any of these proposed courses of action. The directors are committed to taking the appropriate action including curtailing expenditure to achieve this ultimate strategy and to ensure these funds are available and add value to the entity.

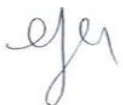
The directors have reviewed the operating outlook for the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. In the event that the Group is unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts that differ to those stated in this financial report.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Lincoln Minerals Limited (the Company):
 - (a) The consolidated financial statements and notes, and the remuneration report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
3. The Directors draw attention to note 2(a) to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards

Signed in accordance with a resolution of the Directors



Yubo Jin
Chairman

Dated this 29th day of September 2015
Melbourne, Victoria



Independent auditor's report to the members of Lincoln Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Lincoln Minerals Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 30 June 2015, and Consolidated Statement of Profit or Loss and Other Comprehensive income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lincoln Minerals Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.



KPMG



Darren Ball
Partner

Adelaide

29 September 2015

8 ASX ADDITIONAL INFORMATION

8.1 Distribution as at 30 September 2015

Spread of Equity Security Holders

	Number of Holders Fully paid shares
1 – 1,000	40
1,001 – 5,000	133
5,001 – 10,000	222
10,001 – 100,000	649
100,001 and over	196
	<hr/> 1,240 <hr/>

There are 412 security holders holding less than a marketable parcel of ordinary shares (\$500 amounts to 11,112 shares at 4.5 cents per share).

8.2 Voting rights

At a general meeting of shareholders, on a show of hands, each person who is a member or sole proxy has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share.

8.3 Substantial shareholders

Poan Group Holdings Pty Ltd	37,184,429 shares	13.85%
Everchance International Industrial Ltd & Mr Xiezhi Tan	21,834,293 shares	8.14%
High Treasure International	15,000,000 shares	5.59%

8.4 Statement of quoted securities

	Shares
Quoted on ASX	268,386,949
Restricted	-
Total	<hr/> 268,386,949 <hr/>

8.5 Other information

There is no current on-market buy-back.

List of the 20 largest Shareholders – Fully Paid Ordinary Shares

	Shareholder	Number of Shares	%
1	Poan Group Holdings Pty Ltd	37,184,429	13.85
2	Everchance International Industrial Ltd	20,000,000	7.45
3	High Treasure International Ltd	15,000,000	5.59
4	Wynnwood Pty Ltd <The Pang Family S/F A/C>	10,816,532	4.03
5	Mr Eng Hoe Lim	9,078,000	3.38
6	HSBC Custody Nominees (Australia) Limited	8,260,525	3.08
7	Ms Yin Ping Abby Ko	7,945,867	2.96
8	Keng Chuen Tham	7,714,286	2.87
9	JP Morgan Nominees Australia Limited	6,711,006	2.50
10	Mr Kwang Hou Hung	6,675,000	2.49
11	Eastwood Financial & Investment Services Pty Ltd <G & E Super Fund A/C>	6,490,000	2.42
12	Mr Yong Chai	6,400,000	2.38
13	Mr Hock Guan Ng	5,442,857	2.03
14	Ms Guiqin Yang	5,000,000	1.86
15	Ms Lai Yoong Lim	4,100,000	1.53
16	Mr Yingkanghong	4,027,585	1.50
17	Senheng Electric (Kl)Sdn Bhd	4,000,000	1.49
18	Mr Kok Bin Wee	4,000,000	1.49
19	Mr David Wang & Ms Jessica Yue Zhao	2,471,246	0.92
20	Amalgamated Dairies Limited	2,000,000	0.75
	Total 20 largest shareholders	173,317,333	64.57
	Total shares on issue	268,386,949	100.00

9 RESOURCES STATEMENT

9.1 Mineral Resources and Exploration Targets

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.

Graphite

Mineral Resources in accordance with JORC Code 2012 at Kookaburra Gully are set out below (*Lincoln Minerals Limited, ASX Announcement 19 December 2013*). At a nominal 5% cut-off, the Indicated and Inferred Mineral Resources as at 30 June 2015 total 2.20Mt at 15.1% TGC for a total of 332,000 tonnes contained graphite.

Kookaburra Gully Mineral Resource (AGL 100%) at a nominal 5% TGC lower cut-off grade as at 30 June 2015. These remain unchanged from 30 June 2014.

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)
Indicated	1.47	13.9
Inferred	0.73	17.3
TOTAL (>5% TGC)	2.20	15.1

Kookaburra Gully Mineral Resource (AGL 100%) at a nominal 2% TGC lower cut-off grade as at 30 June 2015. These remain unchanged from 30 June 2014.

Mineral Resource Classification	Tonnage (Mt)	Average Grade (% TGC)
Indicated	2.10	10.6
Inferred	1.13	12.2
TOTAL (>5% TGC)	3.23	11.2

*Mt = million tonnes TGC = Total Graphitic Carbon
NB tonnages may not add up exactly as shown due to rounding of significant figures*

The Koppio Mineral Resource, reported in accordance with JORC Code, 2012 is set out in the table below (*Lincoln Minerals Limited, ASX Announcement 13 July 2015*). At a nominal 5% cut-off, the Inferred Mineral Resource is 1.85 Mt at 9.76% TGC. Total contained graphite for this Mineral Resource is 180,733 tonnes.

At a nominal 2% TGC cut-off, the total Koppio Inferred Mineral Resource is 3.06 Mt at 7.16% TGC. Total contained graphite for this resource is 219,293 tonnes.

Maiden Koppio Mineral Resource (AGL 100%) as at 13 July 2015

Mineral Resource Classification	Lower Cut-off Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Inferred – Domain 1	5%	1.85	9.76	180,733	2.67
Inferred – Domain 2	2%	1.21	3.18	38,560	2.80
TOTAL (>2% TGC)		3.06	7.16	219,293	2.72

Mt = million tonnes TGC = Total Graphitic Carbon

Exploration Targets (JORC 2012) have been generated from interpretation of a TEMPEST airborne electromagnetic and magnetic survey flown for Lincoln Minerals Limited, over the Koppio-Kookaburra Project area in July 2012 by Fugro Airborne Surveys Pty Ltd (FAS). The estimations of width, depth, dip and grades are based on observations from the historic Koppio Graphite Mine and at Kookaburra Gully. The estimation of strike length is based on interpretation of airborne electromagnetic (EM) data (*Lincoln Minerals Limited, ASX announcement 30 January 2014*). These remain unchanged from 30 June 2014.

It is emphasised that Exploration Target tonnage estimates are entirely conceptual in nature. There has been insufficient or no drilling in the immediate areas of those targets (other than for the Kookaburra Gully Indicated and Inferred Resources) and it is uncertain if further exploration will result in the estimation of a Mineral Resource from these further Exploration Targets.

Kookaburra Gully and Koppio region Exploration Targets (SG = 2.5) as at 30 June 2015. These remain unchanged from 30 June 2014.

Target	Thickness	Strike Length	Depth Extent	Dip	Exploration Target	Grade (TGC)	Contained Graphite
Kookaburra Gully (including Mineral Resources)	16-20m	650-800m	125-150m	60-80 ⁰	3.3-6.9 Mt	11-15%	0.4-1.0 Mt
Kookaburra Gully Extended – NW targets	15-20m	3100-3900m	100m	60-90 ⁰	11.6-22.5 Mt	10-15%	1.2-3.4 Mt
Kookaburra Gully Extended – SE targets	15-20m	2900-3700m	100m	60-90 ⁰	10.9-21.4 Mt	10-15%	1.1-3.2 Mt
Koppio Graphite Mine (including Mineral Resource)	10-15m	900-1200m	50-100m	70-90 ⁰	1.1-4.8 Mt	10-15%	0.1-0.7 Mt
Yellow Gums	10-15m	2500-4000m	50-100m	70-90 ⁰	3.1-16.0 Mt	7-15%	0.3-4.0 Mt
Glendara	10-15m	600-800m	50-100m	60-90 ⁰	0.8-3.5 Mt	7-15%	0.1-0.5 Mt
Pernella	7-15m	1000-1200m	50-100m	80-90 ⁰	0.9-6.5 Mt	7-15%	0.1-1.0 Mt
Others – Koppio EM area	7-15m	1100-3300m	50-100m	80-90 ⁰	1.0-12.6 Mt	7-15%	0.1-1.9 Mt
TOTAL					32.6-94.1 Mt	7-15%	3.1-14.1 Mt

Mt = million tonnes TGC = Total Graphitic Carbon

NB tonnages may not add up exactly as shown due to rounding of significant figures

Iron Ore

JORC 2004 Mineral Resource estimates for combined hematite-goethite and magnetite iron ore mineralisation at Gum Flat total 109 million tonnes (*Lincoln Minerals Limited, ASX release 7 June 2012*). This includes a 12.3 Mt Indicated Mineral Resource for magnetite and a 1.4 Mt Indicated Mineral Resource for hematite-goethite at the Gum Flat, Barns deposit. The Company has not been required to re-assess these estimates and will undertake the necessary verification under JORC 2012 as required.

No new information or data has been acquired that materially affects the information included in the original market announcements and, in the case of the following estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed and have not been materially modified from the original market announcements.

Gum Flat Mineral Resources (JORC 2004) as at 30 June 2015. These remain unchanged from 30 June 2014.

Prospect	JORC Status	Million Tonnes (Mt)	Head Grade (% Fe)	DTR (%)
Barns magnetite*	Indicated	12.3	26.6	22.1
Barns magnetite*	Inferred	88.9	23.5	17.1
Rifle Range magnetite [#]	Inferred	3.5	27.1	22.6
Barns hematite [†]	Indicated	1.4	49.8	
Barns hematite [†]	Inferred	0.7	46.0	
Rifle Range/Sheoak West hematite [‡]	Inferred	2.2	39.5	
Total		109.0	24.8	

* Barns magnetite interpretation based on notional 10% Davis Tube Recovery (DTR) cut-off

[#] Rifle Range magnetite interpretation based on notional 15% DTR cut-off

[†] Barns hematite interpretation based on notional 40% head Fe cut-off

[‡] Rifle Range and Sheoak West hematite interpretation based on notional 35% head Fe cut-off

The *in situ* Inferred Mineral Resource for the Eurilla iron ore prospect within Lincoln's EL 5013 (formerly EL 3690) is 21.7 Mt @ 33.3% Fe (JORC 2004). This includes a small resource containing 17.5% Mn + 29.2% Fe as indicated below (*Lincoln Minerals Limited, ASX release 5 January 2009*). The Company has not been required to re-assess these estimates and will undertake the necessary verification under JORC 2012 as required.

Eurilla in situ Inferred Resource within EL 5013 (JORC 2004) as at 30 June 2015, using 0.001% Fe cut-off grades for domains 1, 2 and 4 and 0.001% Mn cut-off for domain 3 (after Golder, 2008). These remain unchanged from 30 June 2014

Domain	Resource Category	Tonnage (Mt)	Fe (%)	Calcined Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	Mn (%)	S (%)	LOI (%)
1 Detrital	Inferred	2.2	41.21	44.40	21.68	7.35	0.05	0.32	0.12	6.99
2 Goethite-Hematite	Inferred	8.4	40.88	43.90	27.89	3.94	0.16	0.93	0.04	6.73
3 Goethite-Hematite-Manganese	Inferred	0.2	29.15	32.46	16.12	4.82	0.12	17.48	0.04	10.11
4 Magnetite	Inferred	11.0	25.99	26.44	49.39	1.89	0.18	0.40	0.07	2.60
Total	Inferred	21.7	33.27	35.01	38.09	3.25	0.16	0.73	0.06	4.69

Mt = million tonnes

NB tonnages may not add up exactly as shown due to rounding of significant figures



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