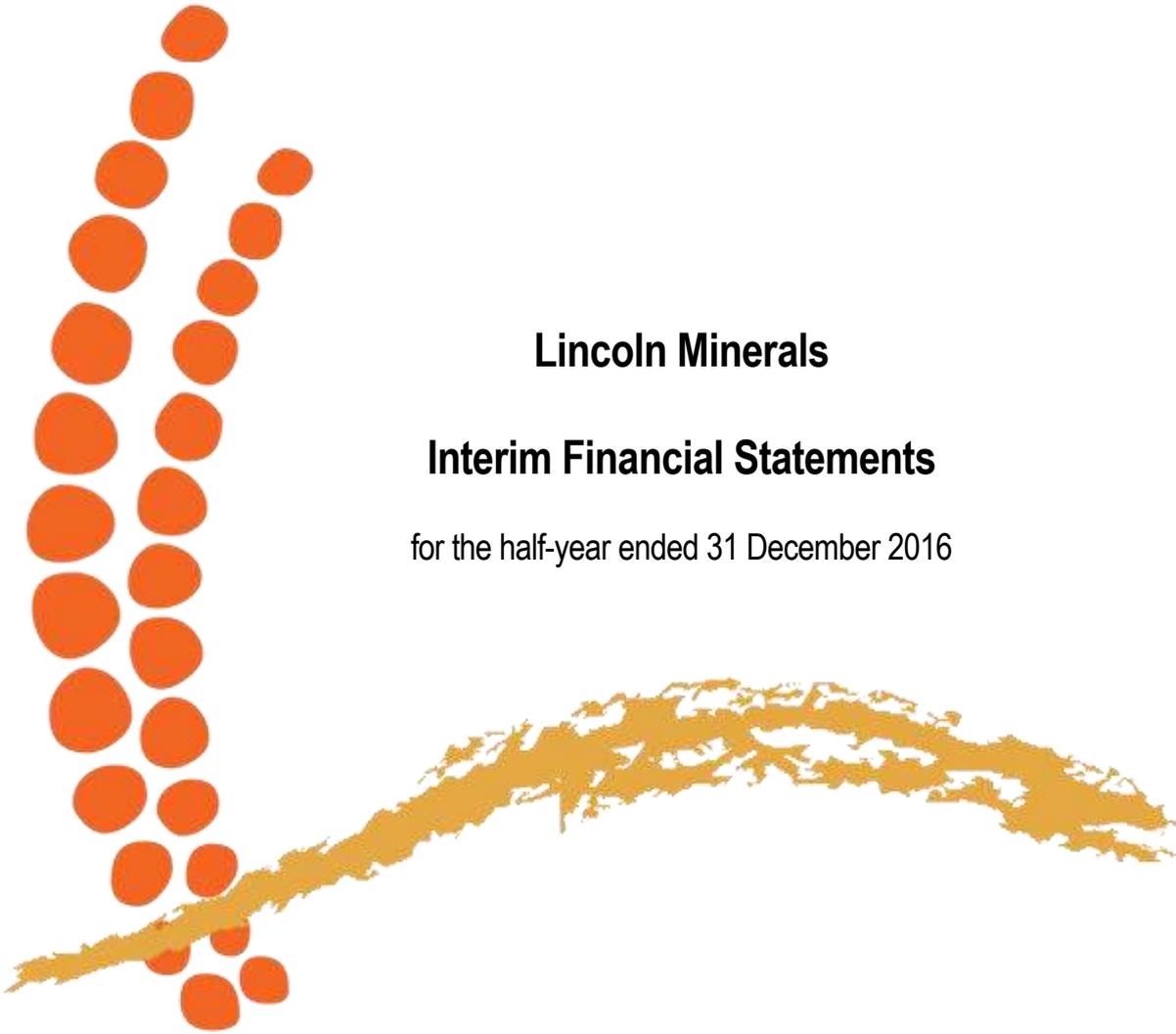


LINCOLN MINERALS LIMITED  
ABN 50 050 117 023

## **Lincoln Minerals**

### **Interim Financial Statements**

for the half-year ended 31 December 2016



## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

The Directors present their report together with the consolidated interim financial statements of Lincoln Minerals Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2016 together with the Auditor's review report thereon.

### DIRECTORS

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

<u>Name</u>	<u>Period of directorship</u>
<b>Non-executive</b>	
Yu B Jin	Appointed 18 September 2013 and Chairman from that date
James Tenghui Zhang	Appointed 17 February 2016
Eddie LY Pang	Appointed 1 December 2013
<b>Executive</b>	
Dr A John Parker	Appointed 16 October 2006 as Managing Director from that date

### RESULTS

The Group made a loss after tax for the six months ended 31 December 2016 of \$696,316 (2015: \$207,921). In the six months to 31 December 2016, the Group capitalised \$864,589 (2015: \$283,139) of net exploration and evaluation expenditure and expensed \$138,049 (2015: \$102,928) of such expenditure. Interest income was \$26,571 (2015: \$4,790). Cash at the end of December 2016 was \$4,388,025 (2015: \$970,270).

### REVIEW OF OPERATIONS

During the reporting period the Company continued exploration and pre-development on its licences in South Australia, where the majority of its effort was directed to the Kookaburra Gully Graphite Project 35 km north of Port Lincoln on southern Eyre Peninsula.

Of crucial importance for this project was the granting of a Mineral Lease ML 6460 on 2 June 2016 for a period of 21 years to Lincoln's wholly owned subsidiary Australian Graphite Pty Limited (AGL) to develop, operate and decommission its proposed open-cut Kookaburra Gully graphite mine and processing plant, 35 kilometres north of Port Lincoln.

AGL owns the graphite mineral rights over a number of the Company and Centrex Metals-SA Iron Ore Group (CXM-SAIOG) ELs (see the Tenement schedule at the end of this report).

#### Kookaburra Gully

Kookaburra Gully is one of **Australia's premier graphite deposits** and a **global Top 10** graphite deposit based on its in-situ graphitic carbon content.

The shallow but high grade resource for the Kookaburra Gully flake graphite deposit, located 35 kilometres northwest of Port Lincoln, extends to at least 125m depth, remains open at depth and along strike, and hosts total Indicated and Inferred Mineral Resources of 2.20 million tonnes grading 15.1% Total Graphitic Carbon (TGC). It also abuts the Lincoln-owned and historic Koppio graphite mine which, as a second potential source for the Kookaburra Gully project, adds an Inferred Mineral Resource of 1.85 million tonnes at a grade of 9.8% TGC into the overall project's mining potential (see *Lincoln Minerals Limited 2016 Annual Report, 30 September 2016, Resources Statement*).

LINCOLN MINERALS LIMITED

Mineral Resource Classification	Cutoff Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)
<b>Kookaburra Gully</b>				
High-grade Core (Domain 1) - Indicated	5%	1.45	13.74	199,193
High-grade Core (Domain 1) – Inferred	5%	0.73	16.17	117,964
<b>Koppio</b>				
High-grade Core – Inferred	5%	1.85	9.76	180,733
TOTAL (>5% TGC)		4.04	12.35	497,890

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

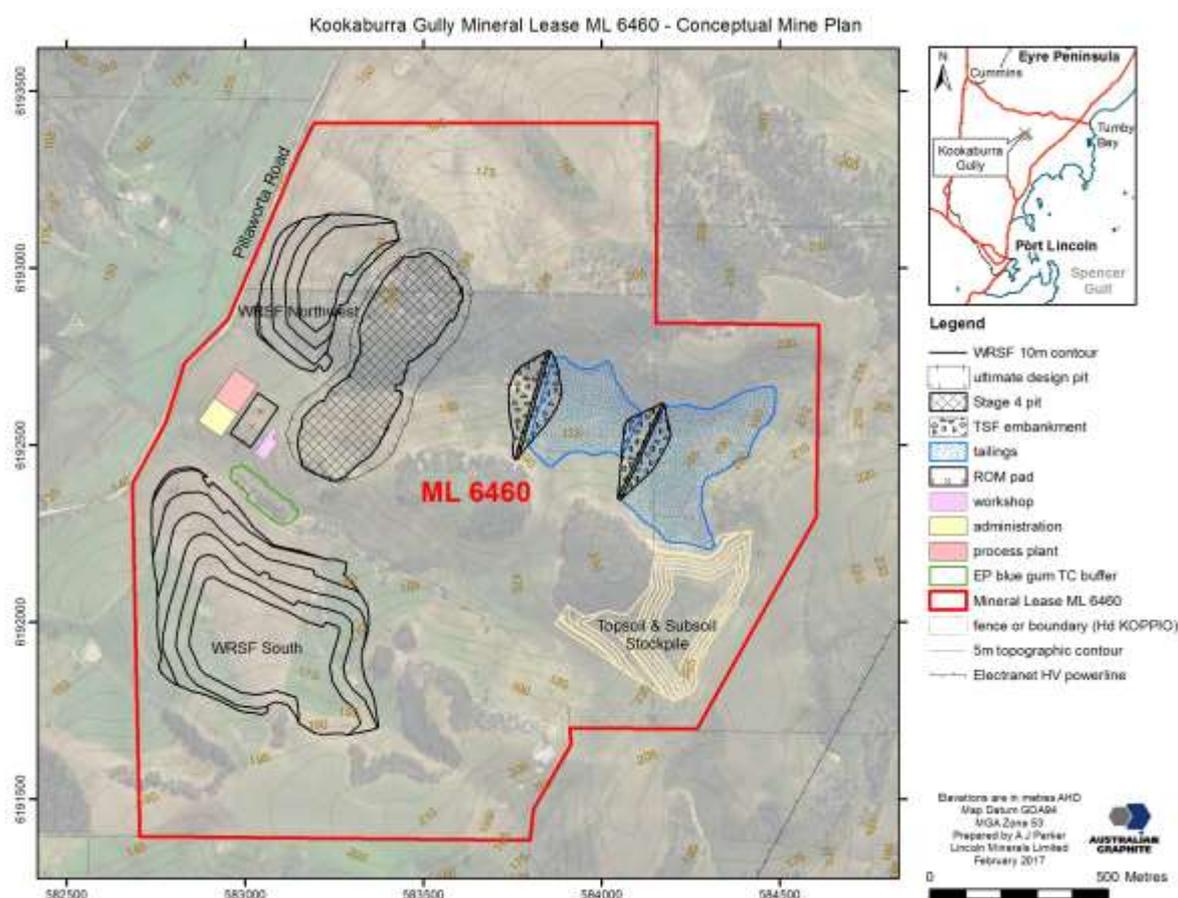


Figure 1: Location of Kookaburra Gully ML 6460 and proposed mine plan

The grant of ML 6460 is the key pivot point and milestone to ensure delivery of Lincoln’s transformation from project explorer and developer to an emerging graphite producer, in an industry at the forefront of the growing global green energy market. It is also the de-risking step-change awaited by potential project financiers and off-take customers to elevate mine construction financing and operating negotiations to a level where commercial transaction outcomes can be achieved.

Lincoln is targeting an output of up to 40,000 tonnes per annum of high grade graphite concentrate from Kookaburra Gully for an initial mine life of at least 7 years (see *Lincoln Minerals Limited 2016 Annual Report, 30 September 2016*).

Ongoing detailed metallurgical testing of drill and trench graphite samples has indicated that a highly sought after premium flake graphite product can be produced from Kookaburra Gully at grades of 93%-98% TGC with standard flotation and no chemical leaching. The tests produced flake graphite concentrates with up to 25% premium coarse flake after a simple 4 to 5 stage flotation process and grades up to 99.95% TGC with additional simple chemical purification (see *Lincoln Minerals Limited 2016 Annual Report, 30 September 2016*).

LINCOLN MINERALS LIMITED

	Drill Core LMC9		Trench D	
Depth below ground level	40-119 m		2-5 m	
Depth AHD (above sea level)	81-133 m		152-155 m	
Graphite recovery	90+%		86.6%	
Total Concentrate Grade	95.04% TGC		92.2% TGC	
Screened concentrate	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %
+300 µm	97.3	0.1	93.4	1.1
+177 µm, -300 µm	97.3	3.7	93.4	6.4
+150 µm, -177 µm	97.7	4.9	93.4	4.5
+106 µm, -150 µm	97.3	10.1	94.0	11.0
+75 µm, -106 µm	97.4	13.7	94.1	16.7
+20 µm, -75 µm	93.9	67.4	94.2	49.1
-20 µm			79.8	11.1

*Metallurgical test results for diamond drill core sample LMC9 and trench sample D*

During the reporting period, Lincoln Minerals also completed locked-cycle metallurgical testing on larger samples and is looking at a number of options for pilot plant testing of graphite ore from Kookaburra Gully. These include laboratory-based processing of 2-3 tonne bulk samples, possibly in China, and off-site pilot plant processing of much larger bulk samples at an existing local or overseas graphite processing plant. Trial graphite production will facilitate project development and early product assessment by potential domestic and international customers.

Now that the Mineral Lease has been granted and detailed metallurgical studies completed, Kookaburra Gully's mine plan, process plant design and Program for Environment Protection and Rehabilitation (PEPR) can be finalised. Once detailed design has been completed and the PEPR is approved, Lincoln will be in a position to commit to and commence project development at Kookaburra Gully.

During the 6 months to 31 December 2016, Lincoln Minerals completed a series of geotechnical, groundwater, engineering, power supply, water supply, transport route and environmental studies in preparation of the PEPR for the proposed Kookaburra Gully mine. It is aiming to complete a PEPR draft early in 2017 with the aim of securing all Government approvals in mid 2017 so that, subject to finance, proposed development of a mine and processing plant at Kookaburra Gully can commence in the second half of 2017 or 2018.

**The Company and AGL aim to take the Kookaburra Gully project to critical development and commercialisation milestones over the next 12 months.**

#### **Graphite project upside**

The Kookaburra Gully Mineral Resources represent 500m of a 4.5km long airborne electromagnetic (EM) target, the remainder of which has not yet been drilled. Modelling of that EM survey, based on the Kookaburra Gully and Koppio Mineral Resources, has identified a large exploration target (*refer LML 2016 Annual Report, 30 September 2016*).

An exploration PEPR was prepared and submitted to the SA Government during the period for reconnaissance and resource definition drilling over Kookaburra Gully Extended. Drilling commenced in January 2017.

The Company is also considering options for graphite exploration in the Uley-Gum Flat area. Graphite was intersected in drilling near the Barns hematite-magnetite deposit on its Gum Flat tenement and the Uley Graphite Mine is located only a few kilometres south of the Gum Flat tenement boundary.

The combination of a Global Top 10 Mineral Resource, good metallurgy and changing global graphite market conditions are positive indicators for Lincoln Minerals' graphite projects.

#### **Other Projects**

Lincoln Minerals needs to maintain an active exploration program to meet statutory requirements and progress other projects and opportunities on its other tenements in South Australia.

The exploration program on other tenements is focussing on copper, silver, manganese and uranium at Eurilla and copper and base metals in the Minbrie-Tumby Bay areas.

## EVENTS SUBSEQUENT TO REPORTING DATE

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

## AUDITOR'S INDEPENDENCE DECLARATION

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

Dated at Adelaide, South Australia this 3<sup>rd</sup> day of March 2017 and signed in accordance with a resolution of the Directors.



Yubo Jin, Chairman

*Information in this report that relates to exploration activity and results was compiled by Dr A J 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](http://www.lincolnminerals.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.*

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

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W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF LINCOLN MINERALS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Lincoln Minerals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 3 March 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 31 December 2016

	Note	<u>31 December 2016</u>	<u>31 December 2015</u>
		\$	\$
Other income		3,000	8,000
Exploration and evaluation expenditure expensed	5	(138,049)	(102,928)
Corporate and administrative expenses	4	(589,663)	(447,949)
Depreciation and amortisation		(2,497)	(3,137)
Gain on Sale of Asset		4,322	337,470
RESULTS FROM OPERATING ACTIVITIES		<u>(722,887)</u>	<u>(208,544)</u>
Finance income		26,571	4,790
Unrealised Foreign Exchange Loss		-	(4,167)
NET FINANCE INCOME		<u>26,571</u>	<u>623</u>
LOSS BEFORE INCOME TAX		<u>(696,316)</u>	<u>(207,921)</u>
Income tax expense		-	-
NET LOSS FOR THE PERIOD		<u>(696,316)</u>	<u>(207,921)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(696,316)</u>	<u>(207,921)</u>
Basic and diluted loss per share (cents)		(0.19)	(0.08)

The accompanying notes form part of these consolidated interim financial statements

LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 31 December 2016

	<u>Contributed Equity</u>	<u>Accumulated losses</u>	<u>Share based payments reserve</u>	<u>Total equity</u>
	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	27,987,352	(24,377,223)	96,285	3,706,414
<b>Total comprehensive loss for the period</b>				
Loss for the half year	-	(207,921)	-	(207,921)
Total comprehensive loss for the period	-	(207,921)	-	(207,921)
<b>Transactions with owners of the Company, recognised directly in equity</b>				
Total transactions with owners	-	-	-	-
Balance at 31 December 2015	<b>27,987,352</b>	<b>(24,585,144)</b>	<b>96,285</b>	<b>3,498,493</b>
<b>Balance at 1 July 2016</b>	30,921,781	(24,833,433)	-	6,088,348
<b>Total comprehensive loss for the period</b>				
Loss for the half year	-	(696,316)	-	(696,316)
Total comprehensive loss for the period	-	(696,316)	-	(696,316)
<b>Transactions with owners of the Company, recognised directly in equity</b>				
Rights Issue	2,947,095	-	-	2,947,095
Share issue expenses	(228,317)	-	-	(228,319)
Total transactions with owners	2,718,776	-	-	2,718,766
Balance at 31 December 2016	<b>33,640,559</b>	<b>(25,529,749)</b>	<b>-</b>	<b>8,110,810</b>

The accompanying notes form part of these consolidated interim financial statements

LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 December 2016

	<u>Note</u>	<u>31 December 2016</u> \$	<u>30 June 2016</u> \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents		4,338,025	2,989,483
Trade and other receivables		118,518	201,235
<b>TOTAL CURRENT ASSETS</b>		<b>4,456,543</b>	<b>3,190,718</b>
NON CURRENT ASSETS			
Property, plant and equipment		148,429	66,106
Exploration and evaluation assets	5	4,078,449	3,213,860
Intangibles		1,478	1,973
<b>TOTAL NON CURRENT ASSETS</b>		<b>4,228,356</b>	<b>3,281,939</b>
<b>TOTAL ASSETS</b>		<b>8,684,899</b>	<b>6,472,657</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables		336,221	166,216
Employment entitlements – annual and long service leave		237,868	218,093
<b>TOTAL CURRENT LIABILITIES</b>		<b>574,089</b>	<b>384,309</b>
<b>TOTAL LIABILITIES</b>		<b>574,089</b>	<b>384,309</b>
<b>NET ASSETS</b>		<b>8,110,810</b>	<b>6,088,348</b>
<b>EQUITY</b>			
Contributed equity		33,640,559	30,921,781
Accumulated losses		(25,529,749)	(24,833,433)
<b>TOTAL EQUITY</b>		<b>8,110,810</b>	<b>6,088,348</b>

The accompanying notes form part of these consolidated interim financial statements

LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2016

	<u>31 December 2016</u>	<u>31 December 2015</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(568,172)	(313,571)
Income tax R&D grant received	101,931	366,690
Other income	3,000	4,000
Net cash inflow / (outflow) from operating activities	<u>(463,241)</u>	<u>57,119</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration expenditure	(837,731)	(429,628)
Payments for acquisition of property, plant and equipment	(104,160)	-
Interest received	19,976	5,621
Proceeds on Sale of Asset	13,637	893,295
Net cash inflow / (outflow) from investing activities	<u>(908,278)</u>	<u>469,288</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	2,947,095	-
Share issue expenses	(227,034)	-
Net cash inflow / (outflow) from financing activities	<u>2,720,061</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>1,348,542</u>	<u>526,407</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,989,483</u>	<u>443,863</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>4,338,025</u>	<u>970,270</u>

The accompanying notes form part of these consolidated interim financial statements

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

Lincoln Minerals Limited (the Company) is a company domiciled in Australia, whose shares are publicly traded on ASX Limited.

The consolidated interim financial statements of the Company as at, and for the six months ended 31 December 2016 comprise the Company and its wholly owned subsidiaries Australian Graphite Pty Ltd, Australian Graphite Production Pty Ltd and Lincoln Asia-Pacific Pty Ltd (together referred to as the Group).

The Group is primarily involved in the exploration of Graphite and Iron Ore on the Eyre Peninsula in South Australia.

**2. BASIS OF PREPARATION**

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2016. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2016. The 2016 annual financial report is available from the Company's registered office at Level 7, 350 Collins Street, Melbourne VIC 3000 or at [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au).

The consolidated interim financial statements were approved by the Board of Directors on 3 March 2017.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2016 and can be found on the Company's website at [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au).

None of the Australian Accounting Standards or Interpretations available for early adoption has been early adopted by the Company as none is considered to have a significant impact on the Group.

Preparing interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements as at and for the year ended 30 June 2016.

**New and amended standards adopted by the Group**

The Group has not applied any new standards and amendments for the first time in its annual reporting period commencing 1 July 2016.

LINCOLN MINERALS LIMITED

**4. CORPORATE AND ADMINISTRATIVE EXPENSES**

	<u>Six months ended</u> <u>31 December 2016</u>	<u>Six months ended</u> <u>31 December 2015</u>
	\$	\$
Employee benefit expenses	282,924	180,833
Other corporate and administrative expenses	306,739	267,116
	<u>589,663</u>	<u>447,949</u>

**5. EXPLORATION AND EVALUATION ASSETS**

	<u>31 December 2016</u>	<u>30 June 2016</u>
	\$	\$
Balance at 1 July	3,213,860	2,215,975
Expenditure for the half year	992,118	1,179,824
Depreciation charged to exploration	10,520	16,717
Less, exploration and evaluation expensed	<u>(138,049)</u>	<u>(198,656)</u>
Balance at 31 December	<u>4,078,449</u>	<u>3,213,860</u>
Gross exploration assets capitalised	17,811,997	16,947,408
Provision for impairment	<u>(13,733,548)</u>	<u>(13,733,548)</u>
Net exploration assets	<u>4,078,449</u>	<u>3,213,860</u>

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 31 December 2016 and a total of \$138,049 (2015: \$102,928) was incurred and expensed during the period.

**6. EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

LINCOLN MINERALS LIMITED

7. SEGMENT INFORMATION

The main operation of the Group is the exploration of graphite and iron ore mineral resources. As the Group operates entirely within Australia, the Group currently has two business segments. This is consistent with the information provided for internal reporting purposes to the chief operating decision maker (the Board).

<b>2016</b>	<u>Iron Ore and other minerals</u>	<u>Graphite</u>	<u>Unallocated</u>	<u>Total</u>
	\$	\$	\$	\$
31 December 2016				
<u>Income</u>				
Financial Income	-	-	26,571	26,571
Other Income	-	-	3,000	3,000
<u>Expenses</u>				
Exploration and evaluation expensed	(138,049)	-	-	(138,049)
Depreciation	-	-	(2,002)	(2,002)
Amortisation	(495)	-	-	(495)
Other expenses	-	(37,019)	(552,644)	(589,663)
Gain on sale of asset	-	-	4,322	4,322
Net loss for the period	<u>(138,544)</u>	<u>(37,019)</u>	<u>(520,753)</u>	<u>(696,316)</u>
<u>Assets</u>				
Exploration and evaluation	-	4,078,499	-	4,0478,499
All other assets	1,478	16,190	4,588,782	4,606,450
Total assets	<u>1,478</u>	<u>4,094,639</u>	<u>4,588,782</u>	<u>8,684,899</u>
Total liabilities	<u>(11,311)</u>	<u>(191,432)</u>	<u>(371,326)</u>	<u>(574,089)</u>
Net assets	<u>(9,853)</u>	<u>3,903,207</u>	<u>4,217,456</u>	<u>8,110,810</u>
<b>2015</b>	<u>Iron Ore and other minerals</u>	<u>Graphite</u>	<u>Unallocated</u>	<u>Total</u>
	\$	\$	\$	\$
31 December 2015				
<u>Income</u>				
Financial Income	-	-	4,790	4,790
Other Income	-	-	8,000	8,000
<u>Expenses</u>				
Exploration and evaluation expensed	(102,443)	(485)	-	(102,928)
Depreciation	-	-	(2,149)	(2,149)
Amortisation	(988)	-	-	(988)
Other expenses	-	(62,195)	(52,451)	(114,646)
Net loss for the period	<u>(103,431)</u>	<u>(62,680)</u>	<u>(41,810)</u>	<u>(207,921)</u>
<u>30 June 2015</u>				
<u>Assets</u>				
Exploration and evaluation	-	2,499,113	-	2,499,113
All other assets	17,298	47,891	1,323,675	1,388,864
Total assets	<u>17,298</u>	<u>2,547,004</u>	<u>1,323,675</u>	<u>3,887,977</u>
Total liabilities	<u>(2,873)</u>	<u>(43,619)</u>	<u>(342,992)</u>	<u>(389,494)</u>
Net assets	<u>14,425</u>	<u>2,503,385</u>	<u>980,683</u>	<u>3,498,493</u>

## DIRECTORS' DECLARATION

In the opinion of the directors of Lincoln Minerals Limited (the Company):

1. The consolidated interim financial statements and notes are in accordance with the Corporations Act 2001 (Cth) including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the six months ended on that date;
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 (Cth); and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors

On behalf of the Board



Yubo Jin  
Chairman

Dated this 3<sup>rd</sup> day of March 2017  
Melbourne, Victoria

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LINCOLN MINERALS LIMITED**

We have reviewed the accompanying half-year financial report of Lincoln Minerals Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

The Directors of Lincoln Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lincoln Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

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

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lincoln Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J.L. Humphrey  
Partner – Audit & Assurance

Adelaide, 3 March 2017