

ANNUAL REPORT

2017

EMERGING AUSTRALIAN GRAPHITE MINE
DEVELOPER AND PRODUCER



Who we are

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

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 2016 - 2017

Mineral Lease granted 3rd June 2016 for SA's Kookaburra Gully Graphite Project

Detailed feasibility study completed for Kookaburra Gully

Mineral Resource upgraded to 2.0 Mt at 15.2% TGC¹ Measured, Indicated and Inferred

Draft Program for Environment Protection and Rehabilitation (PEPR) prepared

Community Engagement Plan (CEP) for Kookaburra Gully approved by SA Government

Targeting mine development – also Lincoln's maiden mining output – in 2018-19²

Targeting production of up to 35,000 tpa of high quality flake graphite >94% TGC

Proposed mine site on Eyre Peninsula close to established export and other infrastructure

Kookaburra Extended drilling increases the total graphite inventory

Market forecasts continue to point to doubling of global flake graphite demand by 2025

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

Total tenement holdings 2,156 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.

¹ Mt = million tonnes TGC = Total Graphitic Carbon

² Subject to Government PEPR approval and project financing
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CORPORATE DIRECTORY

Directors

Mr Jin Yubo, Chairman
 Dr A John Parker, Managing Director
 Mr James Tenghui Zhang, Vice-Chairman
 Mr Eddie Lung Yiu Pang, Non-Executive

Company Secretary

Jaroslav (Jarek) Kopias

Senior Management

Miro Rapaic, Project Development Manager¹
 Dwayne Povey, Chief Geologist

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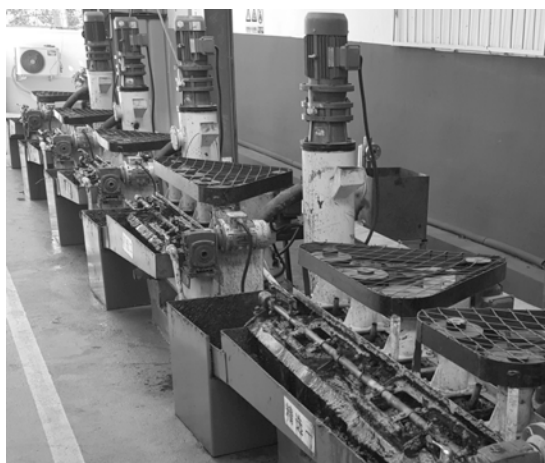
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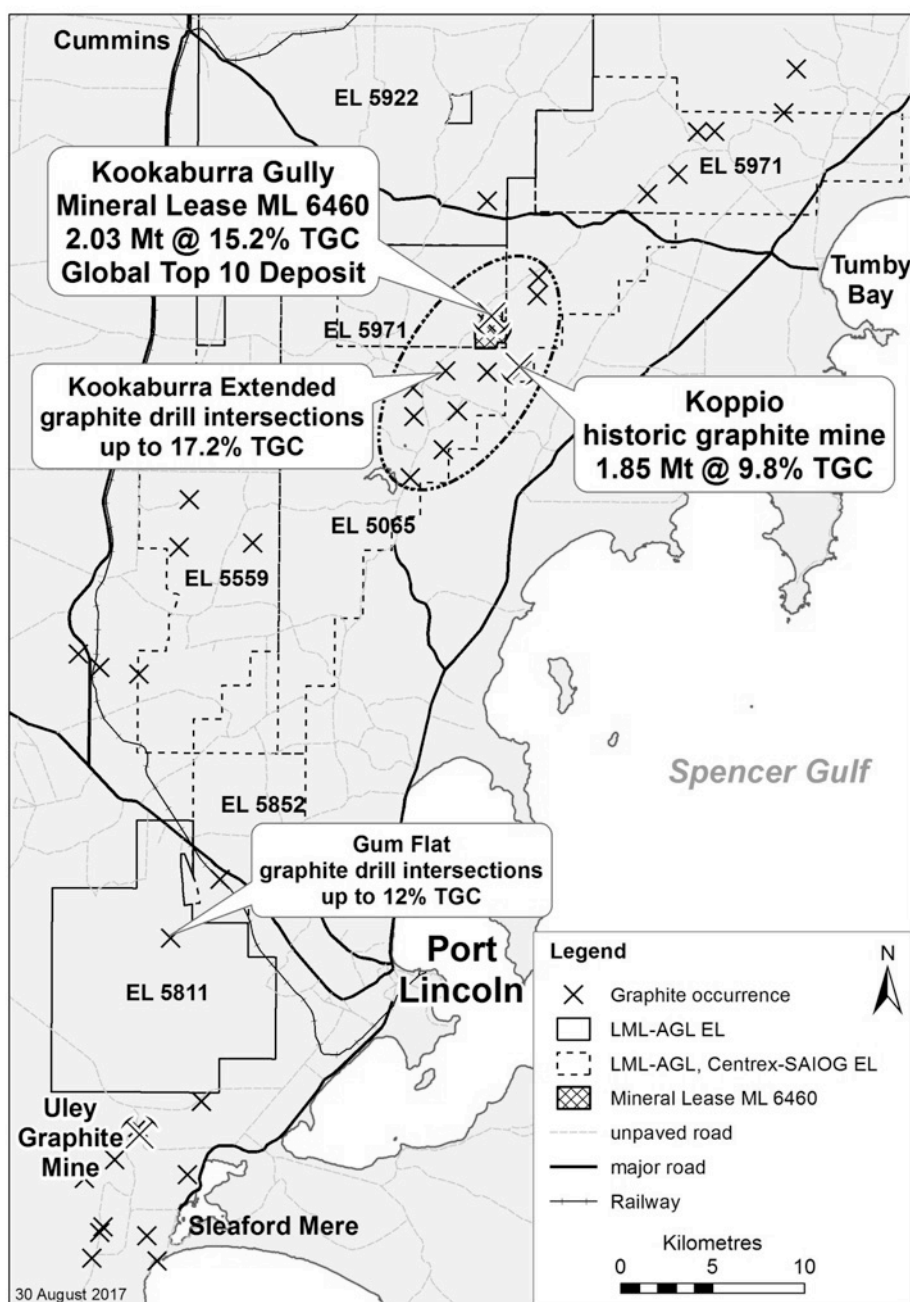
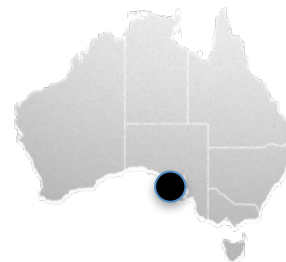
¹ Appointed 1 August 2017

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 maiden production with plans in place to commence development of its flagship graphite project in 2018 at its wholly owned Kookaburra Gully Graphite Project.

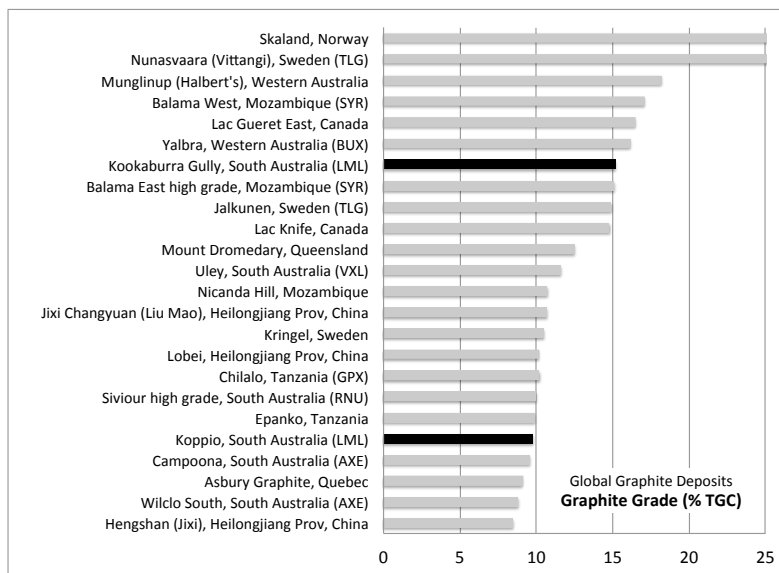
Lincoln Minerals has a Board and management team focused on sustainable mining development and commercialisation of graphite, as well as iron ore, copper and other growth opportunities.



Mt = million tonnes TGC = Total Graphitic Carbon

Kookaburra Gully Graphite Project – Southern Eyre Peninsula

- **Mineral Lease ML 6460 granted 3rd June 2016** to Lincoln's wholly-owned subsidiary, Australian Graphite Pty Limited, for a period of 21 years commencing on 3rd June 2016
 - A Community Engagement Plan (CEP) for Kookaburra Gully has been approved by the SA Department of Premier and Cabinet (DPC)
 - Lincoln has been working with DPC, the District Council of Tumby Bay, the southern Eyre Peninsula community and other stakeholders to complete preparation of a Program for Environment Protection and Rehabilitation (PEPR) to clear the way for a start to mine construction
- **Mine production and processing plant construction targeted for 2018-19** subject to Government approvals and financing
- **Favourable project economics** supported by proximity to transport and infrastructure
- **JORC 2012 Mineral Resources upgraded:**
 - 2.03Mt Measured, Indicated and Inferred Mineral Resources at 15.2% TGC (at 5% TGC cutoff)
 - or 3.23Mt Measured, 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 flotation process** yields >90% recovery at grades >93% TGC without chemical leaching
- 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 mining 250,000t graphite ore per annum to produce up to 40,000t graphite concentrate per annum
 - Capital expenditure A\$40-50 million including EPCM and 10% contingency
 - Life-of-mine operating expenditure for mining and processing = A\$704 per tonne flake graphite concentrate based on 90% recovery
 - Year 1 operating expenditure = A\$395 per tonne of concentrate
- **Historic Koppio Graphite Mine**
 - Mineralisation grades up to 42.8% TGC with a 1.85Mt JORC 2012 Inferred Mineral Resource at 9.76% TGC (at 5% TGC cutoff)
- **Combined total Measured, Indicated and Inferred Mineral Resources** for Kookaburra Gully and adjoining Koppio graphite deposits now stand at 3.88Mt grading 12.6% TGC with **489,930t of contained graphite** (within the high-grade core based on a nominal cut-off grade of 5% TGC).



Graphite grade of global graphite resources (excluding Sri Lanka)

Gum Flat Iron Ore Project – Southern Eyre Peninsula

- **109Mt Indicated and Inferred Mineral Resources at 24.8% Fe**
- Draft Mining Lease Proposal prepared and groundwater licences granted but the project is on hold

Eurilla Multi-Commodity Project – Northern Eyre Peninsula

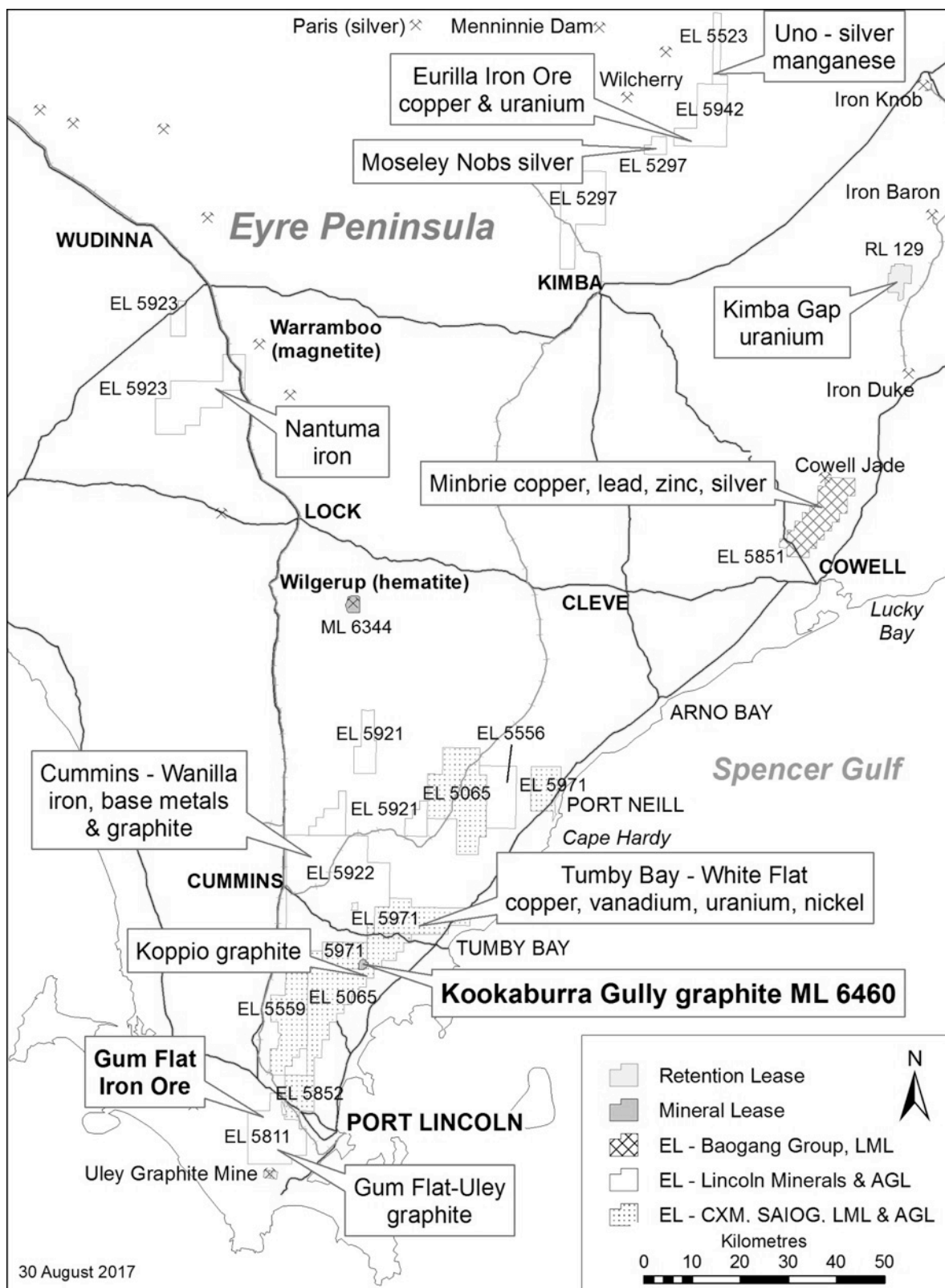
- *In situ* hematite-magnetite Inferred Mineral Resource of 21.7Mt @ 33.3% Fe
- Uranium up to 0.05%-0.07% U with up to 0.1% Pb, 0.7% Zn & 0.5% Cu in a 5 hectare zone
- Manganese up to 66% MnO and epithermal-style silver, gold and base metal anomalies near Uno

Minbrie Copper Project – Central Eyre Peninsula

- Skarn base metal prospect at Minbrie including a **29.5m interval averaging 0.76% copper, 7.37% lead, 1.88% zinc, 9.0 g/t silver and trace gold**

PROJECT MAP

Lincoln Minerals and its wholly owned subsidiary, Australian Graphite, have tenements totalling 2,156 square kilometres on South Australia's Eyre Peninsula.



Note, on all Centrex/SAIOG/Baogang tenements shown on this map (including ML 6344 & RL 129), Lincoln Minerals and Australian Graphite have the rights to all minerals except iron

Exploration Licence data based on the Department of Premier and Cabinet, the Government of South Australia, Geoscientific Data, sourced on 30 August 2017

http://www.minerals.statedevelopment.sa.gov.au/exploration/exploartion_licensing#tenement

2 CHAIRMAN'S REPORT

During 2016 and 2017 and the opening months of 2017-18, Lincoln Minerals has continued to enhance shareholder value by progressing its potential South Australian graphite mining opportunities. In particular, a detailed Feasibility Study and PEPR (Program for Environment Protection & Rehabilitation) have been prepared for Lincoln's flagship Kookaburra Gully Graphite Project on Mineral Lease ML 6460 in SA's Eyre Peninsula. The PEPR is the penultimate Government approval to commence mine development.



Our Company's technical team has been working tirelessly to achieve these landmark steps in the development and permitting process for the Kookaburra Gully graphite project. Kookaburra Gully is Australia's highest grade flake graphite deposit and in the world's Top 10 deposits based on grade.

The grant of ML 6460 in June 2016 was a key milestone to ensure delivery of Lincoln's transformation from mineral explorer and developer to an emerging graphite producer, in an industry at the forefront of the growing global green energy market and technology. Completion of the Feasibility Study and PEPR are the key de-risking step-changes awaited by our potential project financiers and off-take customers to elevate mine construction financing and operating negotiations to a level where commercial outcomes can be achieved.

During 2016 and 2017, activities at Kookaburra Gully included completion of metallurgical bench-scale test work, environmental studies, transport route assessment, geotechnical, geochemical and resource definition for mine planning, mine optimisation, mine and waste rock facility design, tailings storage facility design, groundwater modelling and power and water supply option studies. These studies collectively formed the basis of the detailed Feasibility Study and enabled the PEPR to be completed for lodging with the South Australian Government.

Lincoln's JORC Mineral Resources at Kookaburra Gully, just 35 km north of Port Lincoln, have been upgraded to 2.0 million tonnes at 15.2% TGC Measured, Inferred and Indicated. Metallurgical studies have shown that a high grade 93%-98% TGC flake graphite concentrate can be produced at recoveries of about 90% from a simple 4 to 6-stage flotation process. Combined with the Inferred Mineral Resource at the historic Koppio Graphite Mine, Lincoln's graphite inventory is in excess of 3.88 million tonnes at 12.6% TGC and drilling at Kookaburra Extended has identified further high grade graphite mineralisation within 4 kilometres of the Kookaburra Gully Mineral Lease.

The design life-of-mine at Kookaburra Gully is 7 to 10 years depending on the rate of ramping up to full production, but the Mineral Resource is open at depth and along strike and potential development of satellite deposits at Koppio and Kookaburra Extended should significantly extend the operational production of graphite concentrates from Kookaburra Gully well beyond the initial 10 years.

Over the past 8 years, Lincoln Minerals has been working towards developing a small hematite-goethite-magnetite iron deposit, the Gum Flat Barns deposit 20 kilometres west of Port Lincoln. Licencing to extract ground water to enable application for a mining lease was achieved but, due to uncertainty around current iron ore prices, this project has been put on care and maintenance.

Lincoln Minerals has maintained **extensive tenement holdings on Eyre Peninsula** close to infrastructure in a politically safe environment 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 giant iron ore deposit on Central Eyre Peninsula. Elsewhere on Eyre Peninsula, the Company has exploration opportunities for copper, 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 district councils. The Company has a Memorandum of Understanding (MoU) with the District Council of Tumby Bay and a Community Engagement Plan supporting the Company's proposed development of the Kookaburra Gully Graphite Project. We have made good progress in our graphite development schedule and I look forward to the Company moving towards developing its first graphite mining operation.

Finally, I thank and commend all our staff and my fellow Directors for their support and enthusiasm during the past year, another year of substantial 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 Company's strategy is to focus on **world-class metallogenic provinces close to established infrastructure within a stable political environment – two factors strongly evident across the Company's extensive Eyre Peninsula tenement holdings**.

Lincoln Minerals is exploring iron, graphite, copper, uranium, gold, zinc-lead-silver, vanadium and manganese targets on Eyre Peninsula.

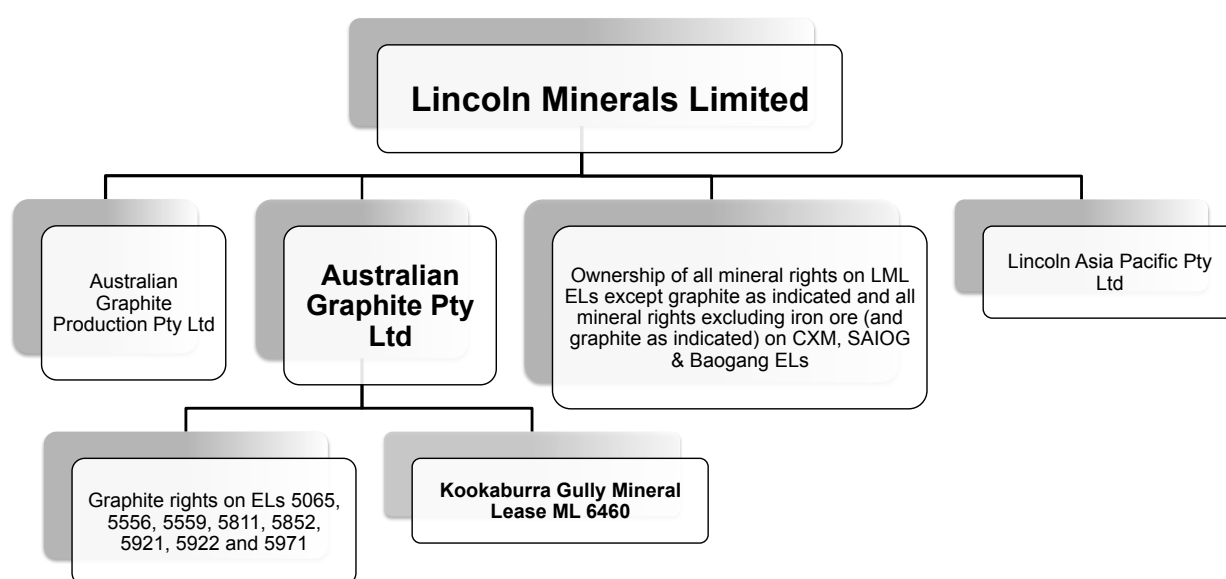
Eyre Peninsula is part of the highly endowed, world-class Gawler Craton mineral province that not only hosts iron ore mines of the Middleback Ranges but also the Olympic Dam and Prominent Hill iron oxide copper gold uranium (IOCGU) mines, the new Carapateena and Hillside copper deposits and the historic 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. Graphite is a key component of lithium-ion batteries that power our electric vehicles and renewable energy storage systems; a large and rapidly growing market.

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 systems (GIS) and 3D modelling software to interpret data for exploration, target generation and resource definition. Results are followed up by systematic drilling along with state-of-the-art field and laboratory sample analysis to test targets and define mineral 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 the 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 Limited

In mid-2013, Australian Graphite Pty Limited (AGL) was formed as a **wholly-owned subsidiary company of Lincoln Minerals Limited** to hold key graphite assets of the Company. Australian Graphite owns Mineral Lease ML 6460 and 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 AGL'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 mineral 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 it is at their own cost and without any unreasonable adverse affects to the mine operator's activities.

3.3 Graphene Research Agreement

Lincoln Minerals has 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.

3.4 Focused Board

The Board of Lincoln Minerals has considerable experience in Chinese investment and financial markets and an unwavering, long-term focus on owning, developing and profitably extracting the multi-commodity mineral wealth of South Australia's richly endowed Eyre Peninsula. Graphite, iron ore and copper are the main strategic investment targets.

Mr Jin Yubo, Non-Executive Chairman, has a Master of International Law from National Chi Nan University, is a chairman or board member of investment and real estate companies in China and Australia, a former committee member of a major Chinese city's People's Political Consultative Council, 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.

Mr James Zhang, Vice-Chairman, has more than 20 years in real estate development and business management in mainland China, Hong Kong and Australia with extensive experience in funding real estate, infrastructure and property development and enterprise management. He is Director of Shanghai Jihai Investment Ltd Co. and member of the Asset Management Association of China (AMAC).

Dr John Parker, Managing Director Technical, is a geologist and geophysicist with extensive knowledge of the geology, mineral deposits and mineralizing systems in the Gawler Craton in South Australia and extensive experience in iron ore, graphite and base metals mineralisation both locally and internationally. He was formerly Chief Geologist with the mapping branch of the SA Geological Survey but has spent the past 24 years in mineral exploration. He has been Managing Director of Lincoln Minerals since October 2006. He is a former Fulbright Post-Doctoral Fellow where he studied Lake Superior-style banded iron formations, and has made a major contribution to the identification and delineation of iron ore, graphite and other mineral resources on Eyre Peninsula.

Mr Eddie Pang, Non-Executive Director, has a Bachelor of Science with Honours degree in Chemistry. He operates a Shanghai trading business supplying the Chinese market with Australian wool and wine, Chilean iron ore, cathode copper and timber, and exports Chinese products to Vietnam, the UAE and Canada. He is currently the Executive Chairman of ASX-listed mineral exploration and development company, Genesis Resources Limited.

Mr Jin Yubo, Mr James Zhang and Mr Eddie Pang will 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.

3.5 Experienced Management Team

The senior management team of Lincoln Minerals comprises Dr John Parker, Managing Director Technical, Mr Jaroslaw (Jarek) Kopias, Company Secretary and CFO, Mr Dwayne Povey, Chief Geologist, Mr Miro Rapaic, Project Development Manager, and PEPR consultant, Mr Andrew Minns of Envirocom.

Mr **Jarek Kopias** joined the Company in December 2010 and was appointed as Chief Financial Officer at that time and Company Secretary in November 2011. He is a Certified Practising Accountant and Chartered Secretary with more than 20 years experience in a wide range of financial and secretarial roles in the mining and resources industry including 5 years at WMC's Olympic Dam operations, 5 years at Newmont Mining Corporation (Australia's corporate office) and 5 years at oil and gas producer and explorer, Stuart Petroleum Limited (prior to its merger with Senex Energy Limited).

Mr **Dwayne Povey** is a geologist with more than 17 years experience in the mining and mineral exploration industry including 7 years as mine geologist at Ernest Henry Copper Mine and 10 years with Lincoln Minerals. Based on site at Port Lincoln, he has been responsible for delineating the Kookaburra Gully and Koppio graphite Mineral Resources and previously delineated the Gum Flat iron ore deposits.

Mr **Miro Rapaic** is a Mining Engineer with more than 20 years experience in the mining industry where he has developed a broad range of skills at senior levels in the management of operational, technical and project based teams including the Middleback Range iron ore mines, Groote Eylandt Mining, the Olympic Dam Expansion Project, Flinders Mines' Pilbara Iron Ore Project and Todd Minerals' Balla Balla Infrastructure Group Project. He also has a deep knowledge and understanding of working with potential Chinese customers and contractors. He commenced with Lincoln Minerals in August 2017 to lead the project development team for the Kookaburra Gully Graphite Project.

Mr **Andrew Minns** is an engineer with a Masters Degree in Environmental Management and more than 30 years experience in the mining industry including Comalco Aluminium Limited, Normandy Mining Limited, Newmont Australia Limited and, more recently, Iluka Resources Limited (Jacinth Ambrosia and Balranald mineral sands projects). He provides consulting services in environmental management, resource development approvals, Government and community engagement, integrated HSEC management systems and has project managed preparation of the Kookaburra Gully PEPR.

3.6 Project Portfolio

The Company holds rights to South Australian exploration lease holdings totalling 2,156km².

Lincoln Minerals and its fully-owned subsidiary, Australian Graphite Pty Limited, have exclusive rights to all minerals including iron ore on leases totalling 1,203km². This includes Mineral Lease ML 6460 at Kookaburra Gully.

Lincoln Minerals and Australian Graphite Pty Limited have exclusive rights to all minerals excluding iron ore on Mineral Lease ML 6460 at Kookaburra Gully.

Lincoln Minerals and Australian Graphite are joint operators with Centrex Metals Limited (and CXM's 100%-owned subsidiary, South Australian Iron Ore Group Pty Ltd (SAIOG)) and Baogang Group Investments (Australia) Pty Ltd, on leases totalling 953km² with exclusive rights to all minerals excluding iron ore.

South Australia's Department for Premier and Cabinet (DPC) has granted Amalgamated Expenditure Agreements (AEA) over two groups of tenements that are in advanced stages of graphite 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.

Lincoln Minerals Limited tenements as at 30 August 2017

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 5942	28-Jan-19	98	Eurilla (Lake Gilles)	LML	LML 100%	LML 100%	LML 100%
EL 5922	12-Feb-19	441	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5921	11-Feb-19	112	Cummins	LML	AGL 100%	LML 100%	LML 100%
EL 5297	2-Mar-18	147	Moseley Nobs	LML	LML 100%	LML 100%	LML 100%
EL 5523	28-Sep-19	26	Uno	LML	LML 100%	LML 100%	LML 100%
EL 5556	3-Nov-19	82	Dutton River	LML	AGL 100%	LML 100%	LML 100%
EL 5811	6-Jan-18	128	Gum Flat	LML	AGL 100%	LML 100%	LML 100%
EL 5923	20-Dec-18	166	Nantuma	LML	LML 100%	LML 100%	LML 100%
ML 6460	2-June-37	300.8 ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
Subtotal		1,203					
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE *							
EL 5851	13-Aug-18	117	Minbrie	Baogang	LML 100%	0%	LML 100%
EL 5852	13-Aug-18	51	Greenpatch	CXM	AGL 100%	0%	LML 100%
EL 5971	11-Apr-19	215	Tumby Bay (Carrow)	SAIOG	AGL 100%	0%	LML 100%
EL 5065	05-Aug-17	403	Mount Hill (Tod River)	SAIOG	AGL 100%	0%	LML 100%
EL 5559	15-Nov-19	138	Wanilla (Bald Hill)	CXM	AGL 100%	0%	LML 100%
ML 6344**	11-Aug-19	916 ha	Wilgerup	CXM	LML 100%	0%	LML 100%
RL 129***	07-Nov-21	1970 ha	Kimba Gap	KGIP	LML 100%	0%	LML 100%
Subtotal		953					
Grand total		2,156					

* On all CXM/SAIOG/Baogang tenements + ML 6460, LML and its wholly owned subsidiary, Australian Graphite Pty Ltd (AGL), have 100% of the rights to all minerals except iron

**On CXM ML 6344, LML retains rights to all minerals except iron

*** On RL 129 (KGIP = Kimba Gap Iron Project Pty Ltd), LML's rights only extend to that part overlying former EL 5170

CXM = Centrex Metals Limited SAIOG = South Australian Iron Ore Group Pty Ltd, a wholly owned subsidiary of CXM
Baogang = Baogang Group Investments (Australia) Pty Ltd

3.7 Coordination Agreements

Under various Heads of Agreements, Coordination Agreements and Deeds of Consent and Assumption signed in 2005, 2006, 2010 and 2013, 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 (CXM) and its subsidiary, South Australian Iron Ore Group Limited (SAIOG), are the licensees. These agreements, and in particular the 2010 and 2013 Coordination Agreements, 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.

Under an agreement signed in April 2017, Baogang Group Investments (Australia) Pty Ltd assumed CXM's obligations under the various agreements identified above in relation to the Bungalow-Minbrie exploration tenement EL 5851. The April 2017 agreement records Lincoln's consent to the transfer of CXM's interest in that tenement to Baogang and provides for Baogang to be the registered holder of EL 5851 following that transfer.

Lincoln Minerals and Australian Graphite are maintaining an active role in monitoring drilling programs by Centrex and Baogang for other minerals including copper, graphite and vanadium. The Minbrie copper discovery in early 2012 was the result of drilling by Centrex on EL 4884 (now EL 5851) and there are numerous graphite and copper occurrences recorded in the ca. 147 kilometres of Centrex-WISCO drill core from the Tumby Bay-Koppio-Bald Hill region on southern Eyre Peninsula (ELs 5065, 5559 and 5971).

4 KEY BUSINESS DRIVERS

4.1 Graphite Demand, Prices and the Changing Graphite Market

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 for refractory furnace linings (the major market for natural graphite), in electrical equipment as “brushes” in electrical motors and, in particular, as the anode in lithium-ion (Li-ion) batteries where there is about 10 to 20 times more graphite than lithium – a growing market especially in new generation renewable energy storage systems (ESS) and electric vehicles (EV). There can be up to 100 kilograms of spherical graphite in a battery-powered electric car ~3-5 kg in e-bikes and ~5-50 kg in hybrid electric cars. Benchmark Minerals has estimated that each Tesla Powerwall ESS contains 16 kilograms of spherical graphite derived from ~40 kilograms of natural flake graphite concentrate.

Based on demand and growth in emerging EV and ESS markets in China and the rest of the world, Roskill (July 2017) forecasts **total global graphite demand in battery applications to rise by 16-26% per year to 2026** with Bloomberg New Energy Finance (BNEF) expecting EV sales to accelerate and make up 54 percent of new car sales by 2040.

In China, the government goal is to increase the number of EVs to at least 5 million by 2020. Tesla (USA) produced 10,000 EVs in 2012, ~50,000 in 2015 and its goal is 20,000 Model 3 EVs per month by the end of 2017. In 2016, Chinese consumers bought 289,000 EVs (including hybrids) while European consumers bought 215,000 EVs and US consumers bought 150,000 (Bloomberg, 19 July 2017).

The real take-off for EVs is expected to happen in the second half of the 2020s according to BNEF's Electric Vehicle Outlook 2017.

Tesla is ramping up Li-ion battery production at its US 'Gigafactory' in Nevada and other large Li-ion battery plants under development including those of BMC in Germany and LG Chem in Poland, Samsung SDI in Hungary, SGF Energy in Sweden and a rumoured plant to be shared between Jaguar Land Rover, BMW and Ford.

Meanwhile in China, plans are underway for additional Li-ion battery factories with capacity to pump out more than 120 gigawatt-hours a year by 2021 (cf. Tesla's factory will produce 35 gigawatt-hours a year).

Although natural and synthetic graphite compete for use as a Li-ion battery anode material, an increasing amount of spherical graphite is being produced from high purity natural flake graphite, which now competes with synthetic graphite for use in Li-ion batteries. Despite the high purification and processing cost, **spherical natural flake graphite is more price competitive than primary synthetic graphite.**

In addition to the Li-ion battery market, high purity micronised graphite is also used in alkaline batteries which have exhibited an annual average growth of 2 to 3% every year for the past 20 years (*Energizer Holdings Inc., 2017 Annual Report*).

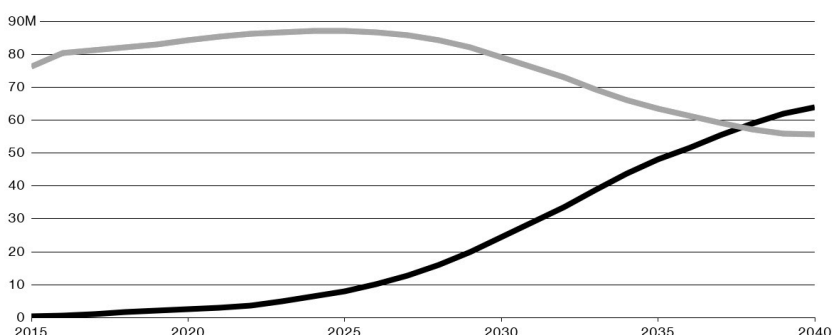
The market for graphite in dry lubricants, drilling fluids, powder metal, friction materials (brake linings) and carbon brushes, while only collectively representing a small global market demand (~330,000 tonnes/annum), has shown an annual market growth of 2-5% per year.

In summary, the total increase in demand for natural flake graphite from all these applications could be quite significant and Bloomberg (6 July 2017) forecast graphite demand just for EVs will soar to 852,000 tpa in 2030

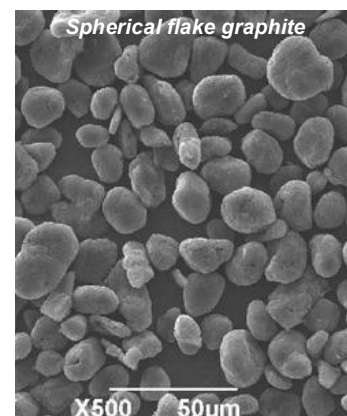
Overtaking Lane

Electric vehicle sales will surpass internal combustion engine sales by 2038

■ Electric vehicles ■ Internal combustion engine



Source: Bloomberg New Energy Finance

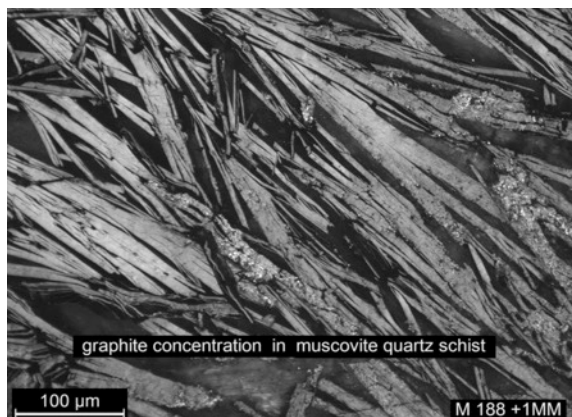


from just 13,000 tonnes in 2015. In the short term to 2020, Syrah Resources has predicted a total growth of about 300,000 tpa (20% CAGR) additional flake graphite feed mostly in the fine <150 micron flake size range (SYR *Quarterly Activities Report Presentation, June 2017*). By 2025, this could grow to ca. 650,000 tpa additional flake graphite feed above current demand.

China has dominated global graphite production for the past 20 years producing about 70% of the world's graphite (65% global flake graphite and 89% global amorphous graphite). However, the supply chain is changing due, in particular, to potential startups in eastern Africa and South Australia. Furthermore, there are indications that in the long term as China's economy shifts towards higher value-adding manufacturing and increased demand for -100 # flake graphite used in batteries, **China may become a net importer of flake graphite**.

Factors over the last few months that may affect the supply of and demand for new flake graphite resources are:

- Ongoing supply restrictions in Shandong Province compounded by increased expandable graphite production in Heilongjiang Province requiring greater quantities of large flake graphite feedstock;
- The Chinese Government passing the "environmental protection tax law" in December 2016 with new regulations to be in place by 1 January 2018. Low-cost graphite mining and production in China is expected to be significantly impacted by this;
- As China's economy shifts towards higher value-adding manufacturing, such as batteries for EVs, its demand for -100# (<150 microns) flake graphite used in batteries is increasing;
- Syrah (8 September 2017) signing a binding sales agreement to supply 30,000 tpa fine flake graphite to the Chinese Jixi BTR Graphite Industrial Co. Ltd, the world's largest battery anode manufacturer located in China's and the world's largest raw graphite producing region (Heilongjiang Province);
- Unexpected changes in 2017 to Tanzanian mining laws threaten development of new flake graphite resources there and may delay any new graphite startups in Tanzania for the foreseeable future;
- Li-ion battery demand strengthened by downstream EV and ESS developments (EG Volvo and BMW committing to all-electric vehicles from 2019; the demand for the new Tesla 3; and the demand for large scale ESS such as the 100 MW South Australian Tesla Li-ion battery system);
- Declarations by the French and UK Governments to ban the sale of all new petrol or diesel only vehicles from 2040 and a similar statement from Norway to ban such vehicles by 2025;
- On 29 August 2017, the Renault-Nissan Alliance announced plans to make EVs in China in partnership with local automaker Dongfeng Motor. The joint venture, called eGT New Energy Automotive, will develop an electric mini-SUV that will go into production in 2019. This comes on top of Ford Motor Company announcing in August 2017 a similar partnership with Anhui Zotye Automobile Co. to produce EVs in China.
- The International Energy Agency has more than doubled its forecast for EVs, raising its 2030 EV fleet size estimate from 23 million to 58 million.



Microscope photo of graphite schist from Kookaburra



In summary, graphite prices are expected to rise in coming years as demand begins to rise rapidly from the battery sector and changing graphite market factors. The increased demand for graphite in the battery industry will have a flow-on effect and put pressure on other flake graphite markets.

The type of demand growth from all these applications would require **several new graphite mines** and processing plants. While there are large new deposits of graphite being developed or proposed for development in eastern Africa (Mozambique and Tanzania), South Australia has maintained its status in the global Top 10 mining friendly jurisdictions with low sovereign risk (Canada's renowned Fraser Institute, March 2017). Therefore, there are continuing opportunities for Lincoln Minerals and Australian Graphite to take a share of this growing green energy market and become a globally significant supplier of flake graphite.

5 EXPLORATION AND DEVELOPMENT – SOUTH AUSTRALIA

5.1 Kookaburra Gully Graphite Project

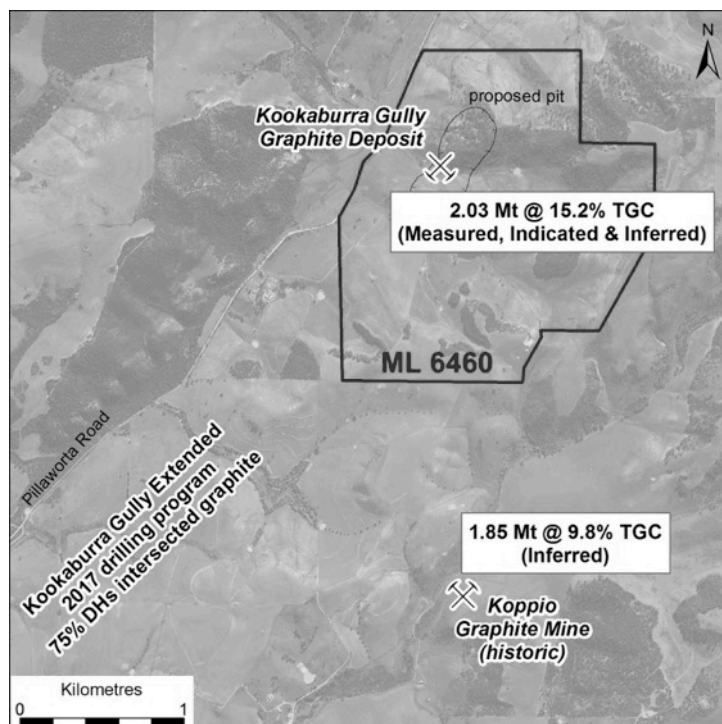
(Australian Graphite has exclusive rights to graphite and graphite-associated minerals)

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.

A **Mineral Lease ML 6460** was granted by the Honourable Tom Koutsantonis MP, South Australia's Treasurer, Finance Minister, Minister for State Development and Minister for Mineral Resources and Energy, to Lincoln's wholly-owned subsidiary, Australian Graphite Pty Limited, for a period of 21 years commencing on 3 June 2016.

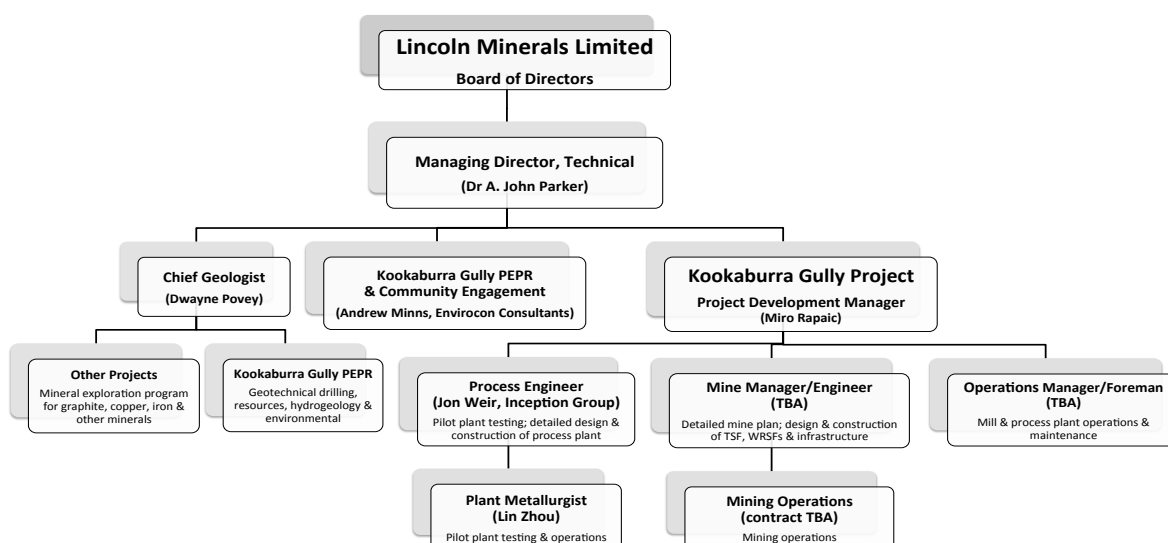
This was a landmark step in the permitting process for the Kookaburra Gully Graphite Project.

During 2016-17, Kookaburra Gully's Program for Environment Protection and Rehabilitation (PEPR) has been compiled and involved a number of Feasibility Studies including metallurgical bench-scale test work, environmental studies, transport route assessment, geotechnical, geochemical and resource definition for mine planning, mine optimisation, mine and waste rock facility design, tailings storage facility design, groundwater modelling and power and water supply option studies. The detailed Feasibility Studies have enabled the PEPR to be completed for lodging with DPC by 2nd October 2017. Once the PEPR is approved, Lincoln will be in a position to commit to and commence project development at Kookaburra Gully.



5.1.1 Project Team

A key milestone for Kookaburra Gully has been the appointment, on 1 August 2017, of a Project Development Manager, Miro Rapaic, and full-time Project Metallurgist, Dr Lin Zhou, to work alongside the existing PEPR and Community Engagement consultant, Andrew Minns (Envirocom), and Process Design Engineer, Jon Weir (Inception Group).



5.1.2 High grade mining potential

The shallow but high grade resource for the Kookaburra Gully flake graphite deposit extends to at least 125m depth, remains open at depth and along strike, and hosts total Measured, Indicated and Inferred Mineral Resources of 2.03Mt grading 15.2% TGC based on a nominal 5% TGC cut-off or 2.94Mt grading 11.4% TGC based on a nominal 2% TGC cutoff. It also abuts the Lincoln-owned and historic Koppio Graphite Mine which, as a second potential source for the proposed Kookaburra Gully mine, adds an Inferred Mineral Resource of 1.85Mt at a grade of 9.8% TGC into the overall project's mining potential (see *Resources Statement* on pages 57-58 and further detail in *Lincoln Minerals Limited ASX Announcement 17 May 2017*).

At a nominal 5% TGC cut-off, combined total Indicated and Inferred Mineral Resources for Kookaburra Gully and Koppio graphite deposits now stand at **3.88 million tonnes grading 12.6% TGC with 489,930 tonnes of contained graphite** within the high-grade core.

In addition to these Mineral Resources, drilling at Kookaburra Extended early in 2017 identified significant graphite mineralisation over a large area with further potential in areas not yet drilled (see below).

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 based on the existing mineral lease ML 6460. However, there is potential to extend this mine life well beyond 7 years by integrating the graphite deposits at Koppio and Kookaburra Extended. The latter would be subject to mining lease applications and Government approval.

Total combined Mineral Resources for Kookaburra Gully and Koppio

Mineral Resource Classification	Cutoff Grade (% TGC)	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Kookaburra Gully					
High-grade Core (Domain 1) - Measured	5%	0.39	14.9	58,110	2.6
Low-grade Halo (Domain 2) – Measured	2%	0.11	3.0	3,300	2.46
High-grade Core (Domain 1) - Indicated	5%	1.08	14.9	160,920	2.56
Low-grade Halo (Domain 2) – Indicated	2%	0.58	3.1	17,980	2.5
High-grade Core (Domain 1) – Inferred	5%	0.56	16.0	89,600	2.51
Low-grade Halo (Domain 2) – Inferred	2%	0.22	3.0	6,600	2.62
Koppio					
High-grade Core (Domain 1) – Inferred	5%	1.85	9.76	180,730	2.67
Low-grade Halo (Domain 2) – Inferred	2%	1.21	3.18	38,560	2.80
TOTAL (>2% TGC)		6.0	9.26	555,800	2.63

Mt = million tonnes TGC = Total Graphitic Carbon

5.1.3 Community Engagement Plan

The Community Engagement Plan (CEP) outlines the background and strategy for the community engagement process to be undertaken during development of the PEPR for the Kookaburra Gully Graphite Project and provides a community engagement framework for future phases of the project. The scope of this plan is local and regional community on Eyre Peninsula.

Early engagement with directly affected landowners, stakeholders and other key community groups from the outset ensures positive working relationships are established and a “no surprises approach” is implemented to manage the concerns which may be raised during the engagement process.

Lincoln Minerals commenced this process in 2012 during the very early scoping studies and has maintained ongoing engagement focused on keeping the immediately affected landowners up-to-date on progress through one-on-one meetings and public meetings of the Tumby Bay and District Community Consultation Group.

Lincoln Minerals is also a signatory to the South Australian Chamber of Mines and Energy's (SACOME) Industry Code of Practice for Community and Stakeholder Engagement.

5.1.4 Program for Environment Protection and Rehabilitation (PEPR)

With a Mineral Lease (ML) granted for the Kookaburra Gully Graphite Project, the final approvals step is to complete a more detailed Program for Environment Protection and Rehabilitation (PEPR). This document is based on the ML proposal but must respond to conditions set by the Government in regard to the ML. The PEPR details and formulates management plans for construction, operations, rehabilitation and closure and is a key **final step for Government approval to commence graphite mining at Kookaburra Gully**.

With the assistance of environmental engineering consultant, Andrew Minns (Envirocom), Lincoln has prepared a draft PEPR for the Kookaburra Gully Graphite Project. This has included a number of independent environmental, geotechnical, feasibility and option studies on various components of the proposed mine and mine infrastructure:

- Road & transport logistics (Tonkin Consulting)
- Geochemical assessment (Earth Systems)
- Surface water and groundwater assessment (CDM Smith)
- Groundwater modelling (CDM Smith)
- Site water balance, stormwater & sediment control (Golder Associates)
- Water supply options study – Tod Reservoir option (Inside Infrastructure and SA Water)
- Power supply options study (GPA Engineering)
- Metallurgical test-work & process plant design (Inception Group, IMO Metallurgy and ammjohn)
- Mine design & optimisation – pit & waste rock storage facility (AMC Consultants)
- Tailings storage facility design (Golder Associates)
- Updated ecological surveys and offset proposal (EBS Ecology)
- Rehabilitation and closure planning (Earth Systems and Golder Associates)
- Marketing (Lone Star Tech Minerals)

5.1.5 Metallurgy and Process Plant Design

In 2016, Lincoln commenced detailed metallurgical tests on bulk samples (>50kg) including drill core and trench samples. A 150kg master composite bulk sample (LMC11) representing ore below 130m AHD to the bottom of the planned pit (ca. 80m AHD) was generated from drill core and detailed flotation tests undertaken including lock-cycle tests to finalise design of the graphite process flow sheet. This work also included generation of bulk tailings samples for tailings storage facility (TSF) analysis and design. Metallurgical work was undertaken at IMO Metallurgy in Perth and TSF test work was undertaken by Golder Associates.

Kookaburra Gully graphite occurs as fine to coarse flakes with the majority (75%) of graphite flakes in the size range of 200-500 microns disseminated in a quartz-mica matrix (\pm feldspar \pm sillimanite \pm tourmaline and other accessories including trace pyrite at depth). Near-surface lithologies are extensively altered to kaolinitic clay with remnant quartz and accessories.

Although 75% of the graphite in the host rock is coarser than 200 microns, metallurgical tests show that, to achieve 93%-97% TGC purity, less than 10% of the final concentrates are in the medium to coarse flake graphite range >150 microns (see table below)

Detailed metallurgical test work was completed on three bulk samples representing different spatial and lateral parts of the orebody or stages in the proposed mining sequence of Kookaburra Gully:

- LOX1 – a 50 kg near-surface oxide sample from shallow (< 5 m BGL) trenches in the central and northern parts of the orebody (weathered graphite schist above 152 m AHD);
- LMC11 – a master composite sample of approximately 150 kg from diamond drill core and aircore drill chips, representing the middle levels of the orebody (relatively fresh graphite schist below 133 m AHD); and
- LSU1 – a deeper 50 kg sample from near the base of the proposed pit (fresh sulphide-bearing graphite schist below 101 m AHD).

The results of that metallurgical test work are summarised in the table below.

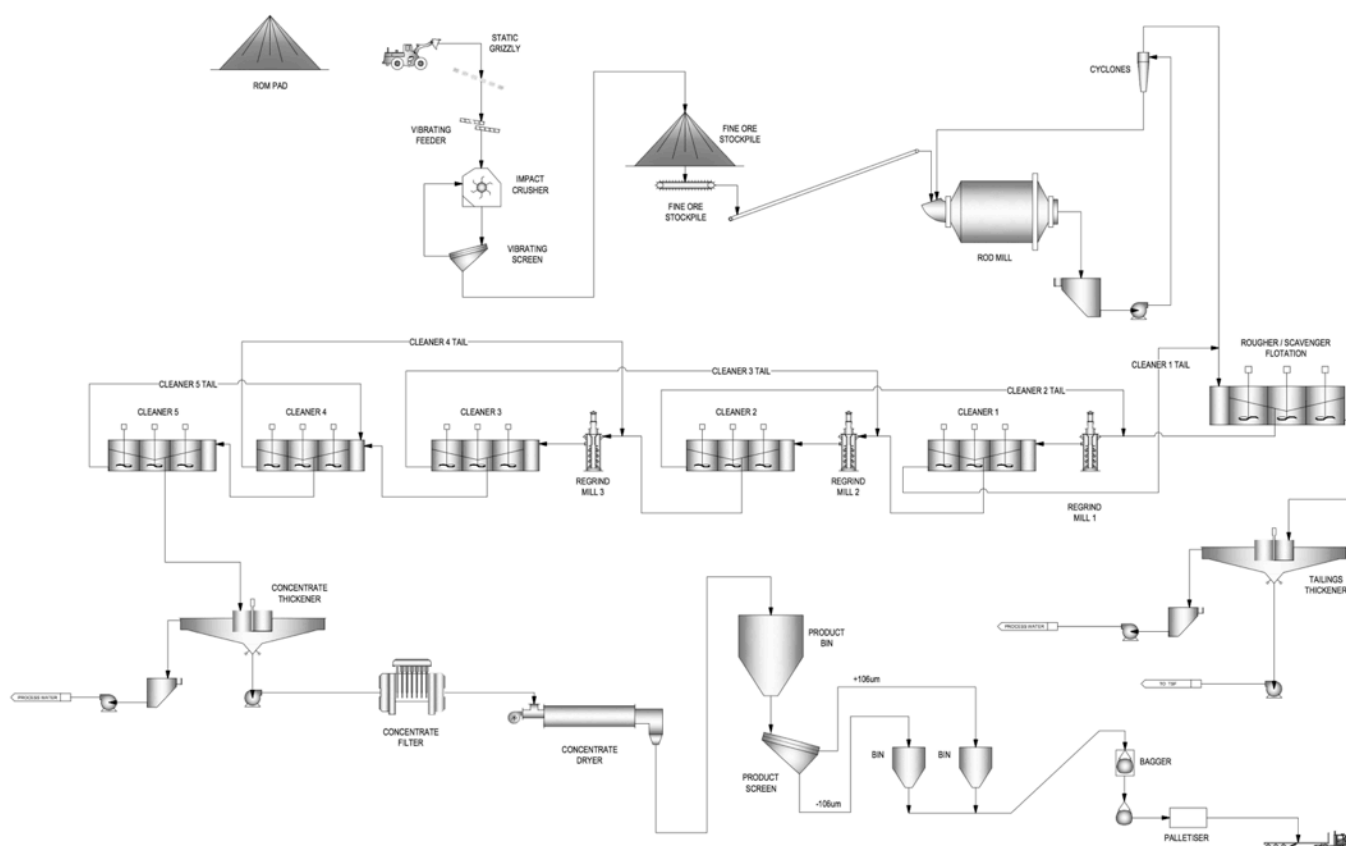
Metallurgical Test Results

	Master Composite LMC11			Oxide Surface Composite LOX1			Deeper Composite LSU1		
Depth BGL*	40–119 m			1–5 m			99–119 m		
Depth AHD (above sea level)	81–133 m			Trench 2 & 4 190–183 m Trench 1 152–156 m			66–101 m		
Graphite recovery	ca. 90+%			ca. 90+%			ca. 90+%		
Total Concentrate Grade	96.6% TGC			95.0% TGC			95.1% TGC		
Screened concentrate	Assay TGC%	Assay LOI%	Dist'n %	Assay TGC%	Assay LOI%	Dist'n %	Assay TGC%	Assay LOI%	Dist'n %
+300 µm	93.2	96.0	0.1	97.8	97.1	0.4	97.4	97.4	0.31
+177 µm, -300 µm	93.2	96.0	3.5	97.8	97.1	5.2	97.4	97.4	4.7
+150 µm, -177 µm	95.8	97.2	3.9	96.4	97.7	4.7	97.0	97.6	6.9
+106 µm, -150 µm	96.6	97.5	11.4	97.0	97.3	14.8	97.5	97.7	13.9
+75 µm, -106 µm	96.7	97.4	11.4	97.1	97.2	12.7	96.0	97.6	12.2
-75 µm	96.8	96.8	69.7	93.8	94.5	62.2	94.0	94.6	62.0

*BGL is below ground level; AHD is Australian Height Datum; Dist'n is distribution
TGC is Total Graphitic Carbon; LOI is Loss on Ignition

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

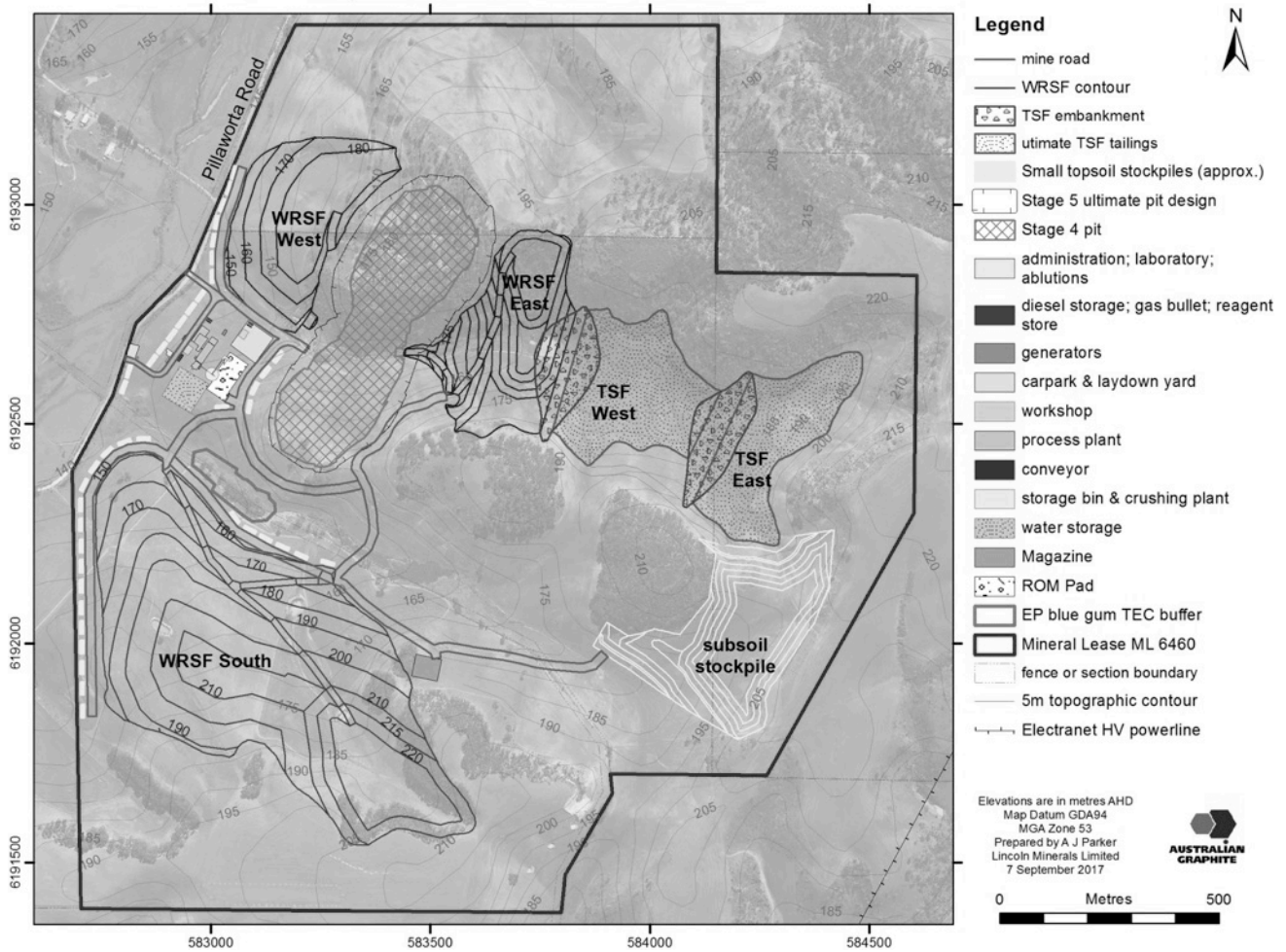
Based on the detailed metallurgy and lock-cycle test work, the process flow sheet was revised and a conceptual process plant designed and costed along with estimated operating costs.



5.1.6 Mine Design and Optimisation

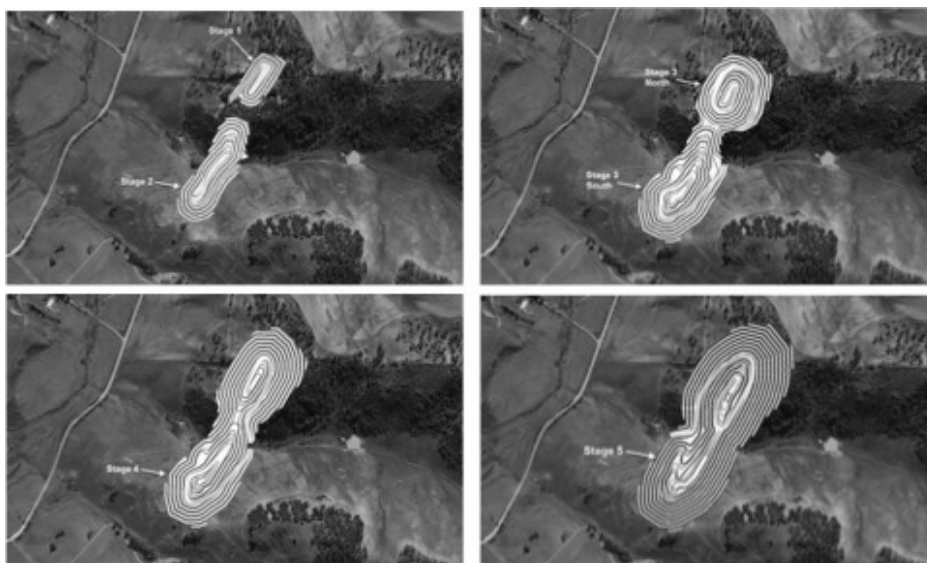
The Mineral Lease is 300.5ha in size, although only 121ha will be directly impacted by the mine and mine infrastructure. The proposed annual 250,000t mine production will have a mine-life of approximately 7.5 years subject to commissioning and scaling up of operations, graphite prices and subsequent sales of graphite production.

Kookaburra Gully Mineral Lease ML 6460 - Ultimate Mine Plan



Facilities include:

- An open pit mine that, upon completion, will be about 700m in length, 270m wide, 90-110m in depth and with an area at the pit crest of about 18.5ha in area. An optimised mine plan was produced by AMC Consultants to describe a staged approach to pit development, from starter pit followed by ongoing cut-backs through to final pit design. Pit optimisation was based on economic criteria to define graphite mineralisation and assign it to the resource, estimated mining costs and other cost information to develop a conceptual mine schedule. The pit would be constructed in 5 stages and mining operations, including primary crushing and transport, would be undertaken during daylight hours. The pit 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. The process design is based on an annual production capacity target of 250,000 tpa of graphite ore and a nominal head grade of 15% TGC to produce approximately 30,000 to 40,000 tpa concentrates for export. The processing plant, including grinding mill, will be enclosed and will operate 24/7;
- 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 ore storage prior to processing;
- A Tailings Storage Facility (TSF) with an ultimate size of approximately 21ha for the storage and disposal of waste materials from the processing plant. The TSF would be rehabilitated on completion of mining and processing activities;
- Waste rock storage facilities (WRSF) totalling approx. 61ha. 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. Waste rock will form the structural embankment and dividing walls for the TSF, which will also be contoured and rehabilitated upon completion of mining and processing activities;
- Several small temporary topsoil stockpiles which will be progressively removed for site rehabilitation;
- A temporary subsoil stockpile would also be removed as required for site rehabilitation.
- Water storage tanks, sediment traps 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.
- Groundwater extraction bores or pipeline to the Tod Reservoir dependent on top-up water requirements;
- A magazine to store explosives if or when required.

5.1.7 Pilot Plant Tests

In July-August 2017, Lincoln commenced pilot plant processing test work in China on a 36.9 tonne sample of oxidised graphite schist from trenching at Kookaburra Gully. The sample was shipped to Jinan via Qingdao in Shandong Province, for process flow sheet optimisation and development as a precursor to final detail process plant design.

The flake graphite concentrates produced from the pilot plant test work will be used for downstream product evaluation, qualification and marketing.

The graphite pilot plant test facilities in Jinan were visited during a South Australian State Government Trade Mission to Shandong Province in May 2017 and are modern world class facilities. China produces 70% of the world's natural flake graphite so has considerable experience in processing graphite ore.



5.2 Graphite Exploration Targets and 2017 Drilling Program

Graphite has been widely identifiable from airborne electromagnetic (EM) 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 airborne EM survey included the historic Koppio Graphite Mine and Kookaburra Gully graphite deposits, and a large 4.5 kilometre long EM anomaly, Kookaburra Extended, with possible fold repetitions.

Lincoln reprocessed and re-interpreted airborne electromagnetic (EM) data and maps over the Koppio-Kookaburra Gully-Kookaburra Extended area to identify an extensive suite of Exploration Targets (*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 prior to 2017 on any of the other Exploration Targets. *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.*

In January-March 2017 after the harvest, Lincoln Minerals undertook a drilling program at Kookaburra Gully and Kookaburra Extended about 2-4km southwest along strike from Kookaburra Gully.

5.2.1 Kookaburra Gully Drilling

At Kookaburra Gully, Lincoln successfully drilled 5 pilot groundwater investigation wells (388 m aircore), 15 resource definition drill holes within the area of the proposed pit (1,311 m aircore), 3 larger diameter groundwater monitoring wells (312 m RC) and 7 sterilisation drill holes (311 m aircore) including 5 to the southwest of the defined Mineral Resource under the footprint of the southern waste rock storage facility (WRSF South)(*Lincoln Minerals Limited, ASX Announcement 22 May 2017*).

Analytical results for the 2017 aircore drilling include several intervals of high grade graphite up to 24.7% TGC (see table below for all 2017 graphite intersections)

- **KK060 (25 m @ 21.5% TGC from 19-44 m);**
- **KK061 (33 m @ 13.4% TGC from 70-103 m, inc 17 m @ 21.7% TGC from 82-99 m);**
- **KK062 (13 m @ 24.7% TGC from 98-111 m);**
- **KK063 (20 m @ 15.4% TGC from 82-102 m, inc 10 m @ 23.7% TGC from 92-102 m);**

The Company believes the drilling results have potential to upgrade the status of parts of the Inferred and Indicated Mineral Resources to higher categories.

5.2.2 Maiden Kookaburra Extended Drilling Results

Of the 100 drillholes at Kookaburra Extended, 70 intersected graphite schist over an area of 0.5 square kilometres or 1100 metres in strike length and remains open to the north and south of current drilling extents (*Lincoln Minerals Limited, ASX Announcement 23 May 2017*). Significant potential exists along and across strike.

Lincoln completed a total of 100 aircore and reverse circulation (RC) drillholes over the central Kookaburra Extended electromagnetic (EM) anomaly for a total of 5,339 metres. Several mineralised zones have been identified that require further sampling to close off mineralisation before Mineral Resource estimation can commence but the results identify a significant Exploration Target for follow-up drilling. Drillhole assay intercepts based upon a nominal 10% TGC cut-off are tabulated below.

HOLEID	FROM (m)	TO (m)	INTERVAL (m)	TGC (%)
KE10	32	38	6	10.13
KE15	33	67	34	11.51
KE18	46	51	5	13.20
KE19	68	81	13	10.74
KE20	35	43	8	11.89
KE25	9	20	11	12.60
KE27	33	42	9	12.12
KE35	26	29	3	10.87
KE72	39	45	6	12.24
KE75	49	55	6	17.20
KE81	53	64	11	11.06
KE84	44	48	4	11.08

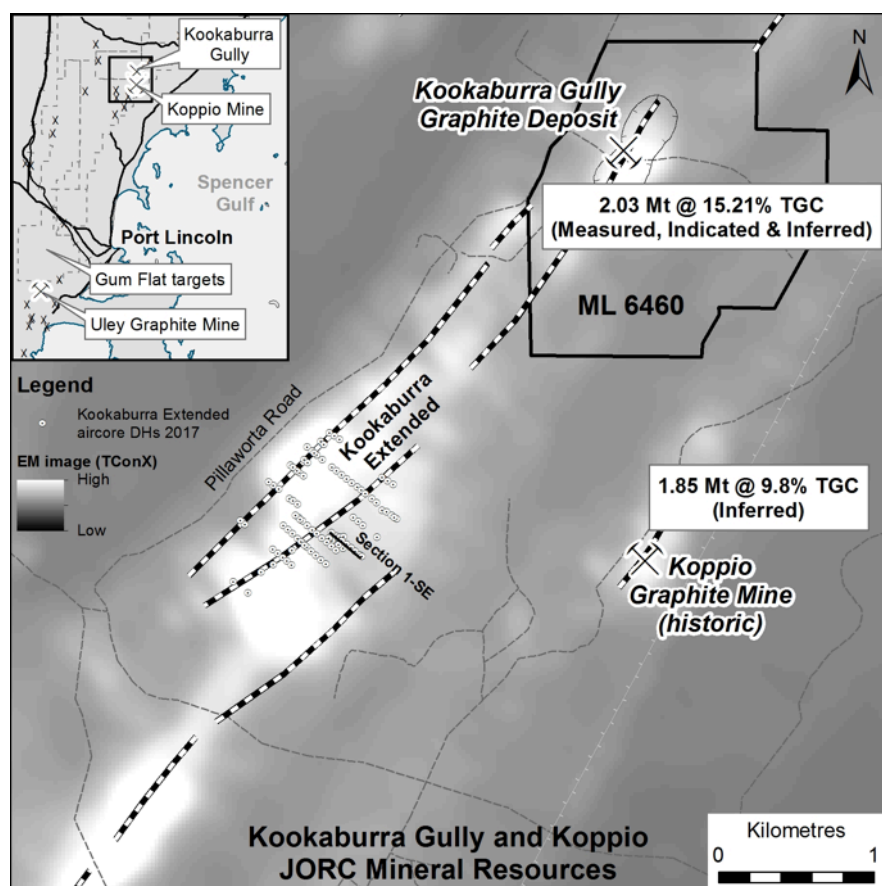
The 2017 drilling at Kookaburra Extended has extended the extent of graphite mineralisation in the immediate region (within a radius of 4 kilometres) of Kookaburra Gully Mineral Lease ML 6460. The total strike length of

the combined Kookaburra Gully and Kookaburra Extended EM anomaly is about 8 kilometres in length but only 1100 metres strike length was drilled at Kookaburra Extended. More potential graphite mineralisation still exists to the north and south of existing drilling.

The true thickness of graphite schist layers at KGE ranges from a few metres up to about 30 metres (EG. KE15 which is in the hinge zone of an interpreted synform). The interpreted dip of the western graphite unit near Pillaworta Road is about 50-55° to the ESE while the central unit defines a relatively flat-lying envelope albeit complexly folded (Figure 3).

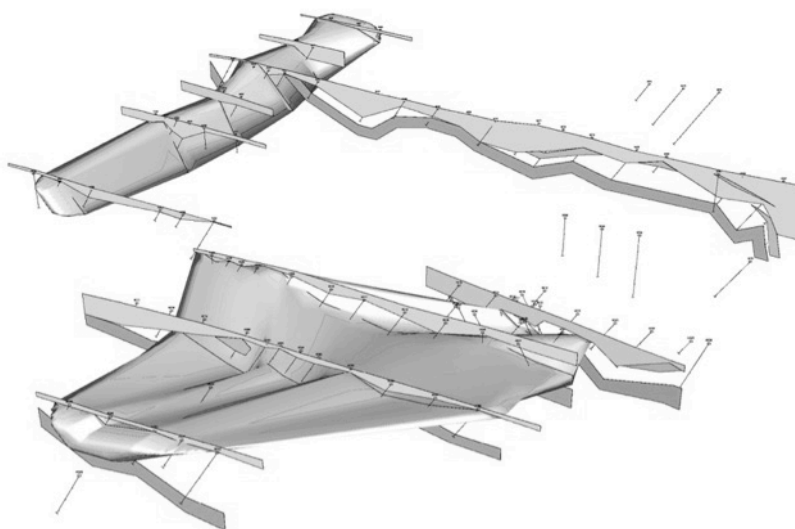
The Kookaburra Extended drilling has confirmed that EM imagery is an excellent indicator of concealed graphite mineralisation. While it is too early to define a Mineral Resource at Kookaburra Extended, the new results when combined with the Company's nearby high grade Kookaburra Gully and Koppio Mine Mineral Resources, clearly indicate that this region of Eyre Peninsula is a world class graphite province capable of sustaining a long term mining operation.

All analytical results and exploration results are in accordance with JORC Code 2012.



3D geological interpretation of graphite schist intersections at Kookaburra Extended (looking to north)

Note: this is a geological interpretation NOT a resource model



5.2.3 Other Graphite Exploration Targets

Through its agreement with Centrex, Lincoln Minerals has access to a large volume of drill core and geological logs for all Eyre Iron (Centrex-WISCO Joint Venture) drilling in the Koppio-Kapperna area immediately north and west of Kookaburra Gully. Eyre Iron only assayed for iron mineralisation but recorded numerous occurrences of graphite over a strike length of 10km. Lincoln is selecting intervals for follow-up work on this drill core.

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.

5.3 Iron Ore and Manganese

5.3.1 Gum Flat Iron Ore – EL 5811

(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 5811 contains a number of priority magnetic targets including Barns and Rifle Range within 20km of Port Lincoln, an existing port capable of handling Panamax ships up to 15m draft.

More than 100Mt of iron mineralisation has been identified in the Barns-Rifle Range area (see *Resources Statement on page 59*), most of it magnetite but with some hematite-goethite possibly suitable for direct shipping. The magnetite requires processing into a high grade concentrate before it can be exported.

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

In 2010-11, the Company proposed to mine and export up to 250,000 tpa DSO via Port Lincoln including upgrading 1.4Mt lower grade (40-55% Fe) hematite-goethite-magnetite to DSO grade over a 4-5 year mine life.

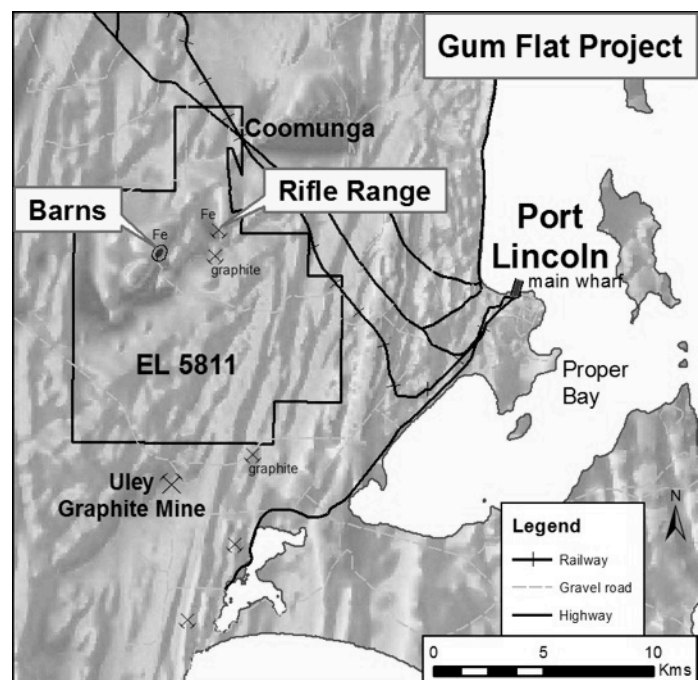
However, to mine the iron ore at Gum Flat, Lincoln required a groundwater licence because the deposit is within the Southern Basins Prescribed Wells Area. Following a lengthy 3-year process in the Environment and Resources Development Court, the SA Minister for Sustainability, Environment and Conservation finally granted Lincoln Minerals a groundwater licence in September 2014.

Lincoln Minerals has prepared a draft Mining Lease Proposal (MLP) for mining of the Barns DSO deposit at Gum Flat (October 2011) but the Company has placed the project on hold due to the sustained low international iron ore prices.

5.3.2 Nantuma (iron) – EL 5923

(LML has exclusive rights to all metals)

Nantuma EL 5923 is immediately adjacent Iron Road Limited's 4.5 billion tonne Central Eyre or Warramboo iron ore deposits. The aeromagnetic anomalies that define Iron Road's iron ore resources continue west onto EL 5923 and Lincoln Minerals has defined significant potential for iron ore within relatively coarse-grained magnetite gneiss. Nantuma straddles the existing rail line to Warramboo and Iron Road's proposed infrastructure corridor to Cape Hardy. The Company has not undertaken any field activities at Nantuma over the past 12 months.



Location of Barns iron ore deposit & graphite prospects

5.3.3 Eurilla (iron and manganese) – ELs 5297, 5523 and 5942

(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 identified:

- 21.7Mt @ 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 exploration 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.

5.4 Copper, Uranium and Other Metals – Eyre Peninsula

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

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 due to continued focus on Kookaburra Gully.

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

Previous drilling at Minbrie (EL 5851) 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.



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 Eurilla region has **significant potential for iron oxide-copper-gold-uranium (IOCGU) style mineralisation** associated with large concealed Hiltaba Suite granite plutons.

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.

Through its agreement with Centrex, Lincoln Minerals has access to drill core and geological logs for all Eyre Iron (Centrex-WISCO Joint Venture) drilling in the Koppio-Kapperna, Iron Mount, Bald Hill and Port Neill areas on southern Eyre Peninsula. This has given Lincoln geologists access to over 147,000 metres of drill core and associated data. The Eyre Iron JV only assayed select intervals for iron ore but geological logs record numerous intersections of pyritic sulphides and, in particular, copper sulphides (chalcopyrite and bornite). This information is currently being reviewed for follow-up work including assaying.

Also in the Tumby Bay area, nickel has been recorded in the Coonta 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.

6 DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2017 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 past 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 past three years: Nil

James Tenghui Zhang

Vice-Chairman (Non-Executive)
Appointed 17 February 2016

Mr Zhang has spent more than 20 years in real estate development and business management in China and Australia, and has developed extensive experience across a wide variety of areas, including funding of real estate, infrastructure, property development and enterprise management. His experience extends across Australia, mainland China and Hong Kong.

Other directorships of listed entities within the past three years: Nil

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.

6.2 COMPANY SECRETARY

Mr Jaroslaw (Jarek) Kopias was appointed Company Secretary in 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 a number of ASX listed and unlisted companies.

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>	<i>Sub-Committee</i>
Y Jin	7	7	Finance
AJ Parker	7	7	Contracts
JT Zhang	7	7	Finance
ELY Pang	7	7	Contracts

6.4 OPERATING AND FINANCIAL REVIEW

Financial

The Group made a loss after tax of \$1,387,440 (2016: \$552,495). In 2017 the Group capitalised \$2,203,072 (2016: \$997,885) of exploration and evaluation expenditure and expensed \$223,207 (2016: \$198,656) of such expenditure that was unable to be carried forward. Interest income was \$58,292 (2016: \$8,804).

During the year the Company issued 92,096,737 (2016: 100,000,000) new shares at 3.2 cents per share raising \$2,947,095 before costs through an underwritten rights issue.

Cash at the end of June 2017 was \$2,213,170 (2016: \$2,989,483).

Dividends

No dividends were paid and the directors have not recommended the payment of a dividend (2016: Nil).

Operations

The risks associated with the projects listed below are those common to exploration and development activities generally. Exploration targets are conceptual in nature such that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The main environmental and sustainability risks that Lincoln currently faces are through ground disturbance when undertaking sampling or drilling activities. The Company's approach to exploration through environmental, heritage and other clearances allows these risks to be minimised.

The financial impact of the projects listed below is a requirement for further expenditure where successful exploration leads to follow-up activities. All exploration activities may be funded by the Company's own cash reserves or through joint venture arrangements.

Further technical detail on each of the prospects listed below is located in the Project Overview of the Annual Report.

During the year the Company continued to develop its licences in South Australia, where the majority of its effort was directed to the Kookaburra Gully Graphite Project on South Australia's southern Eyre Peninsula.

Mineral Lease ML 6460 was granted to Lincoln's wholly-owned subsidiary, Australian Graphite Pty Limited, for a period of 21 years commencing on 3 June 2016. A Community Engagement Plan (CEP) has been prepared and lodged with the SA Department of Premier and Cabinet (DPC). Lincoln is working with DPC, the District Council of Tumby Bay, the southern Eyre Peninsula community and other stakeholders in the preparation of a

Program for Environment Protection and Rehabilitation (PEPR) to facilitate its early completion, clearing the way for mine construction.

Commencement of mine and processing plant construction are targeted for 2018-19 subject to Government approvals and financing with favourable project economics supported by proximity to transport and infrastructure.

6.5 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.

6.6 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.

6.7 OPTIONS

There are no options outstanding as at the date of this report (2016: Nil).

6.8 SIGNIFICANT EVENTS AFTER REPORTING 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.

6.9 LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In 2017-18, the Group will be principally engaged in obtaining all approvals necessary for the development of a graphite mine and processing plant at Kookaburra Gully and commencing detailed engineering design work.

Kookaburra Gully graphite programme for 2017-18:

- Completion of the Program for Environment Protection and Rehabilitation (PEPR) and Government approvals for the Kookaburra Gully Graphite Project on South Australia's Eyre Peninsula;
- Detailed mine planning and scheduling;
- Water well drilling and further resource definition drilling at the Kookaburra Gully graphite deposit;
- Completion of pilot plant testing and product assessment of the Kookaburra Gully Graphite Project;
- Undertake a definitive feasibility study for Kookaburra Gully (if required);

- Detailed design and engineering of a graphite processing plant for the Kookaburra Gully Graphite Project;
- Detailed design and engineering of the tailings storage facility, roads and other infrastructure for the Kookaburra Gully Graphite Project;
- Establishing international markets and customers for graphite products from Kookaburra Gully;
- Advance current negotiations to secure and finalise mine financing and off-take agreements for the establishment and commissioning of the Kookaburra Gully graphite mine;
- Resource definition of the Kookaburra Extended graphite exploration drilling results;
- Ongoing exploration for graphite in the Uley-Gum Flat and other areas on southern Eyre Peninsula;
- Ongoing exploration for manganese, copper, silver and other base metals at Uno and Eurilla on northern Eyre Peninsula, at Minbrie on central Eyre Peninsula, and in the Tumby Bay-Cummins area on southern Eyre Peninsula; and
- Ongoing review of iron ore opportunities for Gum Flat and Nantuma.

The expected sources of Australian income for the coming financial year will be the receipt of interest on cash funds held on deposit and a R&D refund from the Australian Taxation Office. It is proposed that the Company will seek to raise funds per announced shareholder meeting for detailed mine and process plant design, a definitive feasibility study, and, ultimately, for mine development.

6.10 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>.

6.11 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
JT Zhang	Vice-Chairman (non-executive)
ELY Pang	Director (non-executive)

Executives

JK Kopias	Chief Financial Officer and Company Secretary
DA Povey	Chief Geologist
M Rapaic (from 1 August 2017)	Project Development Manager

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>
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
2016	(552,495)	(0.21)	6,088,348	368,386,949	6.0
2017	(1,387,400)	(0.33)	7,382,065	460,483,686	3.6

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 at a General Meeting. An amount not exceeding the determined aggregate is then divided between the Directors as agreed. The latest determination occurred at a General Meeting held in November 2016 when shareholders approved an aggregate remuneration of \$450,000 per year. The current fee level is \$130,000 per Non-executive Director per annum and the Chairman \$200,000 per annum, all inclusive of statutory superannuation where applicable for a total of \$337,916 (2016: \$109,944).

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 was 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 contract has not been renewed beyond the 12 month extension (currently in place to 31 December 2017) and his annual salary is \$234,000 plus superannuation, subject to annual review by the Board.

The Chief Geologist has been engaged on staff but his employment may be terminated by the giving of four weeks' notice.

The Project Development Manager has been engaged on staff but his employment may be terminated by the giving of four weeks' notice.

The Chief Financial Officer has been engaged under a consultancy agreement with a variable rate and may be terminated by the giving of 1 month's 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		Total
	Salary and fees	Contract payments	Super-annuation	Long service leave ³	
Year ended 30 June 2017	\$	\$	\$	\$	\$
<u>Directors</u>					
YB Jin	-	146,250	-	-	146,250
AJ Parker	221,230	-	35,000	6,406	262,636
ELY Pang	-	95,833	-	-	95,833
JT Zhang ¹	-	95,833	-	-	95,833
<u>Executives</u>					
JK Kopias	-	96,938	-	-	96,938
DA Povey	117,197	-	11,134	4,722	133,053
Total Directors and KMP – 2017	338,427	434,854	46,134	11,128	830,543

	Short term		Post employment		Total
	Salary and fees	Contract payments	Super-annuation	Long service leave ³	
Year ended 30 June 2016	\$	\$	\$	\$	\$
<u>Directors</u>					
YB Jin	-	55,000	-	-	55,000
AJ Parker	221,230	-	35,000	6,407	262,637
ELY Pang	-	40,000	-	-	40,000
JT Zhang ¹	-	14,835	-	-	14,835
AHK Lim ²	-	109	-	-	109
<u>Executives</u>					
JK Kopias	-	62,512	-	-	62,512
DA Povey	113,850	-	10,816	3,109	127,775
Total Directors and KMP – 2016	335,080	172,456	45,816	9,516	562,868

¹ Mr Zhang was appointed to the board on 17 February 2016.

² Mr Lim was appointed to the board on 1 December 2013 and resigned on 1 July 2015

³ 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 2017 or 2016.

No shares were issued in either 2017 or 2016 as compensation.

It is the Company's policy that Directors 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 - 2017

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 ¹	Balance at the end of the year
<u>Directors</u>			
Y Jin	-	-	-
AJ Parker	1,230,002	307,501	1,537,503
ELY Pang	10,816,532	2,343,750	13,160,282
JT Zhang	-	-	-

Executives - Nil

¹ All changes relate to director participation in the Company's rights issue.

END OF REMUNERATION REPORT – AUDITED



6.12 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.

During the year Grant Thornton, the Company's auditor, has not performed any other services in addition to the audit and review of financial statements.

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

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Audit services</u>		
Audit and review of financial reports (Grant Thornton)	31,900	29,000
<u>Other services</u>		
Taxation advice, research & development advice and related matters (Grant Thornton)	13,132	-

No other auditors were engaged by the Group.

6.13 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 27th day of September 2017 and signed in accordance with a resolution of the Directors.

Y Jin, Chairman



Auditor's Independence Declaration



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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 audit of Lincoln Minerals Limited for the year ended 30 June 2017, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A stylized, handwritten signature in blue ink, likely belonging to J L Humphrey.

J L Humphrey
Partner - Audit & Assurance

Adelaide, 27 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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7 FINANCIAL STATEMENTS 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	<u>2017</u> \$	<u>2016</u> \$
Other income		3,000	23,366
Exploration and evaluation expense	9	(223,207)	(198,656)
Impairment expense	9	-	-
Other Corporate and administrative expenses	3	(639,853)	(474,098)
Employee benefits expense		(736,302)	(344,546)
Depreciation and amortisation		(5,732)	(6,766)
Gain / (Loss) on sale of assets		4,291	337,470
RESULTS FROM OPERATING ACTIVITIES		(1,597,803)	(663,230)
Finance income – interest		58,292	8,804
Finance costs		-	-
NET FINANCE INCOME		58,292	8,804
LOSS BEFORE TAX		(1,539,511)	(654,426)
Income tax benefit	4	152,071	101,931
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,387,440)	(552,495)
Other Comprehensive income attributable to owners of the parent		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,387,440)	(552,495)
Basic and diluted loss per share (cents)	16	(0.33)	(0.21)

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Issued capital	Accumulated losses	Share based payments reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2015	27,987,352	(24,377,223)	96,285	3,706,414
Total comprehensive loss for the year				
Loss	-	(552,495)	-	(552,495)
Total comprehensive loss for the year	-	(552,495)	-	(552,495)
Transactions with owners of the Company, recognised directly in equity				
Issue of ordinary shares	3,200,000	-	-	3,200,000
Share issue expenses	(265,571)	-	-	(265,571)
Performance Rights expired	-	96,285	(96,285)	-
Total contributions by owners of the Company	2,934,429	96,285	(96,285)	2,934,429
Balance at 30 June 2016	30,921,781	(24,833,433)	-	6,088,348
Balance at 1 July 2016	30,921,781	(24,833,433)	-	6,088,348
Total comprehensive loss for the year				
Loss	-	(1,387,440)	-	(1,387,440)
Total comprehensive loss for the year	-	(1,387,440)	-	(1,387,440)
Transactions with owners of the Company, recognised directly in equity				
Issue of ordinary shares	2,947,095	-	-	2,947,095
Share issue expenses	(265,938)	-	-	(265,938)
Performance Rights expired	-	-	-	-
Total contributions by owners of the Company	2,681,157	-	-	2,681,157
Balance at 30 June 2017	33,602,938	(26,220,873)	-	7,382,065

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,213,170	2,989,483
Trade and other receivables	7	137,342	201,235
TOTAL CURRENT ASSETS		2,350,512	3,190,718
NON CURRENT ASSETS			
Property plant and equipment	8	151,027	66,106
Exploration and evaluation	9	5,416,932	3,213,860
Intangible assets		987	1,973
TOTAL NON CURRENT ASSETS		5,568,946	3,281,939
TOTAL ASSETS		7,919,458	6,472,657
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	271,056	166,216
Employee entitlements – leave provisions		266,337	218,093
TOTAL CURRENT LIABILITIES		537,393	384,309
TOTAL LIABILITIES		537,393	384,309
NET ASSETS		7,382,065	6,088,348
EQUITY			
Contributed equity	11	33,602,938	30,921,781
Reserves		-	-
Accumulated losses		(26,220,873)	(24,833,433)
TOTAL EQUITY		7,382,065	6,088,348

The accompanying notes form part of these Financial Statements



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,314,582)	(764,783)
Other Income		3,000	23,366
Research & Development tax concession received		254,002	366,690
Net cash (outflow) from operating activities	6	(1,057,580)	(374,727)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(2,334,655)	(1,153,918)
Payments for property, plant and equipment	8	(125,635)	(4,012)
Return of capital / (investment in) equity-accounted investee		-	320,343
Interest Received		49,524	9,250
Proceeds on sale of assets		13,636	803,197
Net cash (outflow) from investing activities		(2,397,130)	(25,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		2,947,095	3,200,000
Share issue expenses		(268,698)	(254,513)
Net cash (outflow)/inflow from financing activities		2,678,397	2,945,487
Net (decrease)/increase in cash and cash equivalents		(776,313)	2,545,620
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,989,483	443,863
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	2,213,170	2,989,483

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 2017

1. THE REPORTING ENTITY

The consolidated financial report of Lincoln Minerals Limited ("the Company") for the year ended 30 June 2017 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 27 September 2017.

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

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.

New accounting standards and interpretations not yet adopted

The accounting standards that have not been early adopted for the year ended 30 June 2017 but will be applicable to the Group in future reporting periods are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods but are considered insignificant to the Group.

Standard / Interpretation	Effective for annual periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 2016-5 'Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions'	1 January 2018	30 June 2019

We do not expect these accounting standards will have any material impact on our financial results upon adoption.

(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(u) 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

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(g) 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(j).

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.

(h) 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 minerals 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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 wholly 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 high quality 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.

(o) 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 profit and loss over the lease term. The Group does not have any finance leases.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

(u) 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).

(v) 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.

(w) 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.



(x) 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>2017</u>	<u>2016</u>
	\$	\$
ASX fees	29,836	27,943
Audit fees	31,900	63,750
Head office administration	215,558	147,227
Insurances	38,561	35,962
Legal fees	54,952	12,050
Operating lease payments	54,909	73,226
Public relations	26,520	13,251
Share registry	19,044	21,826
Travel	168,573	78,863
	<hr/> 639,853	<hr/> 474,098

4. INCOME TAX BENEFIT

Numerical reconciliation between tax benefit and pre-tax net loss

	2017	2016
	\$	\$
Loss before tax	(1,539,511)	(654,426)
Prima facie income tax benefit at 27.5% (2016: 30%)	(423,366)	(196,328)
Research and development tax refund	(152,071)	(101,931)
Effect of permanent and temporary differences and tax losses not recognised	423,366	196,328
Income tax benefit attributable to operating loss	(152,071)	(101,931)

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 \$1,705,000 (2016: \$1,029,000), relating mainly to capitalised exploration assets. The unrecognised deferred tax asset mainly with respect to accumulated tax losses is \$7,630,000 tax effected at 27.5% (2016: at 30.0% \$7,272,000), 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

	2017	2016
	\$	\$
Cash at bank and in hand	454,553	2,950,866
Short term deposits	1,758,617	38,617
	2,213,170	2,989,483

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 2017 was 2.23% (2016: 1.42%). An amount of \$58,617 of short term deposits remains in place to secure a bank guarantees in respect of a bond for Exploration Licences 4643 \$10,000 (2016: \$10,000) and 5065 \$20,000 (2016: \$Nil) in favour of Department of State Development and a bond for Melbourne office rental \$28,617 (2016 \$28,617).

The Company has no available undrawn loan facilities.

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

	2017	2016
	\$	\$
Operating (loss) after income tax	(1,387,440)	(552,495)
Depreciation and amortisation	5,732	6,766
Exploration expenditure expense	223,207	198,656
Interest earned	(58,292)	(8,804)
Changes in Assets and Liabilities:		
(Increase) / Decrease in other current operating assets	90,141	(54,173)
Increase in operating creditors and accruals	20,829	16,244
Increase in leave provisions	48,244	19,079
Net cash used in operating activities	(1,057,579)	(374,727)

7. RECEIVABLES AND OTHER ASSETS

	<u>2017</u>	<u>2016</u>
	\$	\$
Accrued interest receivable	9,598	830
Bonds and deposits	15,000	15,000
Prepaid expenses	27,417	25,705
GST refundable	85,327	57,769
Research & Development tax refund	-	101,931
	<u>137,342</u>	<u>201,235</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>2017</u>	\$	\$	\$	\$	\$
At cost	-	34,718	333,580	175,207	543,505
Accumulated depreciation	-	(25,439)	(284,371)	(82,668)	(392,478)
Closing net book amount	-	9,279	49,209	92,539	151,027
Opening net book amount	-	8,798	28,597	28,711	66,106
Additions	-	5,256	31,344	89,035	125,635
Disposals	-	(30)	-	(9,315)	(9,345)
Depreciation charge to P&L	-	(4,745)	-	-	(4,745)
Depreciation charged to exploration	-	-	(10,732)	(15,892)	(26,624)
Closing net book amount	-	9,279	49,209	92,539	151,027
<u>2016</u>					
At cost	-	33,034	302,236	139,809	475,079
Accumulated depreciation	-	(24,236)	(273,639)	(111,098)	(408,973)
Closing net book amount	-	8,798	28,597	28,711	66,106
Opening net book amount	555,825	10,076	38,188	35,338	639,427
Additions	-	3,513	499	-	4,012
Disposals	(555,825)	-	-	-	(555,825)
Depreciation charge to P&L	-	(4,791)	-	-	(4,791)
Depreciation charged to exploration	-	-	(10,090)	(6,627)	(16,717)
Closing net book amount	-	8,798	28,597	28,711	66,106

9. EXPLORATION AND EVALUATION

	<u>2017</u>	<u>2016</u>
	\$	\$
Opening net book amount	3,213,860	2,215,975
Exploration expenditure during the year	2,399,655	1,179,824
Depreciation charged to exploration	26,624	16,717
Less, exploration & evaluation expensed	(223,207)	(198,656)
Closing net book amount	<u>5,416,932</u>	<u>3,213,860</u>
 Gross exploration assets capitalised	 19,150,480	 16,947,408
Provision for impairment	(13,733,548)	(13,733,548)
Net exploration assets	<u>5,416,932</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 30 June 2017 and a total of \$223,207 (2016: \$198,656) was incurred and expensed during the period.

10. TRADE AND OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables – external parties	213,014	115,318
Trade payables – related parties	14,228	8,140
Accrued expenses	43,814	42,758
	<u>271,056</u>	<u>166,216</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.



Sampling high grade graphite schist at Kookaburra Gully for pilot plant testing

11. CONTRIBUTED EQUITY

	<u>2017</u>	<u>2016</u>
Share capital	\$	\$
Fully paid ordinary shares	33,602,938	30,921,781
Opening balance	30,921,781	27,987,352
Share placement	-	3,200,000
Rights Issues	2,947,095	-
Share issue costs	(265,938)	(265,571)
Closing balance	33,602,938	30,921,781

Movements in share capital:	<u>Number</u>	<u>\$</u>
<u>Fully paid ordinary shares</u>		
Balance at 1 July 2015	268,386,949	27,987,352
Share placement	100,000,000	2,934,429
Balance at 30 June 2016	368,386,949	30,921,781
Rights Issue – 14 December 2016	61,362,211	1,963,591
Rights Issue shortfall – 22 December 2016	30,734,526	983,504
Share issue costs	-	(265,938)
Closing Balance at 30 June 2017	460,483,686	33,602,938

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 2017 and no options have been granted or exercised between the end of the year and the date of this report.

12. AUDITOR'S REMUNERATION

The Auditor of Lincoln Minerals Limited is Grant Thornton.

	<u>2017</u>	<u>2016</u>
	\$	\$
Audit or review of financial reports	31,900	29,000
Other services - taxation advice and related matters	13,132	-
Total remuneration	45,032	29,000

13. 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>2017</u>	<u>2016</u>
Expenditure required to maintain tenure of all of the exploration licences	\$	\$
Within one year	1,567,000	505,000
After one year but not more than five years	578,000	660,000
	<u>2,145,000</u>	<u>1,165,000</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.

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:

	<u>2017</u>	<u>2016</u>
	\$	\$
Within one year	31,337	30,227
After one year but not more than five years	25,478	56,815
	<u>56,815</u>	<u>87,042</u>

Contingencies

As at 30 June 2017 and the date of this report there were no contingencies.

An amount of \$58,617 of short term deposits remains in place to secure a bank guarantees in respect of a bond for Exploration Licences 4643 \$10,000 (2016: \$10,000) and 5065 \$20,000 (2016: \$Nil) in favour of Department of State Development and a bond for Melbourne office rental \$28,617 (2016: \$28,617).

14. 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.

15. EARNINGS PER SHARE

	2017	2016
Loss used to calculate basic and diluted loss per share - \$	(1,387,440)	(552,495)
Basic and diluted loss per share (cents)	(0.33)	(0.21)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	417,672,641	268,933,397

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.

16. 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:

	2017	2016
	\$	\$
Cash and cash equivalents	2,213,170	2,989,483
Receivables and other assets	137,342	201,235
	<u>2,350,512</u>	<u>3,190,718</u>

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 2017 and 2016 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>2017</u>	<u>2016</u>
Carrying amounts	\$	\$
Fixed rate instruments	1,758,617	
Cash and cash equivalents	420,833	2,921,578
	<u>2,179,450</u>	<u>2,921,578</u>

The weighted average interest rate on deposits for 2016/17 was 2.23% (2016: 1.42%).

Cash flow sensitivity analysis

A change of 130 basis points in interest rates at the reporting date would have affected the loss for the year by \$34,000 (2016: \$6,200). 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.

17. 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
JT Zhang	Vice Chairman		Company Secretary
ELY Pang	Director	DA Povey	Chief Geologist
AJ Parker	Managing Director		

Compensation options

Compensation of Key Management Personnel by category:

	<u>2017</u>	<u>2016</u>
	\$	\$
Short term employee benefits	772,418	507,536
Post-employment benefits - superannuation	46,134	45,816
Post-employment benefits - long service leave	11,128	9,516
Total	<u>829,680</u>	<u>562,868</u>

Loans to Key Management Personnel

Nil.

Other transactions with Key Management Personnel

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 \$14,228 (2016: \$8,140). There were no bonuses or rights to bonuses earned or paid in either 2016 or 2017.

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.

18. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources have concluded that at this time there are no separately identifiable segments.

19. PARENT ENTITY DISCLOSURE

As at and throughout the financial year ending 30 June 2017 the parent company was Lincoln Minerals Limited.

	<u>2017</u>	<u>2016</u>
	\$	\$
Result of the parent entity		
Gain / (loss) for the period	(1,387,439)	(2,189,471)
Other comprehensive income	-	-
Total loss for the period	<u>(1,387,439)</u>	<u>(2,189,471)</u>
Financial position of parent entity at year end		
Current assets	10,952,976	8,564,830
Non-current assets	138,592	68,079
Total assets	<u>11,091,568</u>	<u>8,632,909</u>
Current liabilities	3,709,503	2,544,561
Non-current liabilities	-	-
Total liabilities	<u>3,709,503</u>	<u>2,544,561</u>
Total equity of the parent entity comprising of:		
Contributed equity	33,602,938	30,921,781
Reserves	-	-
Accumulated Losses	(26,220,873)	(24,833,433)
Total equity	<u>7,382,065</u>	<u>6,088,348</u>

Parent entity contingencies

At 30 June 2017 there were no contingencies.

Parent entity commitments

Parent entity commitments are the same as those for the Group which are disclosed in note 13.

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 2017 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 2017.
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 27th day of September 2017
Melbourne, Victoria



Independent Auditor's Report



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Independent Auditor's Report To the Members of Lincoln Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lincoln Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the 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 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Exploration and Evaluation Assets Note 9 <p>At 30 June 2017 the carrying value of Exploration and Evaluation Assets was \$5,416,932.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; – Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Lincoln Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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 Australian Auditing Standards.

A stylized, handwritten signature of Grant Thornton in blue ink.

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

A handwritten signature in blue ink, appearing to read "J L Humphrey".

J L Humphrey
Partner - Audit & Assurance

Adelaide, 27 September 2017

8 ASX ADDITIONAL INFORMATION

8.1 Distribution as at 31 August 2017

Spread of Equity Security Holders

	Number of Holders Fully paid shares
1 – 1,000	47
1,001 – 5,000	129
5,001 – 10,000	207
10,001 – 100,000	734
100,001 and over	231
	<hr/> 1,348 <hr/>

There are 424 security holders holding less than a marketable parcel of ordinary shares (\$500 amounts to 11,904 shares at 4.2 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	75,418,955 shares	16.38%
Good Make Inc	61,025,612 shares	13.25%
Regal Fortress Inc	51,977,235 shares	11.29%
Able Creativity Investment Limited	26,000,000 shares	5.65%

8.4 Statement of quoted securities

	Shares
Quoted on ASX	460,483,686
Restricted	-
Total	<hr/> 460,483,686 <hr/>

List of the 20 largest Shareholders – Fully Paid Ordinary Shares

	Shareholder	Number of Shares	%
1	Poan Group Holdings Pty Ltd	75,418,955	16.38
2	Good Make Inc	61,025,612	13.25
3	Regal Fortress Inc	51,977,235	11.29
4	Able Creativity Investment Limited	26,000,000	5.65
5	HSBC Custody Nominees (Australia) Limited	21,241,060	4.61
6	Everchance International Industrial Ltd	20,000,000	4.34
7	High Treasure International Ltd	15,000,000	3.26
8	Wynnwood Pty Ltd <The Pang Family S/F A/C>	13,160,282	2.86
9	Ms Yin Ping Abby Ko	7,945,867	1.73
10	Citicorp Nominees Pty Limited	7,522,766	1.63
11	Mr Yingkang Zhong	6,221,923	1.35
12	Mr Hock Guan Ng	6,099,107	1.32
13	Mr Kwang Hou Hung	6,000,000	1.30
14	Ms Guiqin Yang	4,496,709	0.98
15	Ms Lai Yoong Lim	4,100,000	0.89
16	Senheng Electric (KL)SDN BHD	4,000,000	0.87
17	Mr Kok Bin Wee	4,000,000	0.87
18	J P Morgan Nominees Australia Limited	3,106,954	0.67
19	Mr David Wang & Ms Jessica Yue Zhao	3,089,058	0.67
20	Eastwood Financial & Investment Services Pty Ltd <G & E Super Fund A/C>	3,021,611	0.66
	Total 20 largest shareholders	343,427,139	74.58
	Total shares on issue	460,483,686	100.00

9 RESOURCES STATEMENT

9.1 Mineral Resources

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.

Lincoln relies on drilling results from accredited laboratories in providing assay results used to estimate Mineral Resources.

Graphite

Mineral Resources in accordance with JORC Code 2012 at Kookaburra Gully are set out below (*Lincoln Minerals Limited, ASX Announcement 17 May 2017*). At a nominal 5% cut-off, the Measured, Indicated and Inferred Mineral Resources as at 30 June 2017 total 2.03Mt at 15.2% TGC for a total of 308,560 tonnes contained graphite.

Kookaburra Gully Mineral Resource (AGL 100%) as at 30 June 2017. These remain unchanged from 17 May 2017

DOMAIN	CLASS	Tonnage (Mt)	C (%)	TGC (%)	Density
1	1	0.39	16.7	14.9	2.60
2	1	0.11	3.7	3.0	2.46
Total Measured		0.50	13.8	12.3	2.57
1	2	1.08	16.4	14.9	2.52
2	2	0.58	3.5	3.1	2.50
Total Indicated		1.65	11.9	10.8	2.51
1	3	0.56	17.9	16.0	2.51
2	3	0.22	3.7	3.0	2.62
Total Inferred		0.78	13.9	12.3	2.54
Overall Total >2% TGC Measured + Indicated + Inferred		2.94	12.8	11.4	2.53
INCLUDES OVERALL TOTAL >5% TGC		2.03	16.9	15.2	2.53

DOMAIN 1 = Interpreted at 5% TGC nominal cut-off DOMAIN 2 = Interpreted >2% TGC halo

CLASS 1 = Measured CLASS 2 = Indicated CLASS 3 = Inferred

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.

Koppio Mineral Resource (AGL 100%) as at 30 June 2017. These remain unchanged from 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

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 2017. These remain unchanged from 30 June 2016.

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 5942 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 5942 (JORC 2004) as at 30 June 2017 (after Golder, 2008). These remain unchanged from 30 June 2016

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

NB estimates based on 0.001% Fe cut-off grades for domains 1,2 and 4 and 0.001% Mn cut-off for domain 3