



Quarterly Activities Report

September 2017

26 October 2017

Program for Environment Protection and Rehabilitation (PEPR) for the high grade Kookaburra Gully Graphite Project in South Australia lodged with SA Government.

The PEPR is the imminent step for Government approval to commence mine development and mining at Kookaburra Gully

Lincoln aims to take the project to critical development and commercialisation milestones in 2018-19.



During the quarter under review, Lincoln Minerals continued to work towards development of its proposed 100%-owned high grade Kookaburra Gully Graphite Project, Mineral Lease ML 6460, on South Australia's Eyre Peninsula.

Highlights for July-September 2017 period included:

- **Kookaburra Gully PEPR lodged with SA Department of Premier and Cabinet on 29 September 2017**
The PEPR details and formulates management plans for mine construction, operations, rehabilitation and closure
- Project Development Manager, Miro Rapaic, and Project Metallurgist, Lin Zhou, appointed to progress development and product testwork for Kookaburra Gully
- **19 tonne graphite ore sample processed in Chinese pilot plant**
 - Average 88.6% recovery of contained graphite (up to 92.5%)
 - 95.7% LOI (total C equiv.) average grade of concentrate
 - ~1.5 tonne of concentrate produced for downstream product testing and market qualification
 - Concentrate sample prepared for value-adding test work and a second sample being prepared for battery graphite test work
- An application for a Grant and/or Loan from the SA Government's Future Jobs Fund was made on 29 September 2017 including a Business Case prepared by KPMG for Kookaburra Gully Graphite Project
- A Scoping Study was completed for value-adding processing of graphite concentrates



Highlights subsequent to 30 September:

- **Mr James Zhang appointed as Chairman of Lincoln Minerals** and its wholly-owned subsidiary companies to replace Mr Jin Yubo who retired on 24 October 2017 to pursue other interests
- **\$3.66 million placement** received following shareholder approval at a General Meeting held on 22 September 2017

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EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

Kookaburra Gully Graphite Project (SA's Eyre Peninsula)

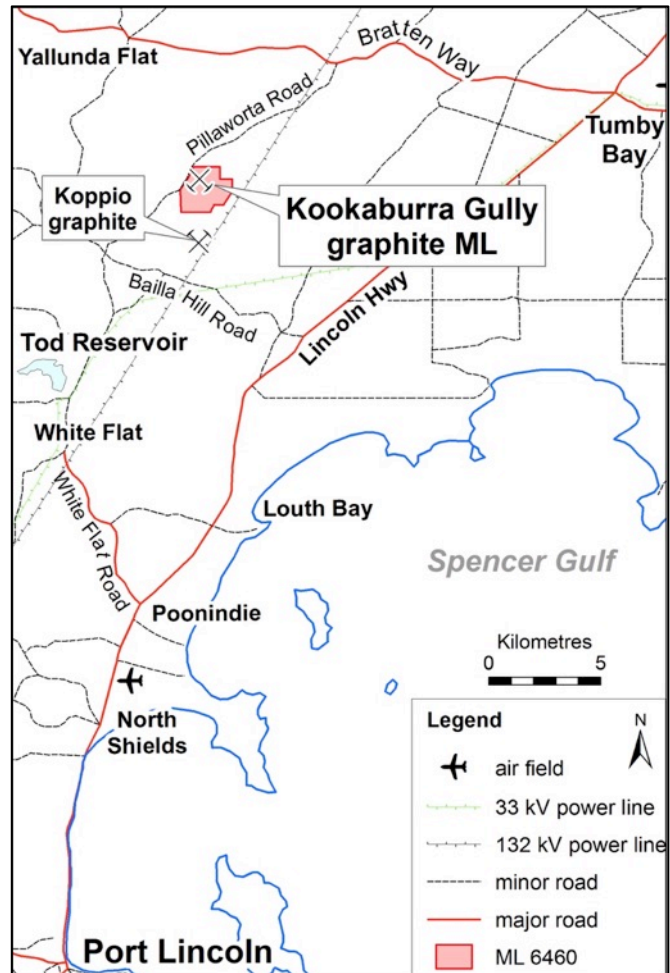
(LML and its 100%-owned subsidiary, Australian Graphite Pty Ltd (AGL), have exclusive rights to graphite on all tenements)

The Kookaburra Gully Graphite Project is located 35 kilometres north of Port Lincoln on South Australia's Eyre Peninsula.

A **Mineral Lease ML 6460** has been granted to Lincoln's wholly-owned subsidiary, Australian Graphite Pty Limited (AGL), for a period of 21 years commencing on 3 June 2016.

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

The next key phase of the approvals process to commence mine development on ML 6460 for the Kookaburra Gully Graphite Project is Government approval of a detailed Program for Environment Protection and Rehabilitation (PEPR). The PEPR is based on the ML proposal but incorporates management strategies and plans that meet environmental impacts and outcomes which are measurable and sustainable. The aim of the PEPR is to meet or exceed ML conditions placed by the Government.



Lincoln lodged the PEPR on 29 September 2017 for Government approval.

The proposed mining operation will be a conventional open pit with associated processing plant to mine and process high grade graphite into a concentrate grading 93-98% TGC. Kookaburra Gully is one of Australia's and the world's premier graphite deposits with a total Measured, Indicated and Inferred Mineral Resource inventory of 2.03 million tonnes grading 15.2% TGC (Total Graphitic Carbon).

Kookaburra Gully Pilot Plant Test Work

Pilot plant test work has been undertaken in Jinan, Shandong Province, China on a 19 tonne sample of oxidised graphite schist sourced from outcropping mineralisation via trenching at Kookaburra Gully. The test sample was part of a 36.9 tonne ore sample shipped to Jinan via Qingdao for process flow sheet development and generation of bulk concentrates as a precursor to final detailed process plant design.

The graphite pilot plant test facilities in Jinan are modern world



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class facilities. China produces 70% of the world's natural flake graphite and has considerable experience and technical expertise in processing graphite ore.

The initial test work was undertaken on a 19 tonne oxidised ore sample and achieved >86 % recovery (86.7% to 92.5%); 1540 kg of concentrate at an average grade >95 % LOI (up to 96.12 %) was produced. In China, LOI is determined at high temperatures (ca. 1000⁰C) so is equivalent to total carbon. Concentrate sizing of a 330kg sub-sample is shown in the table below:

Size Fraction		
Mesh Size	µm	%
+100	+150	0.14
+150 (-100)	+105 (-150)	8.13
+200 (-150)	+75 (-105)	14.58
+325 (-200)	+45 (-75)	28.12
-325	-45	49.03

Additional samples from slightly deeper levels in the deposit will be tested at the pilot plant during the next quarter.

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

A 300kg sample of concentrate from the pilot plant processing has been prepared for value-adding test work and a second bulk concentrate sample is being prepared for battery graphite test work in China.

Value Adding Scoping Study and Business Case

A Feasibility Study, which incorporates conservative design parameters, is currently being compiled for the Company's flagship Kookaburra Gully Graphite Project based on the large number of independent technical studies undertaken for preparation of the PEPR. It is supported by a Business Case and Financial Model prepared by KPMG for an application for funding under the SA Future Jobs Fund that was submitted on 29 September 2017.

The Business Case had significant input from Lincoln's specialist graphite marketing consultant, who provided market price estimates for various mesh and value-added products, sales volume estimates and preliminary plant designs and cost estimates for the additional plant and equipment.

The results of the Business Case and Value-Adding Scoping Study will be presented separately.

Other SA Projects

Due to the Company's focus on the PEPR for the Kookaburra Gully Graphite Project, no significant exploration or development work was undertaken on Lincoln's other South Australian tenements during the Quarter.

Exploration and environmental reports were prepared and submitted as required to the Department of Premier and Cabinet.



Jinan pilot plant test team

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CORPORATE

At 30 September 2017, Lincoln had A\$1.19 million in cash at bank. Exploration and evaluation expenditure by the Company during the September 2017 quarter was A\$616,000 and was mainly associated with PEPR preparation activities.

Lincoln held a General Meeting on 22 September 2017 to approve share placements to raise up to \$9.6 million to progress the development of its graphite assets. Shareholder approval was required for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) as the proposed placements were to entities associated with Directors of the Company.

On 20 October 2017, 114,500,000 fully paid ordinary shares were issued to a company associated with Director James Zhang as approved by shareholders on 22 September 2017. Shareholders approved the issue of up to 150,000,000 shares to Mr Zhang, but this amount has been scaled back so that Mr Zhang's shareholding does not exceed 20% of the share capital of Lincoln.

The shareholder meeting of 22 September also approved the issue of up to 150,000,000 shares to Director Mr Yubo Jin (or nominee). Mr Jin's nominee failed to provide the funds required to enable the placement to it to proceed within the 1 month of the shareholder meeting allowed under the listing rules. Consequently no shares were placed with Mr Jin's nominee.

Funds raised from the Placement will be used to progress pilot plant and production processes for product development, land acquisition and commence detailed design for construction and mining operations. In addition, the funding is important for testing and securing additional graphite resources to enable development of long-term and/or expanded graphite production strategies.

On 24 October 2017, Lincoln advised that Mr Yubo Jin retired as Chairman and as a Non-Executive Director of the Company, effective immediately.

Mr Jin has been Chairman of Lincoln since September 2013 and has made an invaluable contribution to the progress of its graphite development strategy. In that time, as Chairman of the Board, he has introduced several strategic investors to help meet the financial needs for business development of Lincoln Minerals. This was at a time when finance for junior exploration and mining companies was very difficult to obtain.

Mr Jin has strongly supported the development of the Kookaburra Gully Graphite Project and established key contacts for the Company in the Chinese graphite industry. He established Lincoln as a foundation shareholder in the Qingdao International Graphite Exchange Center Co., Ltd as a graphite and graphene trading platform based in one of the world's most active graphite trading ports. He facilitated signing 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.

In his letter of resignation, Mr Jin has praised the support and collaboration of the other Lincoln Board members and senior staff both technically and financially.

Mr Jin will continue to pursue his other business interests. The Board wishes him every success in his future endeavours.

Lincoln also announced on 24 October 2017 **the appointment of Mr James Zhang as Non-Executive Chairman of the Board of Lincoln Minerals**. Mr Zhang has been a Non-Executive Director of Lincoln since February 2016.

He has more than 20 years in property 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 a Director of Shanghai Jihai Investment Management Ltd Co. and a member of the Asset Management Association of China (AMAC). Mr Zhang is a strong supporter of the Lincoln business strategy, owning just under a direct 20% holding in LML's issued ordinary shares.

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Board and Management

Yubo Jin	Chairman (Non-Executive) to 24 October 2017
James Tenghui Zhang	Vice-Chairman (Non-Executive) to 24 October 2017 and Chairman from 24 October 2017
Dr A John Parker	Managing Director
Eddie Lung Yiu Pang	Director (Non-Executive)
Jarek Kopias	Company Secretary / CFO
Miro Rapaic	Project Development Manager (from 1 August 2017)
Dwayne Povey	Chief Geologist

Securities on Issue

Ordinary shares at 30 September 2017	460,483,686
Ordinary shares at 20 October 2017	574,983,686

Information in this report that relates to exploration activity and results, Mineral Resources and Exploration Targets was compiled by Dr A John Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is Managing Director of Lincoln Minerals Limited and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012. Dr Parker consents to the release of the information compiled in this report in the form and context in which it appears.

Information extracted from previously published reports identified in this report is available to view on the Company's website www.lincolnminerals.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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

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Tenements

The status of all Exploration Licenses (ELs) as at 30 June 2017 including SAIOG, CXM and Baogang ELs on which Lincoln Minerals is an operator, is shown in the following table and map. Subsequent EL 6024 has replaced former EL 5065. All ELs are current to 2018-19.

Lincoln holds exploration rights to South Australian lease holdings totalling 2,156 square kilometres, all on Eyre Peninsula.

Tenement List

Tenement	Expiry	Area (km ²)	Locality	Licensee	Graphite Rights	Iron Ore Rights	Other Mineral Rights	Comments
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%	Subsequent EL for EL 4998 with 57 km ² reduction
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 Centrex Metals

Baogang = Baogang Group Investments (Australia) Pty Ltd

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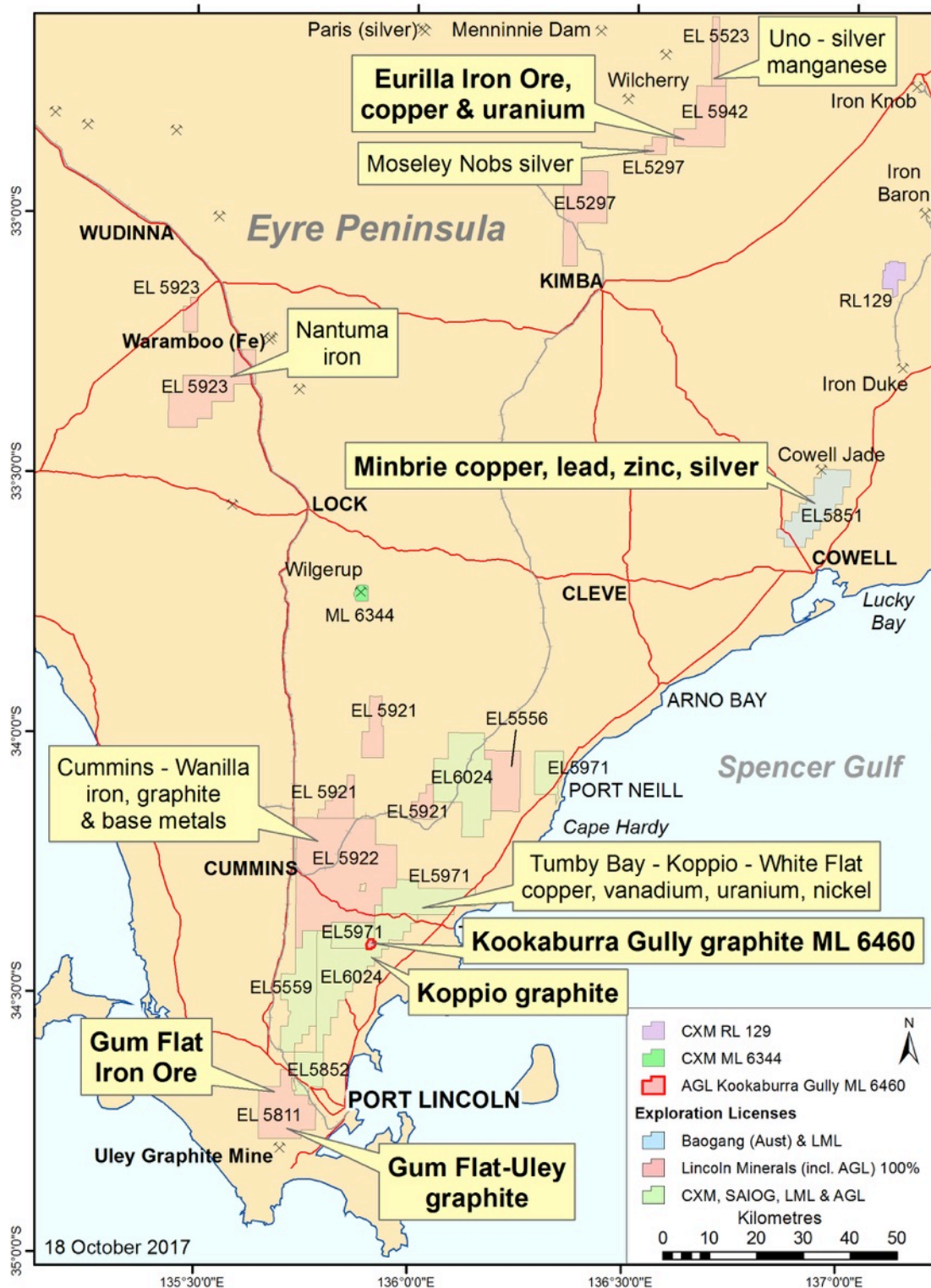


Figure 2: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of Premier and Cabinet, the Government of South Australia, Exploration and Geoscientific Data, sourced on 18 October 2017

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

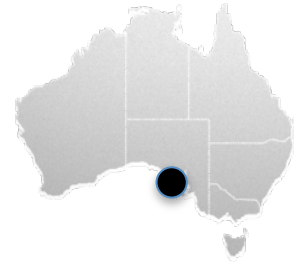
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Kookaburra Gully Graphite Project – Southern Eyre Peninsula

- **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 the Program for Environment Protection and Rehabilitation (PEPR) to pave the way for a start to mine development in 2018
- **PEPR lodged on 29 September 2017** formalises the environmental impacts and conditions set by the Government in regard to the ML. It details and formulates management plans for construction, operations, rehabilitation and closure and incorporates innovative and robust leading industry practice design parameters from a large number of independent technical studies.
- **Mine production and processing plant construction are targeted for 2018-19** subject to Government approvals and financing
- **Favourable project economics** supported by proximity to transport and infrastructure
- Kookaburra Gully JORC 2012 Mineral Resources¹ comprise:
 - 2.03Mt Measured, Indicated and Inferred Mineral Resources at 15.2% TGC² (at 5% TGC cut-off)
 - or 3.23Mt Measured, Indicated and Inferred Mineral Resources at 11.2% TGC (at 2% TGC cut-off)
- Highly sought after **premium flake graphite globally competitive** on quality, grade, cost and economics
- **Simple flotation process**, as confirmed by pilot plant tests, yields >88% recovery at grades >93% TGC
- World-class graphite deposit capable of delivering near-term production at low cost
- Kookaburra Gully Mine Plan:
 - Based on mining 250,000t graphite per annum to produce up to 40,000t graphite concentrate per annum
 - Capital expenditure A\$40-50 million including EPCM and 20% contingency
 - Life-of-mine operating expenditure for mining and processing = A\$704 (~US\$550) per tonne flake graphite concentrate based on 90% recovery
 - Year 1 operating expenditure = A\$395 (~US\$309) per tonne of concentrate
- Mineral Resource upside:
 - 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 cut-off)
 - Drilling at Kookaburra Extended in 2017 intersected graphite schist over an area of 0.5 square kilometres or 1100 metres in strike length and remains open with significant potential to the north and south of current drilling extents (*Lincoln Minerals Limited, ASX Announcement 23 May 2017*).
- **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).



¹ see Lincoln Minerals Limited 2017 Annual Report, 27 September 2017

² Mt = million tonnes; TGC = total graphitic carbon

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Lincoln Minerals Limited

ABN

50 050 117 023

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(616)	(616)
(b) development	-	-
(c) production	-	-
(d) staff costs (net of capitalised expenditure)	(171)	(171)
(e) administration and corporate costs	(235)	(235)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	4	4
1.9 Net cash from / (used in) operating activities	(1,007)	(1,007)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(13)	(13)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(13)	(13)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,214	2,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,007)	(1,007)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(13)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,188	1,188

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	329	455
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – 30 to 90 days deposit funds	859	1,759
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,188	2,214

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
179
-

Directors' fees, superannuation and consulting fees paid to entities associated with Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	126
9.2	Development	279
9.3	Production	-
9.4	Staff costs	268
9.5	Administration and corporate costs	133
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	806

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
Company secretary

Date: 26 October 2017

Print name: Jaroslaw (Jarek) Kopias

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.