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The Manager
ASX Announcements

New Feasibility Study and Ore Reserve results for Lincoln's proposed \$44 million high-grade Kookaburra Gully graphite mine in SA

Emerging Australian graphite miner, Lincoln Minerals Limited (ASX:LML) ("Lincoln" or "Company") is pleased to announce a positive economic outcome from its newly completed 35ktpa¹ Feasibility Study (FS) for the Company's 100%-owned flagship Kookaburra Gully Graphite Project (the "Project") located on South Australia's Eyre Peninsula.

The outcomes of the FS demonstrated a robust Business Case for the Kookaburra Gully Graphite Project and substantially enhanced and de-risked the project's development.

Kookaburra Gully is planned to be in maiden production from 2019 with a mining lease already granted.

The new FS has defined a **Probable Ore Reserve for Kookaburra Gully of 1.34Mt at 14.6% Total Graphitic Carbon (TGC)** at a cut-off grade of 8.5% TGC inclusive within a total Measured, Indicated and Inferred Mineral Resource of 2.03Mt at 15.2% TGC (cut-off grade 5% TGC). Only Measured and Indicated Mineral Resources within the proposed mine's open-pit have been converted to an Ore Reserve. However, the current 10-year life-of-mine schedule also includes 0.53Mt of Inferred Mineral Resource at a cut-off grade of 8.5% TGC. NB. there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the determination of Indicated Mineral Resources or that the production target will be realised.

A Mineral Lease, ML 6460, was granted for the Kookaburra Gully Project on 3rd June 2016 and the project's required Program for Environment Protection and Rehabilitation (PEPR) was lodged with the SA Department of Premier and Cabinet (DPC) on 29 September 2017. The PEPR details and formulates management plans for construction, operations, rehabilitation and closure and is a key **final step for Government approval to commence project development and graphite mining at Kookaburra Gully.**

The FS is based on a 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 – an application submitted on 29 September 2017.

Lincoln is assessing various value-adding processing options including spherical graphite production. However, this report is based on producing standard mesh-only graphite products or concentrates. It has been completed to a level of confidence of $\pm 25\%$.

Completion of the FS opens the door to securing project financing

HIGHLIGHTS

- The FS is based on a processing rate increasing to 250ktpa ore to produce ~35ktpa flake graphite concentrate at 90% recovery;
- Marketing strategy in place to produce a range of flake graphite mesh products from 7ktpa in year 1 increasing to ~35ktpa in year 4 and targeting >10% coarse flake (+100#) at >90% TGC;
- **Key FS results:**
 - Pre-tax NPV₁₀ of A\$81 million over the life-of-mine (~10 years);

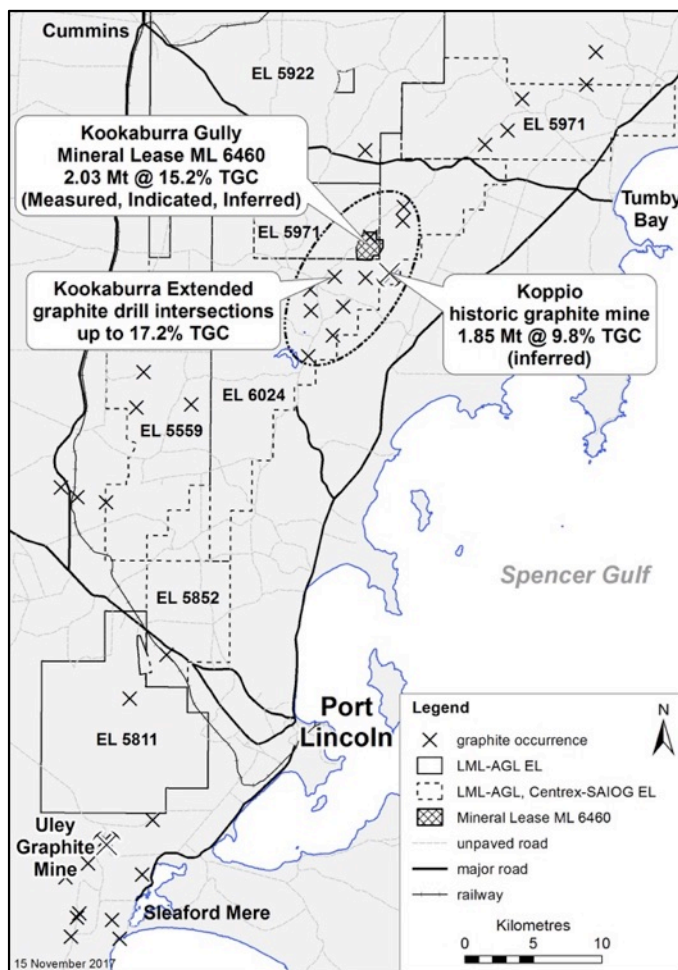
¹ ktpa = 000's tonnes per annum; Mt = million tonnes; TGC = total graphitic carbon



- Internal rate of return: 33%;
- Establishment capital cost of A\$44 million;
- Operating cost of A\$395 (~US\$310) per tonne of concentrate in year 1 increasing to A\$705 (~US\$550) per tonne for life-of-mine;
- Average sales price of A\$880/t to A\$1350/t for standard mesh products including polymer/plastic additives, lubricants, drilling fluids, friction materials and other industrial uses;
- Payback period of 3 to 4 years;
- Longer term opportunities include sales into the high-growth lithium-ion battery market. However, these value-added products are not included in the FS;
- Metallurgical and pilot plant test work confirm the ability to produce high grade graphite concentrates of 93% to 98% TGC with no additional (acid or thermal) cleaning stages;
- The PEPR and Community Engagement Plan (CEP) address operational, environmental and social management conditions of the Mineral Lease;
- Opportunities for further along-strike exploration and development at the nearby historic Koppio Graphite Mine and Kookaburra Extended mineralised system extend the mine life beyond 10 years.

Lincoln's Managing Director Dr John Parker: "The new Feasibility Study and Ore Reserve estimate show that Kookaburra Gully is not only a world-class graphite deposit but the findings underpin a commercial mining and processing operation to produce a range of high quality, globally sought-after graphite products.

"Development and marketing of value-added products combined with opportunities for future development at the historic Koppio Graphite Mine and Kookaburra Extended place Lincoln in an ideal position for a long-term operation to tap into the enormous growth forecast for graphite demand on the back of increased electrical vehicle and renewable energy battery sales and other technological uses."



Location of the Kookaburra Gully Graphite Project

1. Kookaburra Gully Mineral Resource – see below
2. Koppio Historic Graphite Mine Mineral Resource – see LML ASX Announcement 13 July 2015
3. Kookaburra Extended drill results - see LML ASX Announcement 23 May 2017

FEASIBILITY STUDY RESULTS

The FS and PEPR were based on a number of independent environmental, geotechnical, feasibility and option studies undertaken over the past 18 months on various components of the proposed mine and mine infrastructure:

- Upgraded Mineral Resource Estimate (OreWin Pty Ltd)
- Geotechnical mine assessment (AMC Consultants Pty Ltd)
- Mine optimisation, design & production schedule – pit & waste rock storage facilities (AMC Consultants Pty Ltd)
- Metallurgical test-work & process plant design (Inception Group, IMO Metallurgy and ammjohn Pty Ltd)
- Geotechnical assessment and design of the tailings storage facility (Golder Associates)
- Geochemical & kinetic assessment of ore and waste rock (Earth Systems)
- Surface water & groundwater assessment & 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)
- Road & transport logistics (Tonkin Consulting)
- Updated ecological surveys and SEB offset proposal (EBS Ecology)
- Rehabilitation & closure planning (Earth Systems and Golder Associates)
- Marketing & preliminary value-adding process design (Lone Star Tech Minerals)
- Preparation of a Community Engagement Plan (CEP)(Envirocom).

Pricing estimates for flake graphite fractions have been adopted on the basis of current pricing and conservative forecast demand by Lone Star Tech Minerals (LSTM). The FS capital and operating cost estimates for the mine, mine infrastructure and processing are to a level of accuracy of $\pm 25\%$.

The PEPR studies and social planning aspects (CEP) were managed by and completed with the assistance of environmental engineering consultant, Andrew Minns (Envirocom).

The FS also had significant input from Lincoln's specialist graphite marketing consultancy (LSTM), which provided market price estimates for various products, sales volume estimates and preliminary value-adding process design and cost estimates.

1 Mineral Resource Estimate

OreWin Pty Ltd (OreWin) was commissioned by Lincoln to update the 2014 resource model for the Kookaburra Gully graphite deposit to include 2016 diamond core drilling data (*Lincoln Minerals Limited, ASX release 19 May 2017*).

The updated Mineral Resource total, at a 5% TGC cut-off, is 2.03Mt at 15.2% TGC or, at a 2% TGC cut-off, is 2.94Mt at 11.4% TGC and includes a Measured Mineral Resource.

Kookaburra Gully Mineral Resource Inventory

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

DOMAIN	CLASS	Tonnage (Mt)	C (%)	TGC (%)	Density
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
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DOMAIN 1 = Interpreted at 5% TGC nominal cut-off DOMAIN 2 = Interpreted >2% TGC halo

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

2 Mine Design

Pit Optimisation

In 2017, as part of the PEPR and FS studies, AMC Consultants Pty Ltd completed pit optimisations and prepared a mine schedule for Kookaburra Gully based on the updated Mineral Resource, the revised process plant design, graphite prices in mid-2016 and estimated mining and processing costs. The assumptions were:

Nameplate capacity at 85% availability	Unit	Base Case
Treatment rate (ore)	dmt/a	250,000
Concentrate recovery	%	90
Concentrate grade (low-high)	%TGC (& LOI)	94 – 97
Concentrate production (life-of-mine average)	dmt/a	34,229
Revenue price assumption (low-high)	A\$/t conc.	800 – 1100
Pit slope (steeper below 120m RL)	degrees	35-40
Mining cost (average) – ore	A\$/t	5.50 (4.34-5.98)
Mining cost (average) – waste	A\$/t	5.60 (4.43-6.07)
Incremental haul cost	A\$/t.km	0.50
Drill-and-blast cost (below 140m RL)	A\$/t	1.40
ROM handling cost & overheads	A\$/t ore	2.08
Process plant operating cost	A\$/t ore	48.00
General & administration cost	A\$/t ore	10.00
Transport of concentrate to Port Adelaide	A\$/t conc.	74.50

Revenue price based on Benchmark Minerals data mid-2016 and A\$/US\$ = 0.75

Process plant operating cost for pit optimisation as at mid 2016 was A\$48/t but subsequent work has revised this down to A\$44/t ore processed (see Opex Section 8 below)

NB in the graphite industry TGC and LOI (loss on ignition) are often interchanged and, though determined by different assay techniques, are often similar. LOI removes organic carbon but, however, still includes carbon in the form of carbonate.

Mining will be undertaken via conventional truck and shovel open-pit mining methods utilising the services of a mining contractor.

Completely weathered rock extends to depths of 20m below ground level and partially weathered rock extends to between 25m and 70m below ground level or approximately 130m RL. Completely weathered rock was assumed to be excavated without blasting. Drill and blast methods were assumed for partially weathered and unweathered rock.

Pit slope parameters were proposed in the Kookaburra Gully Geotechnical Mine Assessment (AMC 2016). These were modified to include provision for a 15m wide access ramp positioned on the upper pit wall and a 12m single lane access ramp near the base of the pit.

The price assumptions used for the optimisation study estimates were based on Benchmark Minerals' graphite price data to the end of August 2016. The product selling price was obtained as a weighted average of the price assumptions and the range of basic mesh products (flake sizes) expected to be produced from the Kookaburra Gully project based on laboratory metallurgical tests without any value adding. Subsequent price assumptions (see below) have indicated that the average price per tonne of concentrate over the first 7 years of operation is US\$960 or A\$1230 per tonne.

Waste Rock Storage Facilities

The design and scheduling of the Waste Rock Storage Facilities (WRSF) were prepared by AMC Consultants to minimise haulage distances, to improve visual aesthetics of mining operations from Pillaworta Road and, upon rehabilitation, to blend in with the surrounding natural environment. Three WRSFs were designed commencing with WRSF West then progressing to WRSF East and finally to WRSF South. WRSF West and WRSF South would be progressively constructed and rehabilitated from west (near Pillaworta Road) to east to enhance the visual aesthetics of subsequent operations. Some waste rock from early mining operations will be used for construction of the Tailings Storage Facility (TSF) embankments or division walls.

Tailings Storage Facility

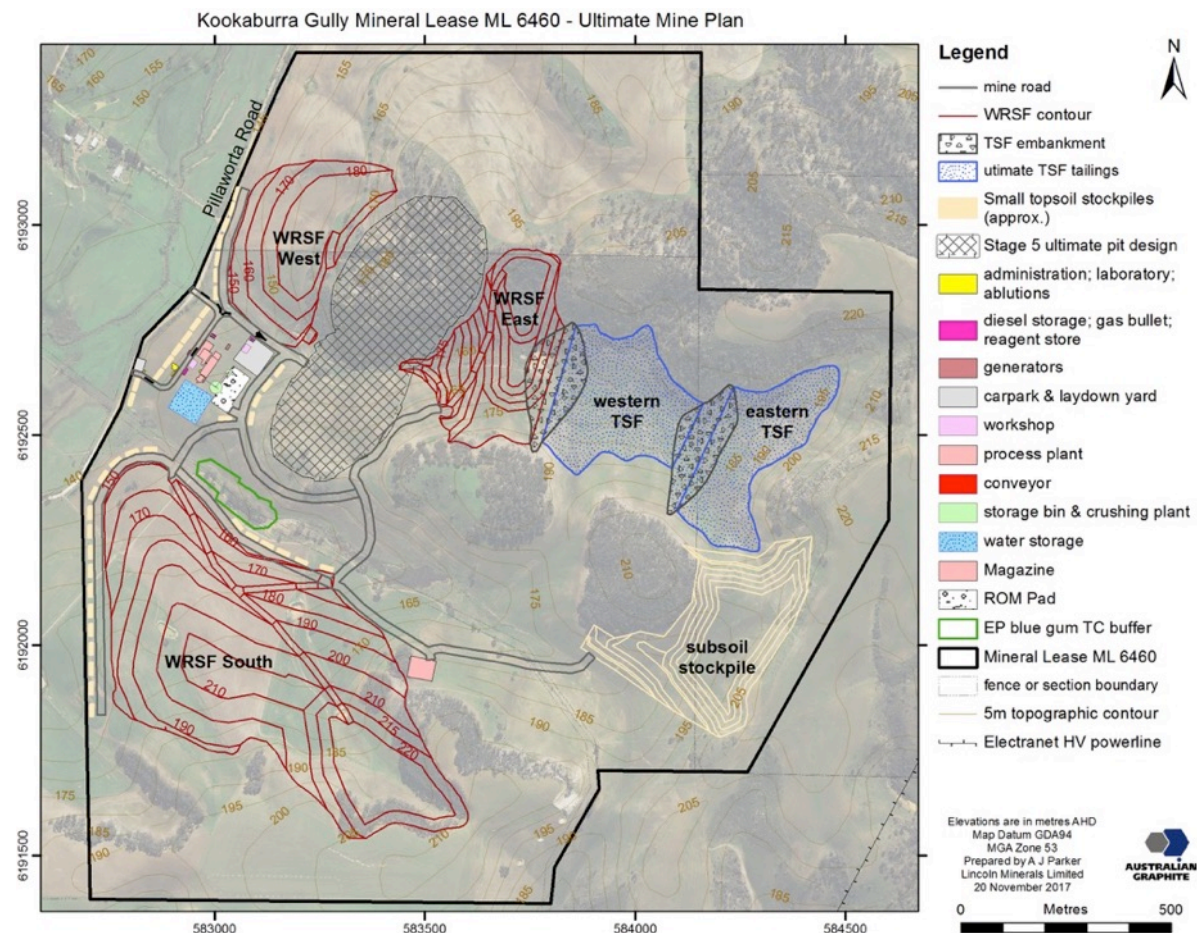
The waste output (tailings) from the flotation process will be pumped from the processing plant to a tailings thickener prior to deposition in the TSF.

The TSF is designed to store 1.61Mt of tailings and has capacity to store 200,000m³ of potentially acid forming (PAF) waste rock. The design of the TSF is valley-fill and comprises two cells to manage non-acid forming (NAF) and PAF tailings. PAF tailings and waste rock will be stored in the western TSF cell during operations, and then fully encapsulated by NAF tailings at closure. The dominant closure consideration relevant to the TSF design is that the PAF tailings should be covered by a sufficiently thick cover of NAF material to mitigate the risk of oxygen ingress, thereby reducing the potential for acid mine drainage.

Development of the TSF will occur in four phases based on deposition of NAF and PAF tailings. Phase 1 will commence with construction of the eastern or central embankment. NAF tailings will be deposited from the east down valley towards the eastern embankment and will store all of the tailings produced over the first 3-4 years. Construction of the western TSF embankment and western TSF cell will commence in year 3. Phases 1 and 3 involve placement of NAF tailings into the eastern cell and phases 2 and 4 involve placement of PAF/NAF into the western cell.

3 Mine Layout

The mine layout based on the various consultant plans in the PEPR is shown in the map below.



4 Metallurgy and Process Plant Design

Following bench scale laboratory tests in 2013-2015, metallurgical tests were undertaken in 2016 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. Flotation tests including lock-cycle tests were undertaken to finalise design of the graphite process flow sheet. This work also included generation of bulk tailings samples for TSF analysis and design. Metallurgical work was undertaken at IMO Metallurgy in Perth under the direction of Jon Weir, Inception Group, 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). Feldspar and mica in near-surface lithologies are extensively altered to kaolinitic clay but the graphite is relatively unaffected.

Although 75% of the graphite in the host rock is coarser than 200 microns, metallurgical tests show that, to achieve 94%-98% LOI purity, less than 10% of the final concentrate is in the medium to coarse flake graphite range >150 microns or >100# (see table below). However, more recent metallurgical work has shown that concentrates with >10% in the medium to coarse flake range can be achieved.

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

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

Metallurgical Test Results

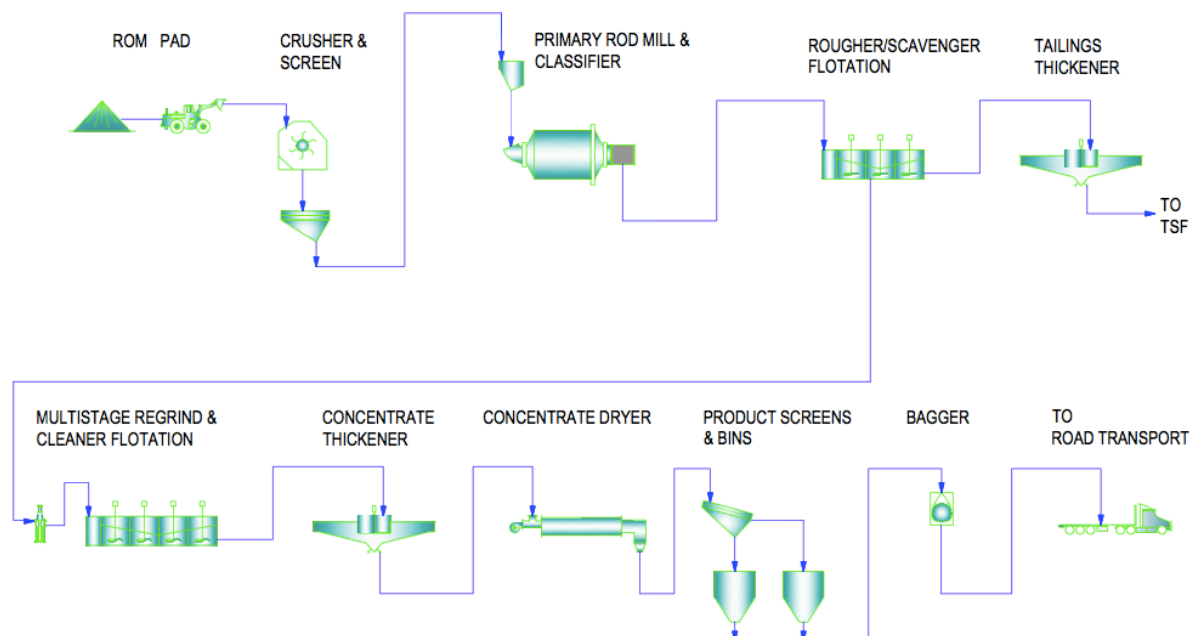
	Master Composite LMC11			Oxide Surface Composite LOX1			Deeper Composite LSU1		
Depth BGL*	40–119m			1–5m			99–119m		
Depth AHD (above sea level)	81–133m			Trench 2 & 4 190–183m Trench 1 152–156m			66–101m		
Graphite recovery	ca. 90 ⁺ %			ca. 90 ⁺ %			ca. 90 ⁺ %		
Total Concentrate Grade	96.6% TC			95.0% TC			95.1% TC		
Screened concentrate	Assay TC%	Assay LOI%	Dist'n %	Assay TC%	Assay LOI%	Dist'n %	Assay TC%	Assay LOI%	Dist'n %
+300 μ m	93.2	96.0	0.1	97.8	97.1	0.4	97.4	97.4	0.31
+180 μ m, -300 μ m	93.2	96.0	3.5	97.8	97.1	5.2	97.4	97.4	4.7
+150 μ m, -180 μ m	95.8	97.2	3.9	96.4	97.7	4.7	97.0	97.6	6.9
+106 μ m, -150 μ m	96.6	97.5	11.4	97.0	97.3	14.8	97.5	97.7	13.9
+75 μ m, -106 μ m	96.7	97.4	11.4	97.1	97.2	12.7	96.0	97.6	12.2
-75 μ m	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

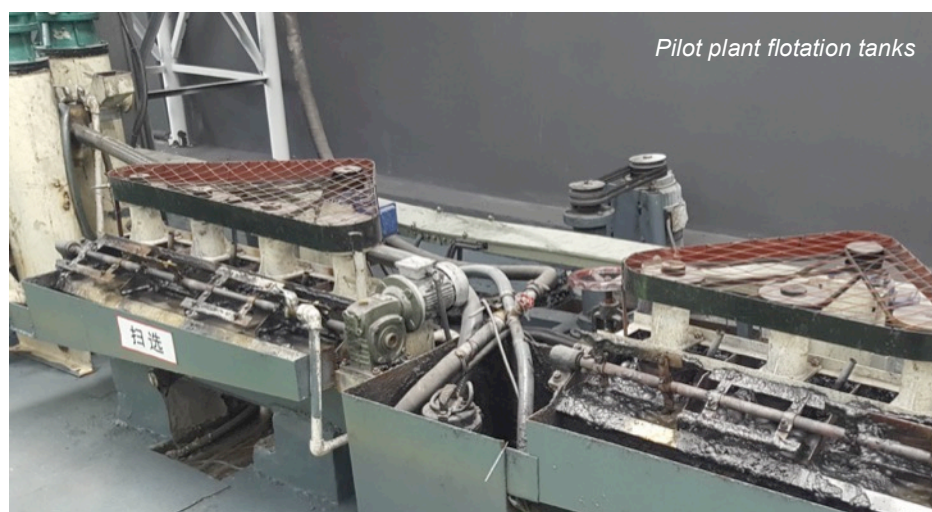
TC is Total Carbon; LOI is Loss on Ignition

International ISO 565 (TBL-2) 1983 & American ASTM E 11-87 Standard Sieve/Mesh Sizes are: 50# = 300 μ m; 80# = 180 μ m; 100# = 150 μ m; 200# = 75 μ m

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



Following completion of the laboratory-scale tests described above, pilot plant tests have been undertaken by Shandong Lianchuang Mining Design Co., Ltd in Jinan, Shandong Province, China. Pilot plant processing of 20 tonnes of a 37 tonne oxidised bulk trench sample sent to Jinan has produced average grades >95% LOI with 86-92% recovery.



5 Infrastructure

Power and Water

Kookaburra Gully power demand is expected to be about 1.5MWh. The power options study considered various options including grid connection, on-site diesel or gas generation and a hybrid renewable power supply with around 1MWh of battery storage. The preferred option is on-site diesel generation for project construction and the first few years of production. The Australian Energy Market Operator (AEMO) considers grid supply to be a risk but in the longer term, power could be sourced from the SA Power Network via a dedicated ~6km long, 33kv powerline to Kookaburra Gully from the existing Tumbly Bay to Tod Reservoir powerline.

Various water supply resources in the Project region are suitable for direct use as raw water supplies or capable of supplying high quality water. These supplies have been assessed on their capacity to

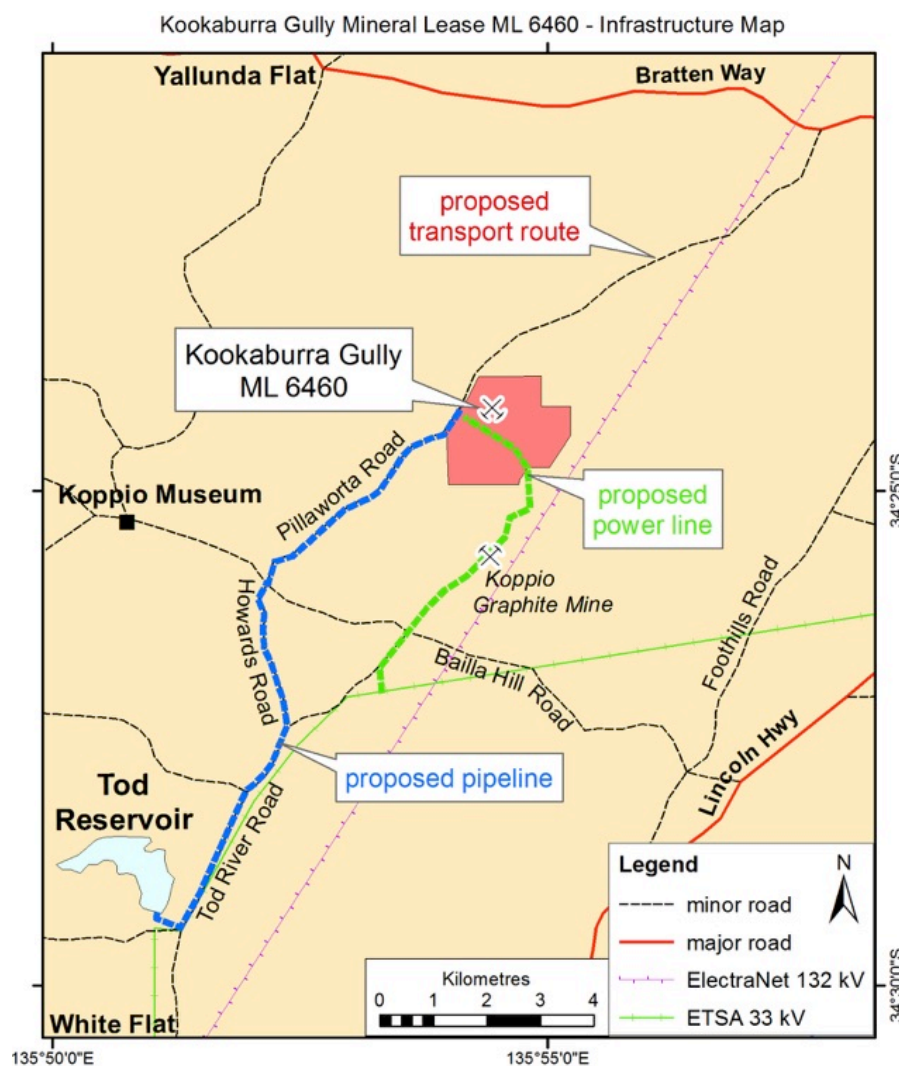
meet projected site demands with suitable capital and operating costs. From the options assessment three viable water supply sources were identified:

- SA Water potable network supply;
- SA Water Tod Reservoir raw water supply, including the option to desalinate raw water to provide a high quality supply; and
- Borefield supply, including the option to desalinate groundwater to provide a high quality supply.

The Tod Reservoir option with onsite treatment and a standby potable connection would necessitate a pumping station located adjacent Tod Reservoir and a 11.8km buried PVC pipeline from the reservoir to site.

Based on the site water balance analysis, the maximum top-up water demand is estimated to be about 220kL/day during the early years of operations. This could be provided by an existing water bore on site and this is the preferred option. Further work is being undertaken to ensure that a borefield supply is sustainable over the life-of-mine but this option has formed the basis of the FS.

High quality water would be provided via a brackish water package desalination plant (50-100kL/day) located adjacent to the process plant.



Transport Logistics

As part of the FS, Lincoln undertook a transport route options study to determine the optimum transport route in regard to existing conditions on the surrounding road network, overall travel distance, safety, impacts on other road users, residents and the environment, and road and intersection upgrade requirements.

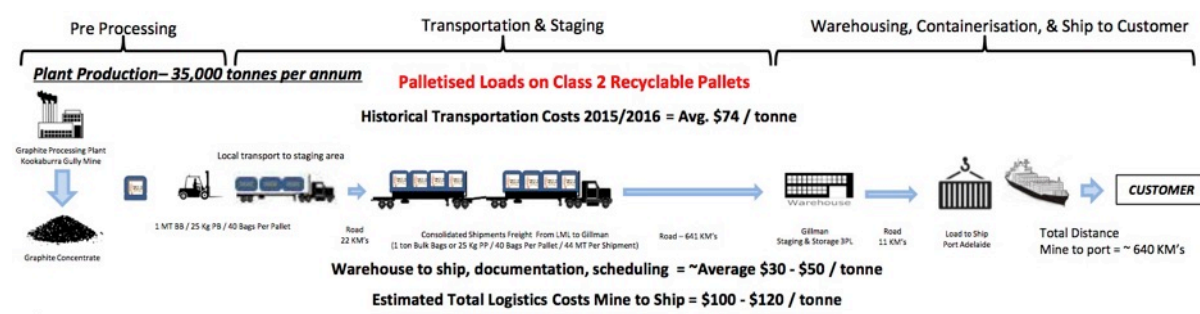
During operations, mine traffic volumes are expected to increase by between 40 and 60 vehicles per day of which 20 would be commercial vehicles. These are all two-way trips. The arterial main road

network can cater for these volumes with no improvements. However, the local road network will require improvement, particularly along Pillaworta Road.

Following a Multi-Criteria Assessment process, it was concluded that the preferred route from the mine site to the Lincoln Highway was north along Pillaworta Road to Bratten Way then east to Tumbly Bay.

It is expected that graphite concentrate would be packaged on-site into 25kg packets or bulka bags, loaded onto pallets or into twenty-foot containers (TEUs) then transported via truck to Port Adelaide, Whyalla or Port Lincoln.

Port Adelaide handles about 14,000 TEUs per month to all parts of the world so is the preferred export port. Containers or bulka bags would be transported from the mine site to a marshalling area in Tumbly Bay by semi-trailers. Additional transport efficiencies can be achieved via A- or B-Double vehicles to Port Adelaide on current gazetted transport routes.



6 Product Specification, Marketing and Price Assumptions

Based on the high proportion of -100# (<150micron) flake size product and high graphitic carbon product grades, Lincoln will initially sell mesh products into established specialty markets whilst at the same time qualifying products for value-added and the high technology battery markets. Specialty markets for standard mesh products include, but are not limited to, dry or conductivity lubricants (grease, dry film, dispersants), carbon brushes, plastics, powder metallurgy, drilling fluids, alkali batteries and foundry materials. The average carbon content of Kookaburra Gully concentrate as envisaged by the FS is >94% TGC or >94% LOI.

Lincoln has been working with Lone Star Tech Minerals to develop a marketing strategy and qualify products with specific global customers and to provide estimates of the timing, volume and prices of graphite products that the Kookaburra Gully Project might be able to sell into the global market (the 'sales estimates'). These estimates incorporate a ramp-up period, which is required in order for the products from this Project to achieve full customer acceptance. To avoid early over-investment in ore and processed product stockpiles, Lincoln has adjusted the mining schedule to match the estimated sales volumes and timing.

The sales estimates incorporate five different mesh products. The product mix will vary from year to year, but a typical standard mesh product mix would comprise polymer/plastic additives (10%), lubricants/drilling fluids (10%), friction materials (15%), other industrial (35%) and unallocated (30%) with prices ranging from, respectively, US\$1,350/t to US\$475/t (for unallocated material).

All products are assumed to be sold at a purity of 95% LOI (that is, 95% of the weight of the finished product is graphite). The sales estimates provide annual volumes and average prices for each of these product lines from year 1 to the end of year 7 by which time sales volume estimates are assumed to have reached maturity.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Mesh total tonnes by year	tonnes	7,000	14,010	27,515	35,000	35,000	35,000	35,000
Mesh weighted average price	(US\$/t)	\$687	\$760	\$863	\$947	\$999	\$1,059	\$1,059
Mesh sales revenue	(US\$m)	\$4.8	\$10.7	\$23.7	\$33.1	\$35.0	\$37.1	\$37.1
Mesh sales revenue	(A\$m)	\$6.2	\$13.7	\$30.4	\$42.5	\$44.8	\$47.5	\$47.5

Part of the product specification and marketing process has been production of bulk product samples from pilot plant tests at Shandong Lianchuang Mining Design Co., Ltd in Jinan, China. These are being tested for added-value processing including spherical graphite tests.

7 Base Case Capital and Operating Costs

Pre-production establishment capital costs are estimated to be A\$44.2m, including land acquisition and a A\$6.1m contingency.

	% of Total Establ. Cost	Establ. Cost (A\$m)	Deferred Cost (A\$m)
Land acquisition, preliminaries & site preparation	15.5%	\$6.85	
Vegetation SEB offset & Government Bond	7.9%	\$3.50	\$1.8
Mining equipment (contractor)		N/A	N/A
TSF (incl. 30% contingency)	2.9%	\$1.26	\$3.23
Ore processing, screening & bagging plant	49.6%	\$21.89	TBA
Buildings	0.9%	\$0.40	
Project management & commissioning	5.5%	\$2.43	
Roads & site infrastructure	3.5%	\$1.53	\$0.50
Power line (grid connection if required)			(\$2.10)
Water pipeline to Tod Reservoir (if required)			(\$3.26)
Contractor Mobilisation/Demob	0.5%	\$0.20	\$0.05
Contingency (20% of base cost excl. land acquisition & TSF)	13.8%	\$6.10	\$1.54
TOTAL	100.0%	\$44.16	\$12.48

The capital cost estimate is based on a class four classification of ASTM E2516-11: Standard Classification for Cost Estimate Classification System and the expected accuracy of the estimate is $\pm 25\%$ (ammjohn Pty Ltd).

The contingency for the project is set at 20% of base cost while project management is relatively low at 8% of direct capital cost. It was considered that this project has low technical complexity and therefore the cost to project manage the project is at the lowest end of the expected range of 8-15% of direct costs.

The deferred costs include staged SEB offset and Government Bond payments after the initial 2 year bond payment, progressive construction of the western TSF over years 2 to 5 (plus rehabilitation after mine completion), and construction of a grid power connector and water pipeline if one or both are required in future years. Expansion of the processing plant has not been factored into the deferred costs at this time. The Capex for the processing plant is based on the life-of-mine design outlined above.

Based on the assumptions identified in mid-2016 for pit optimisation (see Section 2), the estimated average Free-On-Board (FOB) operating cost is A\$704/t (~US\$550/t) of mesh concentrate for the life-of-mine.

The process plant operating cost estimates are built from a combination of standard industry practices, MEL power draw estimates, mass balance water estimates and budget vendor quotations. The plant is intended to operate on a continuous 24/7 basis except for the crushing plant designed to operate 6 days per week, day shift only and the packaging plant on day shift only. The proposed shift roster is a 4 panel, 12 hour rotating shift roster which is normal operating practice in Australian mineral processing sites. A total labour force of 30 operating and maintenance positions has been allowed. All reagents and consumables operating cost estimates are based on budget supply quotations received from vendors. Power cost estimates were derived from MEL power draw estimates of 1.3 MWh at a cost estimate of \$190/MWh. Water costs for both process water ex Tod Reservoir and fresh potable water are \$1.28/kl and \$4.03/kl respectively and LPG usage for the graphite drying kilns is based on a delivered price of \$0.55/litre. An allowance for maintenance spares and supplies is included on the basis of 3% of total installed capital cost.

Process plant operating costs, excluding any mining or general and administration (G&A) costs, are estimated to be approximately A\$44/tonne of ROM ore treated or A\$345/tonne mesh graphite concentrate produced.

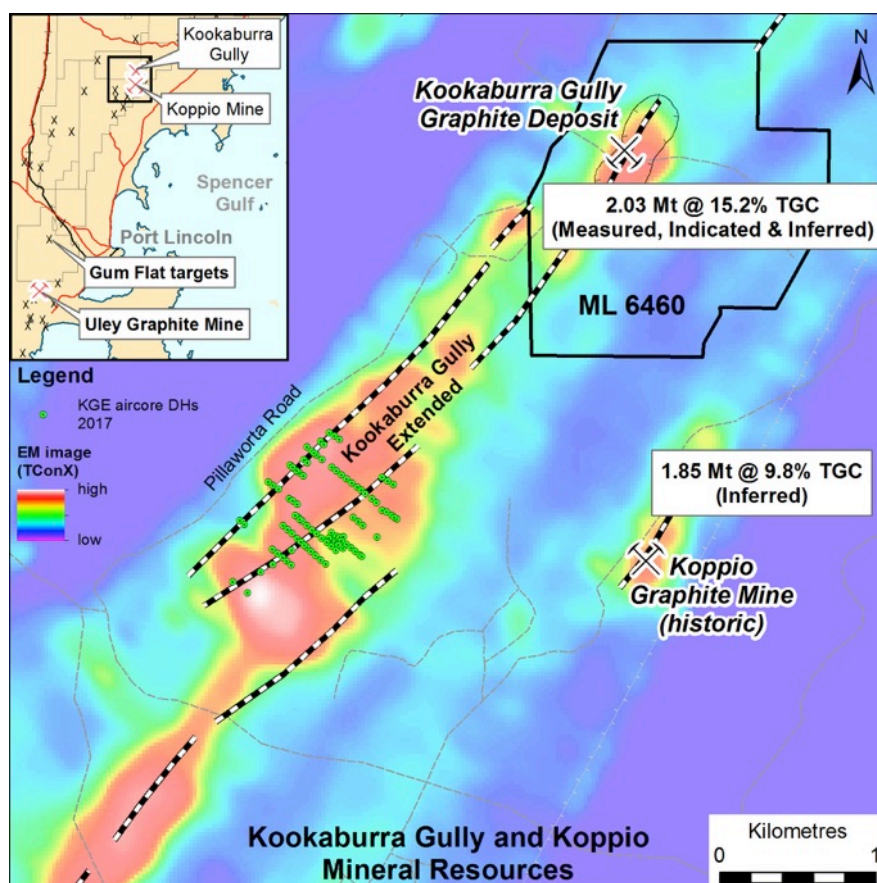
8 Project Enhancement Opportunities

Significant opportunities for further value enhancement including extension of project life beyond 8-10 years, incorporation of further value-adding product development including spherical graphite for the battery market and savings on implementation due to conservative design and costings.

The shallow but high grade resource for Kookaburra Gully extends to at least 125m depth and remains open at depth and along strike. 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 *Lincoln Minerals Limited Annual Report 23 September 2017*).

At a nominal 5% TGC cut-off, combined total Measured, Indicated and Inferred Mineral Resources for Kookaburra Gully and Koppio graphite deposits now stand at **3.88Mt grading 12.6% TGC with 489,000 tonnes of contained graphite** within the high-grade core (*Lincoln Minerals Limited Annual Report 23 September 2017*).

A third potential resource occurs at Kookaburra Extended approximately 2.5 km to 3.5 km southwest along strike from Kookaburra Gully. Of the 100 drillholes drilled at Kookaburra Extended in 2017, 70 intersected graphite schist up to 17.2% TGC over an area of 0.5 square kilometres or 1,100 metres in strike length. Mineralisation remains open to the north and south of current drilling extents (*Lincoln Minerals Limited, ASX Announcement 23 May 2017*).



Kookaburra Extended drilling has confirmed that electromagnetic (EM) imagery is an excellent indicator of concealed graphite mineralisation so significant potential exists along strike. While it is too early to define a Mineral Resource at Kookaburra Extended, the new results when combined with the Koppio Mine Mineral Resource, clearly indicate that this region of Eyre Peninsula is a world class graphite province capable of sustaining a long term mining operation.

9 Financial Outcomes

Key financial return outcomes of the Kookaburra Gully Graphite Project based on producing a range of standard mesh graphite products are reported in the table below.

	Unit	Value
Life-of-Mine	years	10
Average operating cost	A\$/t conc.	\$705
Average product price	US\$/t conc.	\$960
Pre-tax NPV ₁₀	A\$m	\$81m
Pre-tax IRR	%	33%
Payback period post construction	years	3-4

10 Project Funding

Completion of the Kookaburra Gully FS, lodgement of the PEPR with the SA Government and successful completion of the Business Case by KPMG are the key catalysts to facilitate a positive credit assessment of the project by potential financiers.

On 22 September 2017, shareholder approval was given at a General Meeting to issue up to 300,000,000 Ordinary Shares at a price of 3.2 cents per share to two Directors or their nominees. The Share Placement was only partially completed but allowed the Company to secure \$3.66 million in new funding for the development of the Company's Kookaburra Gully Graphite Project, as well as for general working capital purposes.

Following the positive review by KPMG, an application has been made to the SA Government for a grant and/or loan from the Government's Future Jobs Fund. The maximum amounts available are up to A\$5 million in grant funding and up to A\$10 million in loans.

The Company also has an agreement with Shanghai Jihai Investment Management Limited (SJIML), a finance company based in Shanghai, China, to:

- Introduce graphite resource production and processing enterprises, lithium-ion battery anode material manufacturers, graphene nano materials application manufacturers, investment banks and other investment institutions or individuals (hereinafter referred as the "target cooperators") within but not limited to Asia-Pacific areas; and
- Take charge of elementary communication and negotiation with target cooperators, to help Lincoln establish partnerships, financial agreements including offtake agreements and sign cooperation agreements and other documents with target cooperators.

SJIML introduced Lincoln to Shandong Lianchuang Mining Design Co., Ltd based in Jinan, Shandong Province, and that company is assisting Lincoln with pilot plant test work on bulk ore samples from Kookaburra Gully.

SJIML will work with Lincoln to determine the optimum structure, quantum and terms of debt, equity and/or other financing facilities like equipment finance leasing to enable, subject to all necessary approvals, a final investment decision to allow the commencement of mine construction.

11 Risk Analysis

On the basis of graphite grade, Kookaburra Gully is a Global Top 10 Deposit.

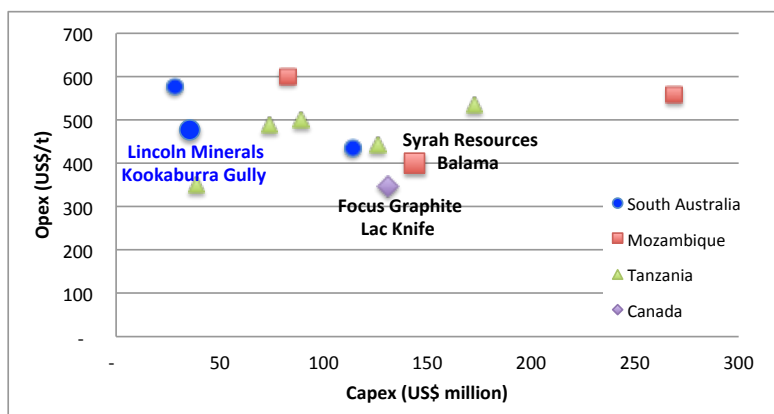
Flake size is also important in this context but, while the average flake size in graphite schist from Kookaburra Gully is about 350 microns, to achieve >90% TGC purity in the final products, the flake size is reduced to predominantly -100# or <150 microns. The proportion of medium and fine flake at Kookaburra Gully is similar to the product that will be produced from the Balama project in Mozambique (where ~70% is -100# fines). Forecast supply and demand growth for -100# flake size natural graphite (Syrah Resources, Benchmark Minerals, Corporate Reports) is ~580,000 tpa by 2020² and more than 850,000 tpa by 2030 (Bloomberg, 6 July 2017) from a base of just 13,000 tpa in 2015.

² NB current market share of natural flake graphite use in battery anodes is 50-55%

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 start-ups in eastern Africa. Furthermore, in the long-term as China's economy shifts towards higher value-adding manufacturing and increased demand for -100# flake graphite used in batteries, it is forecast that China may become a net importer of flake graphite.

Over the next 24 to 36 months, it is anticipated that two or three natural flake graphite mines will commence operation in Africa, North America and elsewhere to replace the expected loss of natural flake graphite from China (this will largely depend on Government approvals and available capital). However, these new mining operations will not be able to meet the anticipated growth in demand from the battery market as well as new technologies including graphene, fire retardants, geothermal and conductive products.

By comparison of startup Capex versus Opex per tonne of concentrate, Lincoln Minerals is well placed in a global context. **Not only does Kookaburra Gully have one of the lowest estimated start-up Capex costs but also its estimated Opex is globally competitive** (NB: Lincoln's land acquisition and value-adding costs have been excluded in this figure, since other companies do not quote such).



When considering investment in, or purchase from less developed or third world countries, an investor/customer needs to gauge the risks of doing business there. Commonly used benchmarks are the general business risks published by global insurers. As a potential producer of natural flake graphite, Australia is in a unique low-risk position in terms of corruption, political and sovereign risk compared to the majority of existing and developing natural flake graphite producers.

International business risk metrics by Aon – Comparison of Australia against some existing/potential graphite

	Australia	China	Brazil	Sri Lanka	Tanzania	Mozambique
Exchange Rate Risk	Low	Medium	Medium	Medium-High	Medium-High	Medium-High
Political Interference Risk	Very Low	High	Medium-High	Medium	High	Medium-High
Legal and Regulatory Risk	Very Low	Medium-High	Medium-High	Medium-High	High	High
Risk of Doing Business	Very Low	High	Medium	Medium-High	High	High
OVERALL RISK	Very Low	Medium-High	Medium	Medium	Medium-High	Medium-High

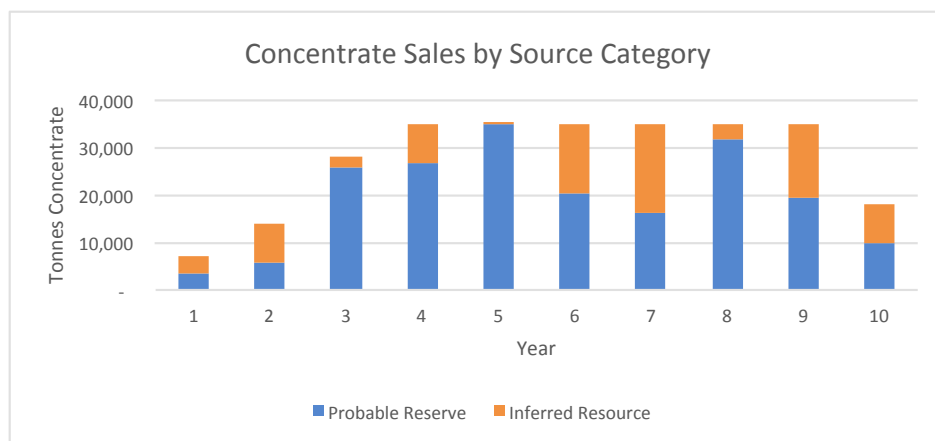
sources (Aon Risk Maps Report, 2017; Aon website)

12 Ore Reserve Estimate

Based on the study work discussed above, the Indicated and Measured Mineral Resource within the proposed pits are converted to an estimated Ore Reserve. AMC Consultants was provided with the Datamine block model used by Orewin Pty in estimating the Mineral Resource and the Ore Reserve is based on this model. The Mineral Resources reported above (Section 1) are inclusive of the Ore Reserve.

AMC Consultants based its mine design work on graphite concentrate sales prices ranging from A\$800/t to A\$1,100/t. The Whittle optimisations were inclusive of all the Mineral Resources. The resulting mine design consisting of a 5 stage open-pit was based on a concentrate sales price of A\$1,100/t. Dilution and mining recovery parameters applied for this Ore Reserve estimate are: dilution 15% waste at zero grade and recovery 95%.

The Ore Reserve was estimated from the summation of Measured and Indicated Mineral Resources at a cutoff grade of 8.5% TGC within the Stage 5 pit design. Approximately 30% of the total mineable resource in the Stage 5 pit design (0.53 Mt) is Inferred Mineral Resource.



Financial viability of the project was determined by cash flow analysis on both Reserve only and total project inventory mining and processing schedules using specification-specific concentrate prices. An average (weighted by expected quantity of each specification) of the concentrate price ranges from US\$685 to US\$1,060 or ~A\$880 to ~A\$1,355 over the first 7 years of the project (see Section 6). No deleterious elements are present in the final products.

The Ore Reserves are tabulated below with additional supporting information in the JORC Code (2012) Table 1 at the end of this report.

Ore Reserve	Tonnes (Mt)	Total Graphitic Carbon (%)	Contained graphite (Mt)
Probable Reserve	1.3	14.6	0.196
Waste rock	18.2	-	-

Notes:

1. The Kookaburra Gully Ore Reserve is estimated in accordance with JORC Code 2012.
2. Values in the table are rounded.
3. The Ore Reserve is based on Mineral Resource reported by Lincoln Minerals Limited, ASX release 19 May 2017.
4. The Probable Reserve includes 0.27 Mt of Measured Resource. This Measured Resource has been converted to Probable Reserve rather than Proved Reserve due to the undeveloped status of the deposit and the corresponding lower confidence in financial and regulatory approval modifying factors.
5. The waste rock includes 0.53 Mt of inferred Resource.
6. The Ore Reserve is based on using truck and excavator open pit mining methods, with onsite processing to produce a graphite concentrate at a product sale price of \$1100/tonne.
7. Dr John Parker MAIG is the Competent Person for the Ore Reserve, specifically the studies determining the processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and government factors. Dr Parker is Member of the Australian Institute of Geoscientists and Managing Director of Lincoln Minerals Limited.
8. Mr Wilson Feltus MAusIMM is the Competent Person for the Mine Design and mining modifying factors supporting the Ore Reserve estimate, specifically the geotechnical input, pit and waste storage designs and mining production schedule. Mr Feltus is a member of the Australasian Institute of Mining and Metallurgy and a fulltime employee of AMC Consultants Pty Ltd.

Dr A John Parker
Managing Director

Competent Persons' Report

Information in this report that relates to exploration activity, exploration results and exploration targets was compiled by Dr A John Parker who is a Member of the Australian Institute of Geoscientists and Managing Director of Lincoln Minerals Limited and Mr Dwayne Povey who is a member of the Australasian Institute of Mining and Metallurgy and Chief Geologist for Lincoln Minerals. Dr Parker and Mr Povey have sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as Competent Persons as defined by the JORC Code, 2012. Dr Parker and Mr Povey consent to the release of the information compiled in this report in the form and context in which it appears.

Information in this report that relates to Ore Reserves was compiled by Dr A John Parker based on mine optimisation and schedules prepared by Mr Wilson Feltus a full-time employee of AMC Consultants Pty Ltd and member of the Australasian Institute of Mining and Metallurgy. Dr Parker and Mr Feltus have sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as Competent Persons as defined by the JORC Code, 2012 and consent to the release of the information compiled in this report in the form and context in which it appears.

Information relating to Mineral Resources and drilling results extracted from previously published reports identified and referenced 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 and exploration results, 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.

JORC Code, 2012 Edition – Table 1

Criteria	Commentary
Section 1	Sampling Techniques and Data
Sampling Techniques	<ul style="list-style-type: none"> A total of 8,558.4 m of drilling has been completed at Kookaburra Gully, of which 6,704 m was drilled by aircore blade, 884.4 m by diamond drilling, 312 m by larger diameter reverse circulation hammer with the remainder (drilled by reverse circulation hammer (RC); the latter mostly as depth extensions to aircore holes, but also used for 12 holes drilled for groundwater testing. The total Kookaburra Gully exploration database comprises 106 drill holes and 15 trenches, of which 72 drill holes and nine trenches have accompanying assay data. The majority of the drill holes were drilled at 60° towards NW on NW–SE sections with drill hole spacing 20–40 m along lines 40–80 m apart. Diamond core holes targeted specific geotechnical, tailings wall foundation and metallurgical intercepts and thus azimuth and dips varied accordingly (See <i>Lincoln Minerals Limited ASX Release, 17 May 2017</i>). Groundwater wells are vertical. Mineralisation is graphitic schist. There are a total of 3,493 carbon assay data in the drill hole database, of which 2,043 have corresponding TGC assay data. QA/QC data was collected at a rate of approximately 16% or 1-in-6 samples. Results from the QA/QC analysis were acceptable. Up to five certified carbon and sulphur standards, six TGC standards, blanks, sample preparation standards and field duplicates were used. Field duplicates were routinely collected and analysed. Blanks were routinely submitted. Thirty pulp samples were analysed at a second laboratory (ALS) for paired analysis. All AC/RC samples were collected at 1 m intervals, and sub samples of bulk composite samples were passed through an air-operated, three-tier riffle splitter to produce a 3–5 kg analytical sample. Six percent (108 samples) contained moisture and were scoop speared to ensure sample quality and representivity. All diamond core drilling was HQ3 61.1 mm diameter and drill core was placed in poly core trays.
Drilling Techniques	<ul style="list-style-type: none"> Drill holes were mainly drilled using the aircore method. Aircore drilling utilises a blade drill bit of 3¼ inches in size (~85 mm), and where hard ground is encountered a slim-line hammer is run for indurated parts of the drill hole (slim line allows changeover from aircore to RC hammer without the need for reaming). Where greater depth into fresh rock was required, a 4¼ inch reverse circulation (RC) face sampling hammer was used. Diamond core was obtained in HQ3 (61.1 mm) size. Drill rods are 3 m in length. Diamond drill runs were 1.5 m. Where possible diamond core was orientated to allow orientated structural measurements to be taken. Reverse circulation groundwater wells were drilled with a conventional 5¼ inch face sampling hammer.
Drill Sample Recovery	<ul style="list-style-type: none"> Aircore and RC drilling recovery is considered to be acceptable. After each 1 m aircore or RC interval the driller would pause to ensure the sample stream was cleared, and after each rod (3 m) the hole was cleared before sample collection recommenced. Total diamond core recovery was 94%.
Logging	<ul style="list-style-type: none"> All aircore and RC cuttings / chips were logged at 1 m intervals and representative keepsake chip trays compiled. All chip trays have been photographed. Observed down hole drill hole graphite intercepts were recorded at the time of drilling and updated after assays were received. All diamond core has been geologically and geotechnically logged.
Sub-Sampling Techniques and Sample Preparation	<ul style="list-style-type: none"> All AC/RC analytical samples were three-tier riffle split. Six percent (108 samples) contained moisture and these samples were scoop speared to maximise representivity and sample quality. The riffle splitter was vibrated and air cleaned after each sample. A field duplicate was taken at a rate of approximately 1 in 20 samples, exactly mirroring the original sample. A resampling program for waste rock characterisation utilised AC/RC reference samples and were 50:50 riffle split with samples lengths ranging from 1-5m composites. Diamond core was sampled as half and quarter core samples due to Metallurgical testwork requiring greater sample weights. Analytical samples were dried, crushed (if necessary), pulverised and subsampled at Bureau Veritas' Whyalla laboratory, then analysed for carbon, sulphur and total graphitic carbon (TGC) by TC003 and Grav4D methods respectively at Bureau Veritas' Adelaide laboratory. All 2013 AC/RC samples were also analysed on site by portable XRF. Unique sample identification numbers were given to all samples to ensure laboratory integrity and random placement of QA/QC samples throughout the batch. Samples are dried (105°C), crushed to 3 mm (if required), and then pulverised in Cr steel bowls to 85% passing 75 micron. Grind checks are undertaken at a rate of 1-in-20.
Quality of Assay Data and	<ul style="list-style-type: none"> Total combustion using a carbon–sulphur analyser, determines carbon and sulphur. A portion of the sample is dissolved in weak acid (HCl) to liberate carbonate carbon. The residue is

Criteria	Commentary
Laboratory Tests	<p>then dried at 420°C driving off organic carbon and then analysed by a sulphur-carbon analyser to give total graphitic or elemental carbon (TGC).</p> <ul style="list-style-type: none"> Standards, duplicates and blanks were inserted randomly throughout each batch. Field duplicates show a 99.4% correlation in TGC. Standards and blanks show no bias and good precision. 2 samples were contaminated in the laboratory sample preparation stage and have been removed the assay database.
Verification of Sampling and Assaying	<ul style="list-style-type: none"> No twinned holes have been drilled at this stage of project. AMC Consultants Pty Ltd and OreWin Pty Ltd have undertaken various studies on the resource, but no independent verification of sampling or assaying has been undertaken to date. It is expected that this will be undertaken in subsequent stages of assessment. Data validation and documentation are recorded in Datamine macros to satisfy audit trails.
Location of Data Points	<ul style="list-style-type: none"> All drill hole and trench survey information were surveyed with differential GPS. All survey information is in DATUM GDA 94 Map Projection UTM Zone 53 South and elevations in metres AHD. A LIDAR survey has been completed over the project area producing an accuracy of ± 25 cm contour surface.
Data Spacing and Distribution	<ul style="list-style-type: none"> Drill hole spacing is sufficient to establish the degree of geological and grade continuity and for estimation and reporting of a Mineral Resource. Drill holes were drilled on NW-SE traverses initially spaced 80 m and partially infilled to 20-40 m. Spacing of drill holes along traverses was from 20 m to 40 m. Zones of low or no graphite content were composited to 2 m and 4 m samples for assaying. All visual graphite samples were assayed at 1 m intervals.
Orientation of Data in Relation to Geological Structure	<ul style="list-style-type: none"> Orientation of drill holes is appropriate for the orientation of the mineralised lodes. Holes were drilled at approximately 60° toward 300–320° based on trench mapping. The indicated strike of mineralization is 030° No material sampling orientation bias is expected.
Sample Security	<ul style="list-style-type: none"> The sampling programme was managed by LML staff. No contractors were associated with sampling. Sample ledgers were recorded onsite and poly-weaves containing samples zip tied and delivered to Bureau Veritas' Whyalla preparation laboratory then transported to the analytical laboratory in Adelaide. At specified stages in the laboratories, samples were received, receipted, secured before commencing sample preparation and analysis.
Audits or Reviews	<ul style="list-style-type: none"> No audits or reviews have been undertaken at this time.
Section 2	Reporting of Exploration Results
Mineral Tenement and Land Tenure Status	<ul style="list-style-type: none"> Exploration Licences EL 5971 and EL 6024: Licensee is South Australian Iron Ore Group (SAIOG) Pty Ltd (a subsidiary of Centrex Metals Limited which holds the iron ore rights jointly with Wuhan Iron and Steel Limited in a JV company, Eyre Iron Pty Ltd). By agreement with SAIOG and Centrex, Lincoln Minerals Limited and its wholly-owned subsidiary Australian Graphite Pty Limited own the rights for all other minerals. EL 5971 expires 11/04/2019 and EL 6024 expires on 05/08/2019. Mineral Lease ML 6460, which covers an area of 300.76 hectares was granted to Australian Graphite Pty Limited on 03/06/2016 and expires on 02/06/2037. All tenements are in good standing. The project is located on freehold land.
Exploration Done by Other Parties	<ul style="list-style-type: none"> Pancontinental Mining discovered graphite mineralisation in the 1980's at Kookaburra Gully through a series of trenches and surface mapping. However, no drilling was undertaken.
Geology	<ul style="list-style-type: none"> The Kookaburra Gully graphite deposit occurs within Palaeoproterozoic Hutchison Group metasediments on eastern Eyre Peninsula. High grade metamorphism to Upper Amphibolite and locally Lower Granulite facies has produced flake graphite within graphitic schist units. The graphite units have been multiply folded and/or sheared during at least three phases of deformation. Tertiary weathering has altered and oxidised the Hutchison Group down to ca. 130m AHD and formed a thick saprolitic zone locally capped by ironstone.
Drill hole Information	<ul style="list-style-type: none"> Sample and drillhole coordinates are provided in various ASX market announcements previously released and shown on the accompanying drillhole location map.
Data Aggregation Methods	<ul style="list-style-type: none"> Drill hole intercepts were based upon a 2% TGC assay sample cut-off. Average grades were length-weighted. No further compositing of the data was undertaken prior to estimation.
Relationship Between Mineralisation Widths and Intercept Lengths	<ul style="list-style-type: none"> Planned orientation of drill holes was aimed to intersect mineralisation as close to perpendicular as possible, and within the level of variability of dip of the mineralised lodes. Down hole lengths have been used to estimate the width of the graphite unit as true width is not known.
Diagrams	<ul style="list-style-type: none"> Refer to the accompanying drillhole location map at the end of this Table.
Balanced Reporting	<ul style="list-style-type: none"> Drillhole intercepts are included in ASX announcements of 19 February 2013, 17 May 2017 and

Criteria	Commentary
	22 May 2017.
Other Substantive Exploration Data	<ul style="list-style-type: none"> Continuous disclosure of exploration results including metallurgical results are found in LML Quarterly and Annual reports to the ASX. Details of groundwater and other environmental factors are described in AGL's Mineral Lease Proposal available for download on LML's website. Field mapping and geological mapping of trenches is contained within historic exploration reports from the 1980s by Pancontinental Mining and provided important information used to compile the Mineral Resource estimate.
Further Work	<ul style="list-style-type: none"> Australian Graphite Pty Ltd is advancing the Kookaburra Gully Graphite Project and has completed numerous technical studies to formulate its Program of Environment Protection and Rehabilitation (PEPR) before construction and mining can commence. Additional resource definition and groundwater drilling is planned for early in 2018.
Section 3	Estimation and Reporting of Mineral Resources
Database Integrity	<ul style="list-style-type: none"> All field data is manually recorded, and initially visually inspected for errors. Data is then imported into and plotted in a Geographic Information System (GIS) using Target for ArcGIS 3D modeling software to verify the field results including drill hole locations, survey information, geology and assay intervals. Each geological dataset is made into comma delimited CSV data files and imported into Datamine Studio 3/RM, where records are further validated. All corrections are undertaken at this stage before resource modelling is commenced. The Kookaburra Gully database was validated by OreWin and the database was found to be fit for purpose to support the Mineral Resource estimate.
Site Visits	<ul style="list-style-type: none"> Competent Persons: <ul style="list-style-type: none"> Dr A. John Parker made several visits during the drilling and exploration programs and made recommendations on drill hole locations. LML Chief Geologist, Dwayne Povey, was present onsite for all drilling and managed all field activities including drilling, sampling and data management. All sampling and data collection were inspected and found to be in good order. Sharron Sylvester from OreWin made one visit to the project area before commencing Mineral Resource estimation.
Geological Interpretation	<ul style="list-style-type: none"> An interpreted plunging anticline was derived from work carried out by Pancontinental Mining trenching and surface mapping and this interpretation could be fitted to drill hole intercepts. AMC revised LML's geological domain interpretations for the graphite mineralisation (Lincoln Minerals Limited, ASX <i>Announcement 26 March 2013</i>). This revised geological interpretation was based on the geological interpretations provided by LML and AMC's assessment of the drill hole information. Modifications to the interpretations have been subsequently undertaken by OreWin to allow 3-D modelling to be completed. The updated interpretations have been developed to reflect interpreted continuity in the geological strata and do vary from those supplied by LML. LML's postulated folded anticline structure is considered by OreWin to be reasonable; however, this was difficult to model in practice. Nevertheless, OreWin considers that the modified interpretation does not conflict with LML's interpretation in a material way. Modifications to the interpretations have been undertaken in consultation with LML geologists. Upon receipt of new data, all geological domains were refined by OreWin in November 2013 and November 2016, and these domains ultimately used for the updated resource estimation.
Dimensions	<ul style="list-style-type: none"> Strike length of approximately 585 m with the main graphite unit 14–20 m in width. Mineralisation extends to at least 125 m below surface. The deposit is immediately cut off to the south, but is at the northern end of 4.5 km long electromagnetic anomaly. The deposit is open to the north.
Estimation and Modelling Techniques	<ul style="list-style-type: none"> Interpretation and grade estimation were completed using ArcMap, Geosoft Target for ArcGIS and Datamine Studio 3/Studio RM software. Interpretations have been completed as 3-D surface and solid wireframe models. The orebody model is represented by a fully 3-D array of cells (a block model). Parent cells are 5 m x 10 m x 5 m (E x N x RL). Model cells and drill hole data were flagged with DOMAIN attributes according to their location relative to interpreted mineralisation wireframes. Samples and cells within the high grade core wireframe are flagged as DOMAIN=1, and those in the outer halo are flagged as DOMAIN=2. Estimation of C, TGC, S and density has been undertaken using the ordinary kriging method (OK), with validation estimates produced using inverse distance methods to a power of two (ID2). Estimates are derived using only those samples flagged with like-DOMAIN that fall within the search ellipse. The dimensions of the search ellipse used for C, TGC, and S estimation are 75 m x 125 m x 50 m (E x N x RL). A two-pass search strategy was used, with the second pass using a search ellipse 375 m x 625 m x 250 m. Because the density data is less prevalent, the dimensions of the search ellipse used for density estimation are 200 m x 400 m x 125 m (E x N x RL). A two-pass search strategy was used, with the second pass using a search ellipse 1,000 m x 2,000 m x 625 m.

Criteria	Commentary
	<ul style="list-style-type: none"> The minimum number of samples for estimation to proceed in the first search pass was set to 6 and the maximum allowed was 20. This second pass used a minimum of 8 samples and a maximum of 24. A variographic analysis of carbon and TGC in the high grade core (DOMAIN=1) was completed. Carbon variogram parameters were used in the estimation of carbon, sulphur, and density. DOMAIN 1 parameters were applied to DOMAIN 2. Estimation has been undertaken into the parent cells, with like coded sub-cells being assigned the grade of the parent cell. Variation in dip and dip direction of the lodes has been accommodated in the estimation process using Datamine's Dynamic Anisotropy method, which forces search ellipses to orient locally in a way that is pre-determined by the geologist. A 'no grade capping' strategy was considered appropriate based on statistical analysis. Samples within the mineralised domains that have not been assayed are set to 0% TGC to ensure that their presence dilutes the grade - this is to counter any inflation of the volume that occurs as a result of their inclusion within the mineralised zones. Estimates were verified using manual methods of alternative calculation and by cross-verifying the wireframe volumes. Visual validation was completed, as was statistical evaluation comparing the estimates to the input drill hole data. Peer review has been undertaken.
Moisture	<ul style="list-style-type: none"> Dry density was assigned as a default using the Pre-saturation and Archimedes method and Pycnometer density measurements. Where multiple types of data existed for the same sample, Pycnometer derived density was given higher priority.
Cut-off Parameters	<ul style="list-style-type: none"> The mineralisation interpretation was based on a nominal 5% TGC (high-grade core) and 2% TGC (lower grade halo) cut-off. No grade cutting was applied during estimation.
Mining Factors or Assumptions	<ul style="list-style-type: none"> It has been assumed from the orientation and shallowness of the graphite lodes relative to the topographic surface that the Kookaburra Gully mineralisation is amendable to open pit mining and has reasonable prospects of proceeding on that basis. Formal mining assessment is currently being undertaken. Further work is required to develop an empirically-derived set of mining assumptions and parameters at Kookaburra Gully.
Metallurgical Factors or Assumptions	<ul style="list-style-type: none"> Extensive batch and lock-cycle metallurgical bench-scale testing of representative bulk aircore, diamond drill core and trench samples of Kookaburra Gully graphite has been undertaken to optimise the flotation of graphite and removal of gangue minerals. The bench-scale mechanical flotation tests demonstrate that flake graphite concentrates can be prepared at grades of about 93% to 98% TGC with recovery of at least 90% of the contained graphite (see <i>Lincoln Minerals Limited 2015, 2016 and 2017 Annual Reports</i> and this report). Pilot plant tests on a bulk trench sample have confirmed the bench-scale tests (see this report).
Environmental Factors or Assumptions	<ul style="list-style-type: none"> Detailed assessments of community and environmental factors, including groundwater modeling, surface water, flora and fauna surveys, climate, dust and noise have been undertaken, with a detailed assessment documented in AGL's Mineral Lease Proposal (refer LML website). Preliminary designs for a valley-fill tailings storage facility and waste rock storage facilities with a life of up to 10 years have been produced (see this report). A Program for Environmental Management and Rehabilitation (PEPR) has been prepared and was lodged with the SA Government on 29 September 2017 for assessment. The PEPR contains strategies for groundwater, surface water, vegetation noise and dust monitoring, management and progressive rehabilitation during and post mining operations. The open pit will become a pit lake upon mine completion and will be managed as an evaporative sink to control groundwater salinity and any potential contamination or seepage. All waste rock and tailings facilities will be restored and revegetated for agricultural use and to restore environmental values.
Bulk Density	<ul style="list-style-type: none"> The Quantachrome Pycnometer Model MVP-2 is a precision instrument specifically designed to rapidly measure the volume of dry solid materials. The technique employs Archimedes principle of fluid displacement to determine the volume, with the displaced fluid being air or helium gas. A known weight of solid or pulverised sample is placed into the sample chamber of the pycnometer. The volume of this solid can be calculated by measuring the pressure difference when a known quantity of helium under pressure, is allowed to flow from a precisely known reference volume, into the sample cell. From the measurements of the mass and volume the specific gravity can be calculated. Dry density was assigned as a default using the Archimedes and Presaturation method and pycnometer density measurements. Where multiple types of data existed for the same sample, the pycnometer was given higher priority over the Archimedes and Presaturation method derived density. Archimedes samples were determined on aircore and diamond drill core samples which were erratically distributed, therefore a representative selection of assay pulps along the strike and width of the deposit including hanging and footwall waste rocks was made using the pycnometer method.
Classification	<ul style="list-style-type: none"> Classification as Measured, Indicated, and Inferred Mineral Resources under the JORC Code (2012) has been applied to the Kookaburra Gully graphite mineralisation. The Mineral Resource classifications were based on OreWin's assessment of the availability and location of drill hole information, considered along with the interpreted geological continuity. Tonnages may not add up exactly as shown due to rounding of significant figures. The Competent Persons are satisfied that the classification appropriately reflects what is currently

Criteria	Commentary
	known about the mineralisation.
Audits or Reviews	<ul style="list-style-type: none"> All resource modelling was undertaken by independent consultants. No audit has been completed to date.
Discussion of Relative Accuracy/ Confidence	<ul style="list-style-type: none"> Following completion of OreWin's revised geological interpretations, polygons were developed to define Measured and Indicated Mineral Resources. Mineral inventory outside of the Measured and Indicated Mineral Resource boundaries has been classified as Inferred Mineral Resource. Only mineralisation within the interpreted high grade core (DOMAIN=1) and outer lower grade halo (DOMAIN=2) are classified as Mineral Resources. The Mineral Resource classifications were based on OreWin's assessment of the availability and location of drill hole information, which, when considered along with the interpreted geological continuity. The classification is considered appropriate across the Kookaburra Gully deposit.
Section 4	Estimating and Reporting of Ore Reserve
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> The Mineral Resource models for Kookaburra Gully were developed by OreWin Pty Ltd and include Measured, Indicated and Inferred Mineral Resources (See <i>Lincoln Minerals Limited ASX Release, 17 May 2017</i>). AMC Consultants was provided with the Datamine block model (KG_resmod_161128.dm), used in estimating the resource. The Ore Reserve is based on this model.
Site Visits	<ul style="list-style-type: none"> Dr John Parker made several visits during the drilling and exploration programs and made recommendations on drill hole locations. LML Chief Geologist, Dwayne Povey, was present onsite for all drilling and managed all field activities including drilling, sampling and data management. Sharron Sylvester from OreWin made one visit to the project area before commencing Mineral Resource estimation. Andrew Proudman from AMC Consultants visited the site during geotechnical drilling in 2016 and Wilson Feltus has relied on his observations and recommendations.
Study Status	<p>Studies undertaken consist of:</p> <ul style="list-style-type: none"> Geotechnical analysis and recommendation for slope parameters by AMC Consultants Pty Ltd. Open-pit optimisation using Whittle™ software, a series of pit and waste rock facility design stages, and a mine production schedule by AMC Consultants Pty Ltd. Metallurgy testwork, design of processing facility and the estimation of processing recoveries and costs by Inception Group, IMO Metallurgy, and ammjoh Tailing storage facility design and cost, hydrology and closure planning and by Golder Associates. Hydrogeology and Hydrology by CDM Smith. Environmental studies and closure planning by Earth Systems, EBS Ecology and Golder Associates Infrastructure and logistics by Inside Infrastructure, SA Water, GPA Engineering, Tonkin Consulting. Product marketing and product pricing by Lone Star Tech Minerals Community engagement by Envirocom <p>The above studies were the basis for a Program for Environment Protection and Rehabilitation (PEPR) submitted to the Department of the Premier and Cabinet, Government of South Australia. This is the last significant approvals stage for mine development and operations.</p>
Cut-off Parameters	<ul style="list-style-type: none"> An open-pit optimisation using Whittle™ software was carried out using a graphite concentrate price of A\$800 / tonne, 15% waste dilution and 95% ore recovery. The optimisation process assigned a processing limited break-even cut-off value of 8.5% based on processing cost, concentrate transport, royalties, and a concentrate selling price of \$800 / t. Using those parameters, the optimisation process was then applied to a concentrate selling price of A\$1100 / tonne. The Mineral Resource is reported at 5% TGC which equates to a cut-off grade for a product price of A\$1350/t concentrate. For the purpose of the mine plan, material between 5% and 8.5% TGC is considered low grade and is excluded from the Ore Reserve as waste. Material below 5% TGC is considered waste.
Mining factors or assumptions	<ul style="list-style-type: none"> Dilution and mining recovery parameters applied for this Ore Reserve estimate are: <ul style="list-style-type: none"> Dilution 15% waste at zero grade Recovery 95% Geotechnical slope design parameters applied to the mine designs are based on investigations by AMC Consultants in 2016. Overall slope angles are approximately 35° in completely and partially weathered material and approximately 40° in slightly weathered and unweathered rock. The mining operation is a small scale conventional truck and excavator open-pit mine. Mining will be on 5 m benches with excavation in two 2.5 m flitches to match excavator capabilities and assist with ore control. Drill-and-blast is not expected to be used in completely weathered material in the upper 20 m of the pit. Drill-and-blast with low powder factors is expected to be used in the partially weathered rock. Drill-and-

Criteria	Commentary
	<p>blast requirement will increase with depth as slightly weathered and unweathered rock is encountered.</p> <ul style="list-style-type: none"> • Relatively low inflows of groundwater into the open-pit of less than 10 l/s are expected. This water will be collected into sumps at the base of the working pit and pumped using a mobile diesel powered pump. The water will be delivered via HDPE pipe to the processing water storage tank. • The mine design applied 15 m dual lane ramps suitable for 40 tonne trucks. In the lowermost 20 m of the pit, 12 m wide single lane ramps are applied. The width allowed for out-of-pit ramps is 20 m to allow additional width for a drain and a windrow on either side. • A minimum mining width of 15 m was applied at the base of the pit. A minimum width of 20 m was applied in areas of pit cutback. • Waste rock storage facilities are designed to have a final slope of 15° to match with existing site topography. • Mining operations will be undertaken by a mining contractor.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • Processing will consist of a simple crushing, grinding, flotation, drying and screening process to produce a high quality graphite concentrate >95% LOI or TGC.. • The metallurgical process has been refined and tested on multiple samples representing weathered, oxidised, fresh and sulphide-rich ores based on testing undertaken at ALS (2012-2017) and IMO Metallurgy (2016-2017) in conjunction with LML and Inception Group. • During the 2016 testwork at IMO, a series of comminution and flotation tests were conducted on bulk composite samples including both batch tests and locked-cycle tests to determine processing recoveries and concentrate grades. • Recoveries >90% were achieved by the IMO testwork, with 90% assumed in the Ore Reserve estimate. • The recovered flake graphite is clean, with no visible natural mineral impurities. • Pilot plant test work undertaken in 2017 on a 19 tonne near-surface oxide zone sample produced 1.54 tonne of concentrate. The pilot plant tests produced an average concentrate grade of 95.7% LOI (total carbon) and processing recovery of 88.6%. • The graphite concentrate price used for optimisation and Ore Reserve estimation is a weighted average of flake graphite prices based on the metallurgical results derived from the IMO test work and average prices for the various flake sizes from Benchmark Minerals in mid 2016.
Environmental	<ul style="list-style-type: none"> • Environmental studies were undertaken for the original Mining Lease Application (MLA) and these were made available for public scrutiny and comment as part of the MLA process. These studies included flora and fauna, groundwater, surface water, climate (wind speed and direction, rainfall, temperature, evaporation), dust, noise, and soils. The MLA including all the environmental reports is available for download on the Company and Government (DPC) websites. • The ML was granted on 3 June 2016 with a list of environmental management conditions. • A Program for Environment Protection and Rehabilitation (PEPR) was prepared following a number of further environmental and design studies. The PEPR includes further environmental studies in relation to ongoing climate, groundwater and surface water monitoring and modelling, and flora surveys both within the ML and along transport, power line and pipeline routes. • The PEPR includes designs and site plans for the pit, waste rock storage facilities, process plant, tailings storage facility and infrastructure. • The PEPR includes geochemical and kinetic analysis and scheduling of potentially acid forming (PAF) graphite ore and waste rock. • Designs for a valley fill tailings storage facility (TSF) have been completed by Golder Associates following site geotechnical studies, kinetic tests on tailings and water balance modelling. The TSF has been designed to facilitate the safe longterm storage of PAF tailings and waste rock.. • The PEPR includes management plans for noise and dust, for progressive rehabilitation and for rehabilitation upon mine closure. • The deposit is located within a general farming area used for cropping and grazing, and LML is holding ongoing discussions with local landholders and community groups to keep them well informed of the status and future planned directions of the project.
Infrastructure	<ul style="list-style-type: none"> • Land acquisition and purchase agreements for the areas affected by ML and infrastructure corridors (if required) are currently being finalised. • Water will initially be provided by site dewatering with additional water available from the disused Tod Reservoir if required. To supply water from the Tod Reservoir a pipeline along public roads to the ML will be required. The pipeline is included as a possible deferred cost. • Power will be initially provided by on-site generators and an option to connect to the local grid has been evaluated. This would require an easement along public roads and across some local farmland. This is included as a possible deferred cost. • The graphite concentrate products will be transported by a public access road to the main road network west of Tumby Bay. • Accommodation for the majority of the workforce will be available in the major regional centres of Tumby Bay, Cummins and Port Lincoln. There will be no accommodation on site.
Costs	<ul style="list-style-type: none"> • Mining, blasting and haulage costs are based on estimated contractor mining unit costs and monthly total movement targets compiled by AMC Consultants. The mining costs need to be further refined once a mining contract is established and to accommodate variable haulage distances to the ROM,

Criteria	Commentary
	<p>WRSF and TSF locations over the life-of-mine.</p> <ul style="list-style-type: none"> • TSF construction costs have been prepared by Golder Associates. • Processing costs include allowances for crushing, beneficiation, processing, packaging, labour and transport. These costs have been prepared by Inception Group. • Capital costs of the processing plant have been prepared by Inception Group and ammjohn Pty Ltd. • Other ancillary costs have been determined by LML and Inception Group. • Capital costs of constructing a power line to the grid and a water pipeline to Tod Reservoir have not been included in the initial design since onsite power generation and water supply are proposed. • No deleterious elements were identified as material to the process of marketing. • The exchange rate is based on \$A1 = US\$0.78. • Historical (2016) road transport costs have been used for graphite concentrate. These costs exclude ship loading and warehouse storage. • The SA Government industrial mineral Royalty rate of 3.5% mine-gate value of the mineral has been used. The SA Government applies a reduced royalty rate of 2.0% of the value of the mineral for the first 5 years production for a new mine
Revenue Factors	<ul style="list-style-type: none"> • The concentrate mesh and value-added product prices are based on prices determined from Benchmark Minerals, Industrial Minerals and Lone Star Tech Minerals databases • Average prices for graphite mesh-only products were determined by a weighted average of the percentages of the various size fractions of the mesh products year-by-year and applied in the Business Case financial modelling.
Market Assessment	<ul style="list-style-type: none"> • The product specifications and general product marketability were considered in order to support the Mineral Resource Estimate for Industrial Minerals. The metallurgical mesh size, concentrate grade and impurity characteristics were considered in determining their marketability. • The majority (~90%) of the Kookaburra Gully concentrate is at the fine end of the mesh range and as such is not suitable for many of the existing coarser flake graphite markets. A typical fine (-100#) mesh product mix would comprise polymer/plastic additives (10%), lubricants/drilling (10%), friction materials (15%), other industrial (35%) and unallocated (30%). • LML is currently generating a range of value-added products for customer qualification but this has not been included in the pricing and Ore Reserve estimation. • Test work is being undertaken to determine if Kookaburra Gully graphite is suitable for the 'spherical' battery market.. The battery market is seen as a long term target for LML. Demand for flake graphite by battery makers will put pressure on supplies for the more traditional markets identified above.
Economic	<ul style="list-style-type: none"> • The economic factors are based on inputs from a large number of independent consultants (as identified in this report) on open cut operations, mineral processing, transportation, capital and contingencies to generate a life-of-mine financial model. • A net present value (NPV) has been calculated using a discount rate of 10%. Inflation has not been included in the cash flow model. • The NPV₁₀ of the project is positive for the commodity prices used. The sensitivity of the market price is a driving factor of the projects viability.
Social	<ul style="list-style-type: none"> • LML has engaged in local stakeholder information sessions and negotiations over the last 5 years and has prepared a formal Community Engagement Plan (CEP) which has been approved by the SA Government.
Other	<ul style="list-style-type: none"> • A Mineral Lease (ML 6460) over the mine area was granted on 3 June 2016 by the SA Government for a period of 21 years. • A formal process to describe, manage and mitigate environmental risks (PEPR) has been completed and submitted to the SA Government for assessment. This approval process will take about 3 months from the date of submission on 29 September 2017 subject to any further information required by the Government. • The PEPR represents the final government approval process before mine development can commence.
Classification	<ul style="list-style-type: none"> • Only Measured and Indicated Mineral Resources within the pit designs were considered for conversion to Ore Reserves. • Measured Mineral Resource within the pit (totalling 0.27 Mt at 14.2% TGC) has been converted to Probable Ore Reserve due to the undeveloped status of the project and corresponding lower confidence in the modifying factors. • The classifications appropriately reflect the Competent Person's view of the deposit.
Audits or Reviews	<ul style="list-style-type: none"> • The Ore Reserve estimate has been reviewed internally by LML personnel and is considered to appropriately reflect the results of the application of the modifying factors to the Mineral Resource.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • The design, schedule and financial model on which the Ore Reserve is based has been completed to a estimated accuracy of +25%. • A degree of uncertainty is associated with the geological model classification for the central part of the deposit where steep topography and vegetation have restricted drill rig access and this is reflected in the level of confidence of the Mineral Resource. • Modifying mining factors, revenue prices, geotechnical and processing parameters are consistent with a pre- feasibility to feasibility level of the study.

