

Quarterly Activities Report

June 2017

31 July 2017

Preparation of a Program for Environment Protection and Rehabilitation (PEPR) for the high grade Kookaburra Gully graphite project in South Australia is in DRAFT form. Lincoln aims to take the project to critical development and commercialisation milestones in 2017-18.



Kookaburra Gully is one of Australia's and the world's premier graphite deposits

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

Highlights for April-June 2017 period included:

- **Revised resources at Kookaburra Gully now include Measured, Indicated and Inferred Mineral Resources totalling 2.03 Mt at 15.2% TGC**
 - **A 37 tonne graphite ore sample has been sent to China for pilot plant test work**
 - Assaying of 2017 aircore drilling at Kookaburra Gully identified:
 - Extensions of high grade graphite (up to 24.7% TGC) along strike from previous drilling
 - Further high grade graphite intersections within areas of Inferred and Indicated Mineral Resources
- A Resource model update is planned and is expected to increase confidence levels and upgrade the classification of Mineral Resources.
- 70 of the 100 drill holes drilled at the project's Kookaburra Gully Extended EM targets in Q1 2017 intersected graphite mineralisation over 1100 metres in strike length.
 - Pump testing of groundwater wells on ML 6460 has identified a potential water supply well.
 - Completion of a number of engineering design studies to feasibility study level to enable preparation of the DRAFT Kookaburra Gully PEPR:
 - Design and costing of the mineral processing plant;
 - Optimised mine design and mine scheduling;
 - Optimised design of tailings and waste rock storage facilities;
 - Groundwater modelling and surface water impact study;
 - Noise and dust management plans; and
 - Preparation of rehabilitation and mine closure plan

The PEPR details and formulates management plans for mine construction, operations, rehabilitation and closure and is the **imminent step for Government approval to commence mine development at Kookaburra Gully**. It is proposed to lodge the PEPR with the SA Department of Premier and Cabinet in September 2017.

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

Proposed Kookaburra Gully Graphite Mine (SA's Eyre Peninsula)

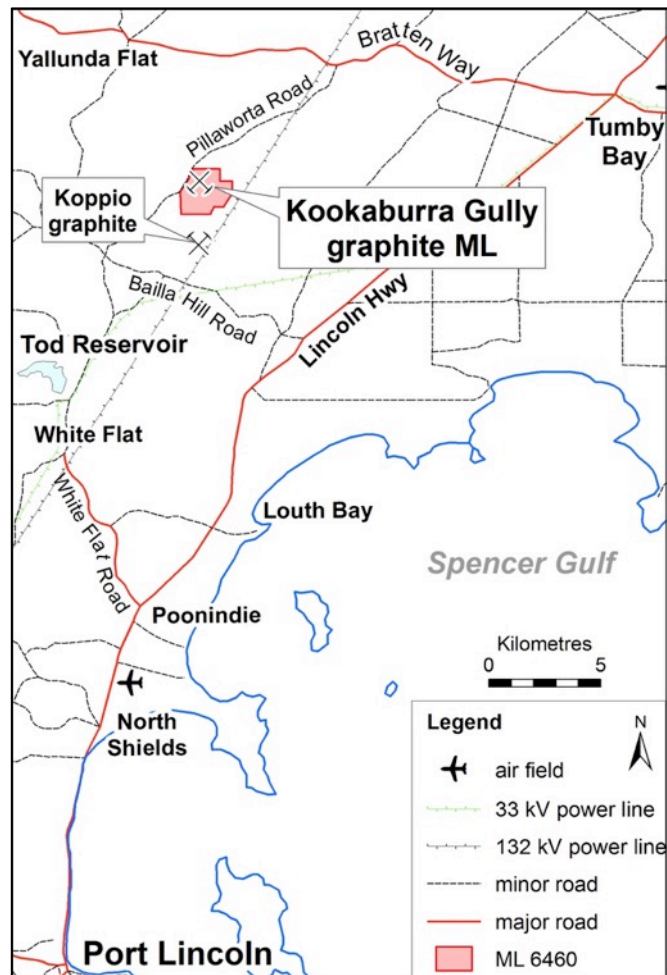
(LML and its 100%-owned subsidiary, Australian Graphite Pty Ltd (AGL), have exclusive rights to graphite on all tenements)

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

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

The grant of ML 6460 is 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 proposed mining operation will be a conventional open pit with associated processing plant to mine and process high grade graphite ore into a graphite concentrate grading 93-98% TGC. Kookaburra Gully is one of Australia's and the world's premier graphite deposits with total current Measured, Indicated and Inferred Mineral Resources of 2.03 million tonnes grading 15.2% TGC (Total Graphitic Carbon).



Upgraded Kookaburra Gully Mineral Resource

Resource modelling for 2016 drilling at the Company's flagship Kookaburra Gully Graphite Project located on South Australia's Eyre Peninsula has **increased the confidence level of the Mineral Resource inventory to a combined Measured, Indicated and Inferred Mineral Resource of 2.03 million tonnes at 15.2% total graphitic carbon (TGC) (using 5% TGC cut-off)** (Lincoln Minerals Limited, ASX announcement, 17 May 2017).

The updated model incorporates all drill hole data available at 4 November 2016 but does not include the 2017 infill resource definition drilling.

Two mineralised domains were interpreted – an inner, higher grade core (>5% TGC) (DOMAIN=1) surrounded by a lower grade halo (>2% TGC) (DOMAIN=2). The new Mineral Resource total at the 5% TGC cutoff (2.03 million tonnes at 15.2% TGC) is slightly smaller and slightly higher grade than the 2014 resource model (2.2 million tonnes at 15.0% TGC) but, importantly, now includes a Measured Mineral Resource at increased confidence levels.

Quarterly Activities Report – June 2017

31 July 2017



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
Overall Total >2% TGC Measured + Indicated + Inferred		2.94	12.8	11.4	2.53
INCLUDES OVERALL TOTAL >5% TGC		2.03	16.9	15.2	2.53

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

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

Batch and lock-cycle metallurgical test work has confirmed that flake graphite concentrates can be produced readily at 93% to 98% TGC and 94% to 98% LOI, at recoveries greater than 90% from a simple flow sheet. About 7.5-10.5% of the concentrate is medium to coarse flake greater than 150 µm (100#) (Lincoln Minerals Limited, ASX announcement, 17 May 2017).

In January this year, Lincoln successfully drilled 15 resource definition aircore drill holes within the designed pit (Lincoln Minerals Limited, ASX announcement, 22 May 2017). Three of these holes (KK060, KK061 and KK062 see figure below) were drilled 30-50m northeast along strike from previous drill holes and extend the confirmed strike length and depth extent of the high grade mineralisation.

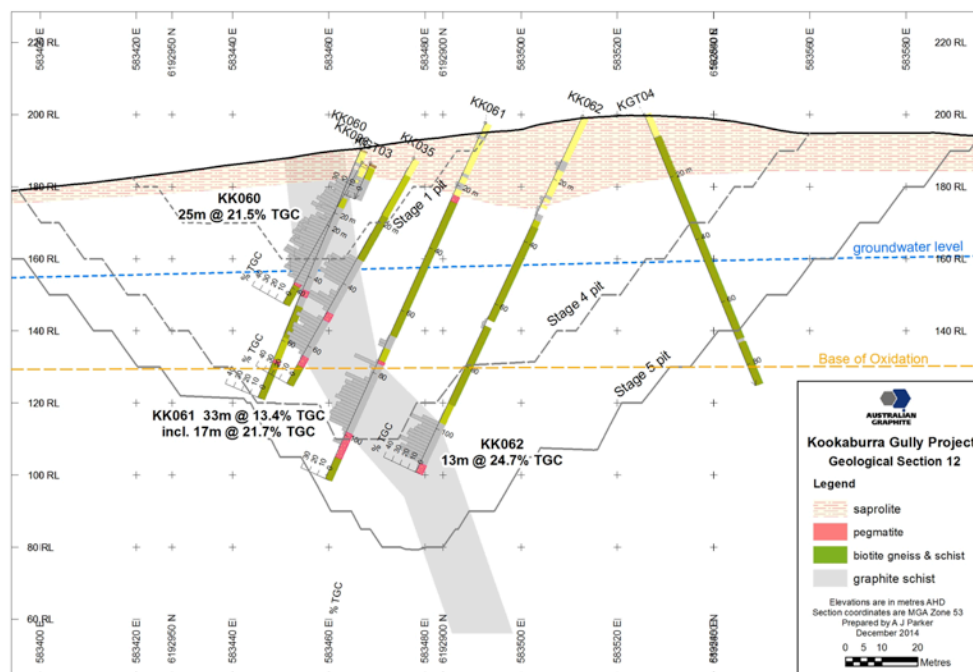


Figure 2: Geological cross-section through the northern extent of the Kookaburra Gully deposit

Quarterly Activities Report – June 2017

31 July 2017



Infill aircore drilling early in 2017 at Kookaburra Gully intersected further high grade graphite within zones of Inferred and Indicated Mineral Resources. The Company believes the 2017 drilling results have potential to slightly increase but, in particular, upgrade the status of parts of the Inferred and Indicated Mineral Resources to Indicated and/or Measured status.

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

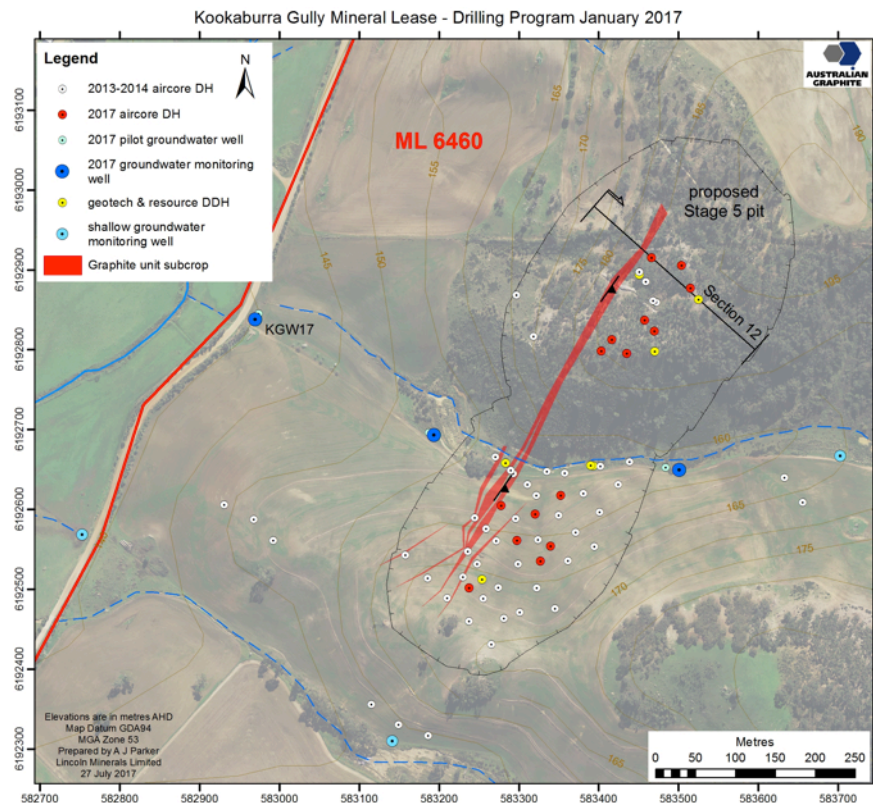


Figure 3: Location of 2017 drilling at Kookaburra Gully

Program for Environment Protection and Rehabilitation (PEPR)

The key phase of the approvals process to commence mine development on ML 6460 for the Kookaburra Gully Graphite Project is completion of a detailed 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 is aiming to complete and lodge the PEPR in September 2017.

With the assistance of environmental engineering consultancy, Envirocom, Lincoln is well advanced in preparation of the draft PEPR. Draft and final reports have now been received for independent expert studies on mine design and optimisation, metallurgy, process plant design and costing, geochemical characterisation of ore, waste rock and tailings, transport and logistics, tailings and waste rock storage facility design, groundwater and surface water modelling, air quality and noise management, flora and fauna, and power and water supply options.

Various technical presentations on the Project have been made to industry groups, the Department of Premier and Cabinet (in conjunction with EPA and DEWNR) and the local community to seek feedback and input from industry, government and the community on project development plans.

Pilot Plant Test Work

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

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

Lincoln Minerals' Managing Director, Dr John Parker:

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

Quarterly Activities Report – June 2017

31 July 2017



working with our partners to optimise our process flow sheet design and producing high grade concentrates for product qualification.”

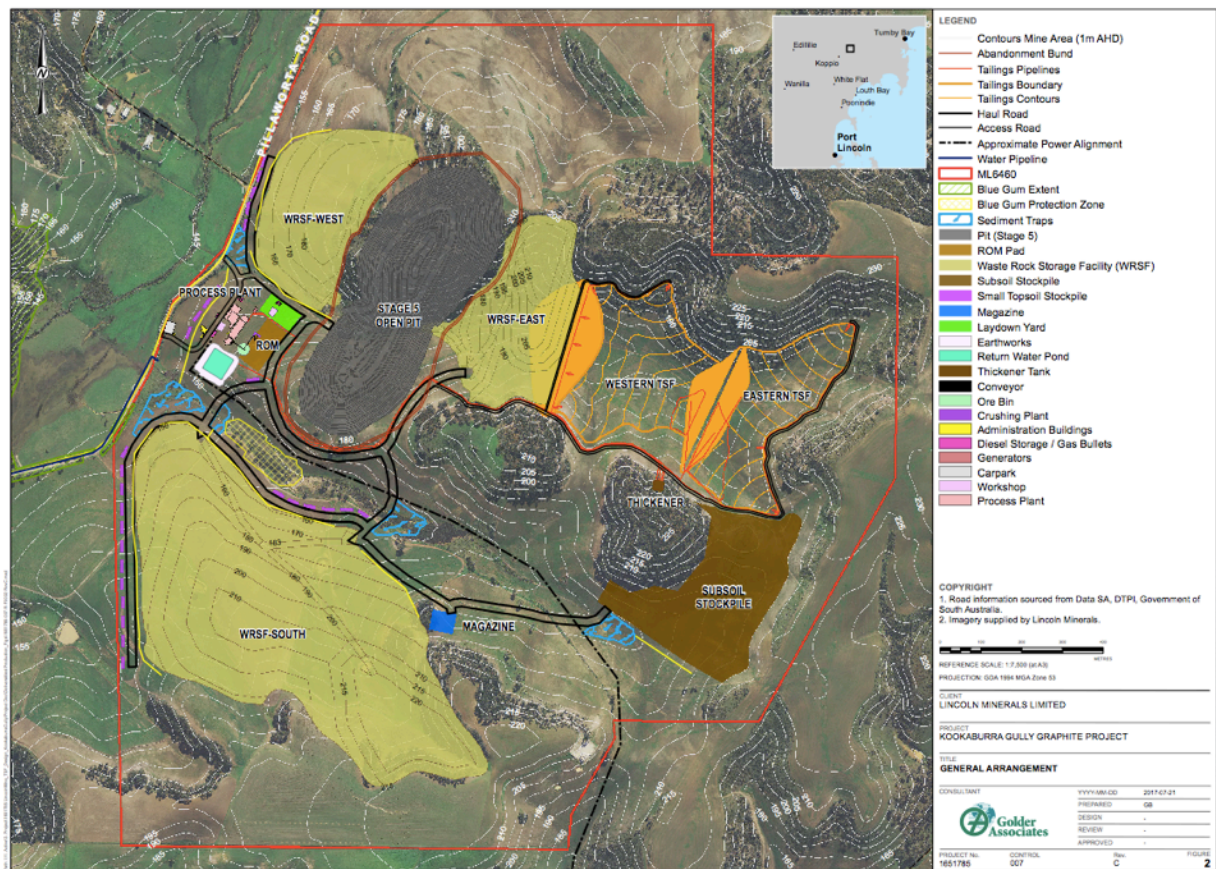


Figure 4: Mine site layout and infrastructure plan for Kookaburra Gully ML 6460

Kookaburra Gully Extended Drilling Program

A maiden drilling program was undertaken in February-March 2017 at the Company's large Kookaburra Gully Extended electromagnetic (EM) Exploration Target immediately southwest of Kookaburra Gully.

Lincoln completed a total of 100 shallow aircore and slim-hole reverse circulation (RC) drillholes over the central Kookaburra Gully Extended (KGE) EM anomaly for a total of 5,339 metres. Of the 100 drillholes at KGE, **70 drill holes intersected varying grades and thicknesses of graphite mineralisation.** Some 1,547 samples and an additional 150 QA/QC samples were taken for total graphitic carbon, carbon and sulphur analysis. The analytical results have identified several mineralised zones that require further sampling to close off mineralisation before Mineral Resource estimation can commence. Drillhole assay intercepts were reported in May (Lincoln

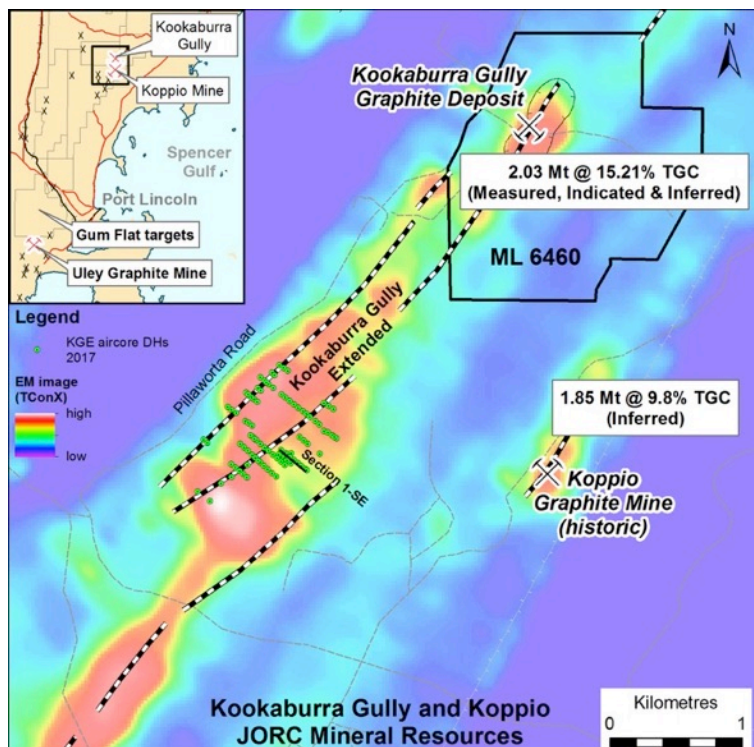


Figure 5: Location of AGL's Kookaburra Gully Graphite Project, Koppio graphite deposit and Kookaburra Extended exploration targets

Quarterly Activities Report – June 2017

31 July 2017



Minerals Limited, ASX announcement, 23 May 2017) and range up to 17.2% TGC.

The 2017 drilling at KGE has extended the area of graphite mineralisation in the immediate region of Kookaburra Gully and Mineral Lease ML 6460 (within a radius of 4 kilometres). The total strike length of the combined Kookaburra Gully and KGE EM anomaly is about 8 kilometres but only 1100 metres strike length was drilled at Kookaburra Gully Extended. Further potential graphite mineralisation still exists in all directions but particularly to the north and south of existing drilling.

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

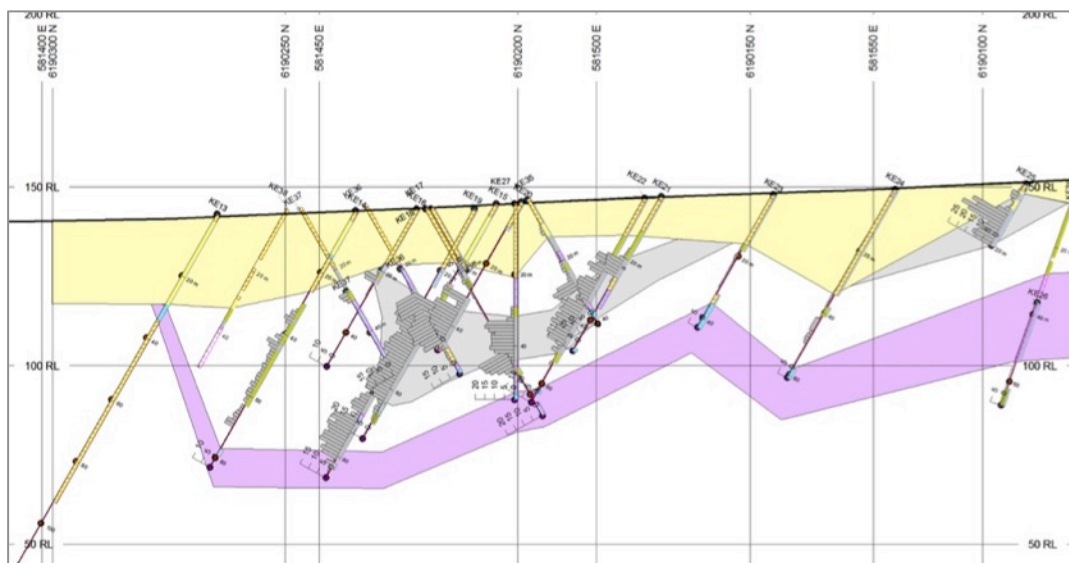
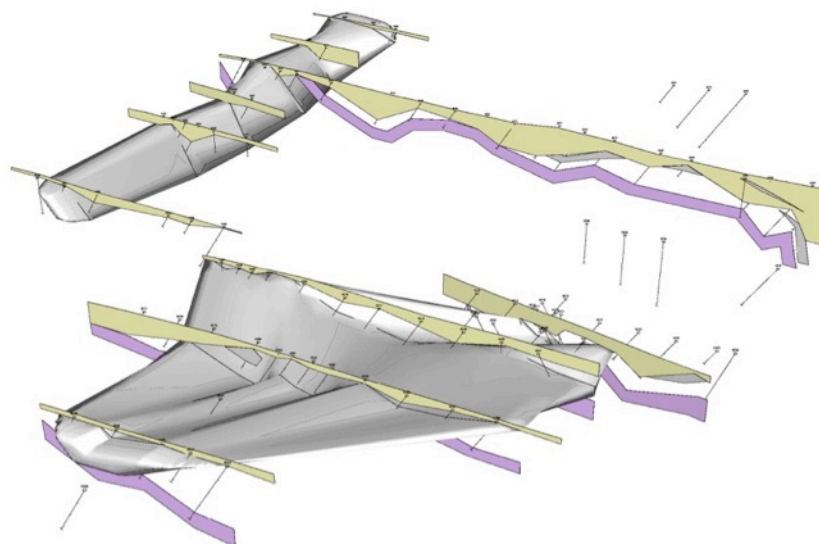


Figure 6: Interpreted geological cross section 1-SE at Kookaburra Gully Extended: yellow is saprolite clay & alluvium; grey is graphite schist; purple is dolomitic marble; uncoloured areas between are predominantly undifferentiated schist & gneiss; refer Figure 5 for section location



*Figure 7: 3D geological interpretation of graphite schist intersections at KGE (looking north)
Note: this is a geological interpretation NOT a resource model*

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.

Quarterly Activities Report – June 2017

31 July 2017



CORPORATE

At 30 June 2017, Lincoln has A\$2.21 million in cash at bank. Exploration and evaluation expenditure by the Company during the June 2017 quarter was A\$579,000 associated to PEPR preparation activities.

Lincoln announced on 26 May 2017 that the Company would hold a shareholders' meeting to approve share placements to raise up to \$9.6 million to progress the development of its graphite assets. Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) as the placements are to entities associated with Directors of the Company.

Funds raised from the Placement will be used to progress the approval processes associated with the mineral lease and PEPR, develop pilot plant and production processes for product development, land acquisition and commence 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.

A shareholders' meeting is planned for Friday 22 September 2017 and the required Notice of Meeting will be sent to shareholders in due course.

Board and Management

Yubo Jin	Chairman (Non-Executive)
James TENGHUI Zhang	Vice-Chairman (Non-Executive)
Dr A John Parker	Managing Director
Eddie Lung Yiu Pang	Director (Non-Executive)
Jarek Kopias	Company Secretary / CFO
Dwayne Povey	Chief Geologist

Securities on Issue

Ordinary shares at 30 June 2017

460,483,686

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.

Quarterly Activities Report – June 2017

31 July 2017



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 5971 has replaced former EL 4998. All LML ELs are current to 2018-19.

Centrex (CXM and SAIOG) has applied to renew EL 5065. During the period, CXM transferred ownership of EL 5851 to Baogang Group Investments (Australia) Pty Ltd. LML retains its rights in all minerals other than iron on EL 5851.

Lincoln now 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%	
EL 5641	18-Apr-17		Tooligie Hill	CXM				Relinquished in full
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

Quarterly Activities Report – June 2017

31 July 2017

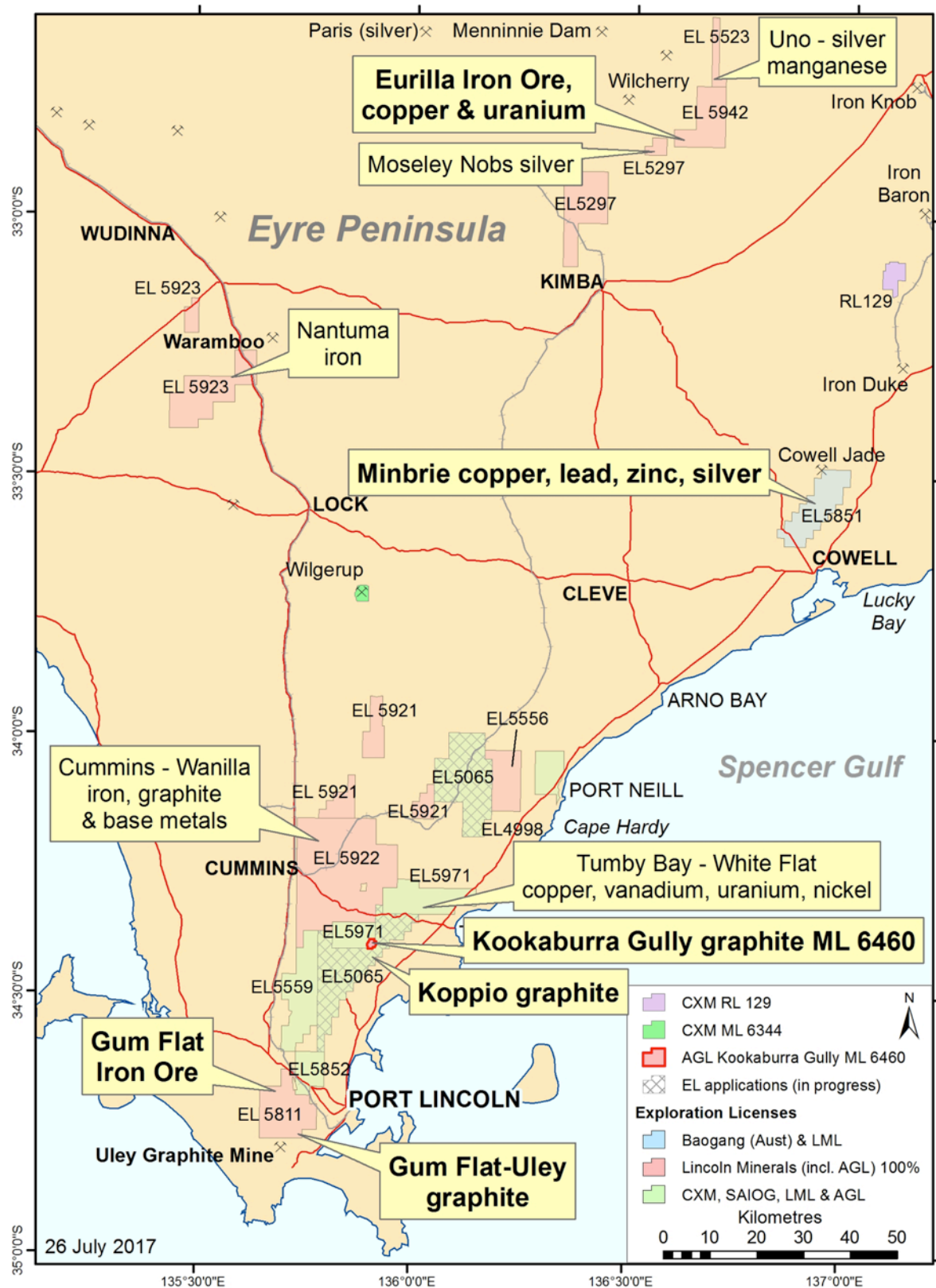


Figure 8: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of Premier and Cabinet, the Government of South Australia, Exploration and Geoscientific Data, sourced on 26 July 2017

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

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 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(579)	(2,458)
(b) development	-	-
(c) production	-	-
(d) staff costs (net of capitalised expenditure)	(176)	(532)
(e) administration and corporate costs	(182)	(773)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	49
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	152	255
1.8 Other (provide details if material)	-	3
1.9 Net cash from / (used in) operating activities	(766)	(3,456)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	6
	(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	-	1

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,947
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	(9)	(267)
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	(9)	2,680

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,989	2,989
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(766)	(3,456)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(9)	2,680
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,214	2,214

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	455	230
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – 30 to 90 days deposit funds	1,759	2,759
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,214	2,989

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

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	260
9.2 Development	240
9.3 Production	-
9.4 Staff costs	330
9.5 Administration and corporate costs	155
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	985

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	EL 5641	Exploration tenement for all minerals other than iron (relinquished)	Operator 100%	0%
	EL 5971	Exploration tenement for all minerals other than iron (subsequent EL for EL 4998)	Operator 100%	Operator Reduced in area by 21%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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: 31 July 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.