

26 February 2015

The Manager  
ASX Announcements

Dear Sir,

## **Lincoln lodges formal graphite Mining Lease Application for Kookaburra Gully project on Eyre Peninsula, SA**

**Australian graphite developer, Lincoln Minerals Limited (“LML”)** is pleased to announce that the Company, through its wholly-owned subsidiary, Australian Graphite Limited (AGL), has formally lodged a Mining Lease Application (MLA) to develop a graphite mine at AGL’s wholly-owned Kookaburra Gully project on South Australia’s Eyre Peninsula.

The lodgement of the MLA follows completion of the review process by SA’s Department of State Development (DSD) of Lincoln’s draft Mining Lease Proposal (MLP) – the main supporting documentation behind the MLA.

### **Lincoln Managing Director, Dr John Parker:**

*“Lodgement of the MLA is a milestone for Kookaburra Gully and Lincoln Minerals in every sense. It means the backbone of work needed to elevate this project from exploration and assessment through to where we believe it can now be a viable new mining operation in Australia’s graphite sector, has been realised. It is the benchmark from which we can now springboard real-time project financing, development and offtake agreements.”*

Kookaburra Gully is one of Australia’s premier graphite deposits with total Indicated and Inferred Mineral Resources of 2.20 million tonnes grading an average 15.1% TGC (Total Graphitic Carbon) (*Lincoln Minerals Limited, ASX release 19 December 2013*). It ranks in the world’s Top 10 graphite deposits based on grade and is close to water, electricity and an export port 35kms away.

Marketing of Kookaburra Gully graphite will be facilitated by the newly established **Qingdao International Graphite Exchange Center Co., Ltd** of which Lincoln Minerals is a 25% owner along with Qingdao Hainaer Nanometer Technology Co., Ltd (PRC 48%), Pleasant King Limited (Hong Kong 25%) and FU Lei (PRC 2%). The graphite exchange has been established in China as a graphite spot trading, settlement, storage, investment and financing platform. Not only is it proposed that Lincoln will promote its graphite and related products through this exchange to the rest of the world but Lincoln will also be able to share in other spot market trading of graphite in and out of China.

Qingdao is a very important port for international trade, located in the southeast part of Shandong Province, a short distance to Korea and Japan, and very close (less than 100km) to one of China’s major industrial graphite producing regions, the Pingdu region.

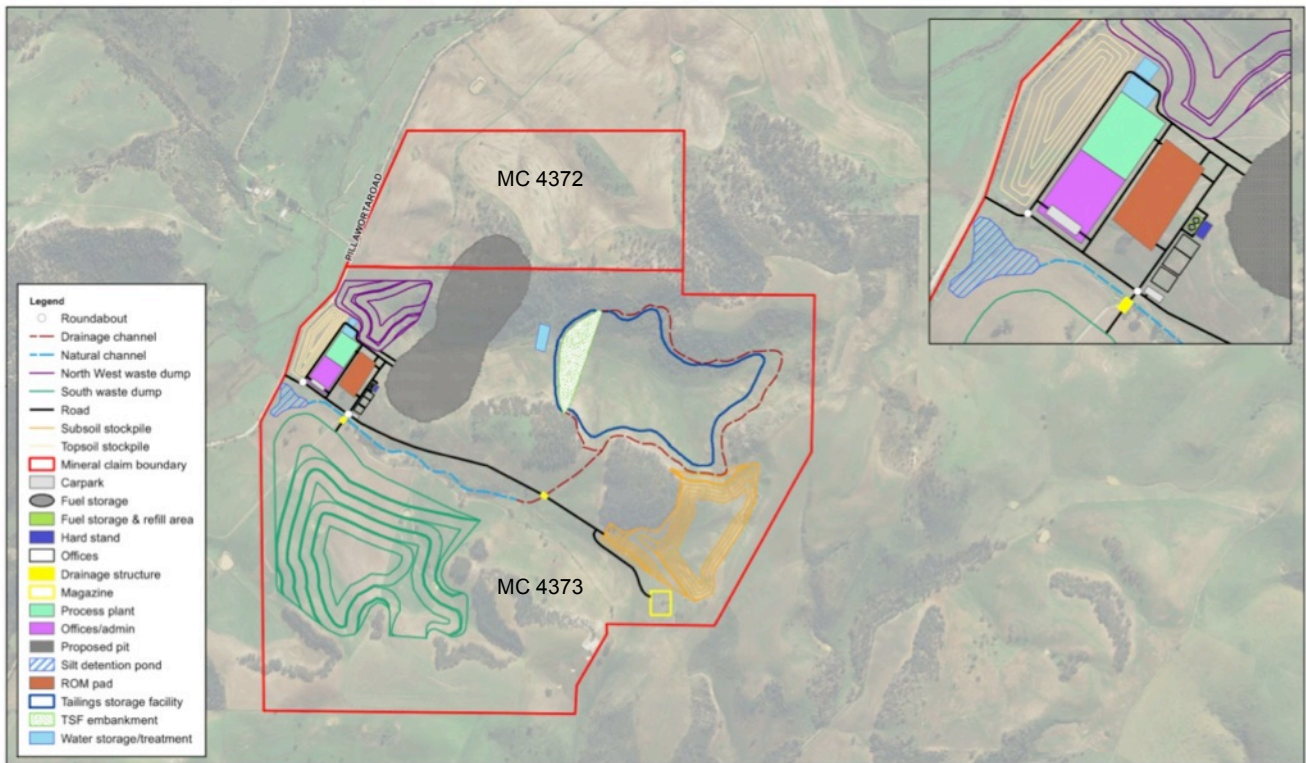
### **Key components of the Kookaburra Gully MLA-MLP**

The proposed Kookaburra Gully mining lease will be ~300 hectares in size, although only about one third of that footprint will be directly impacted by mining operations. Subject to global graphite prices, a 7.5 year mine life is anticipated from an open pit mine approximately 700 metres long, 270 metres wide, and 90-110 metres in depth. The open-pit will partially fill with water after mining ceases to form a lake and surrounding areas will be re-vegetated and/or restored to farm land.

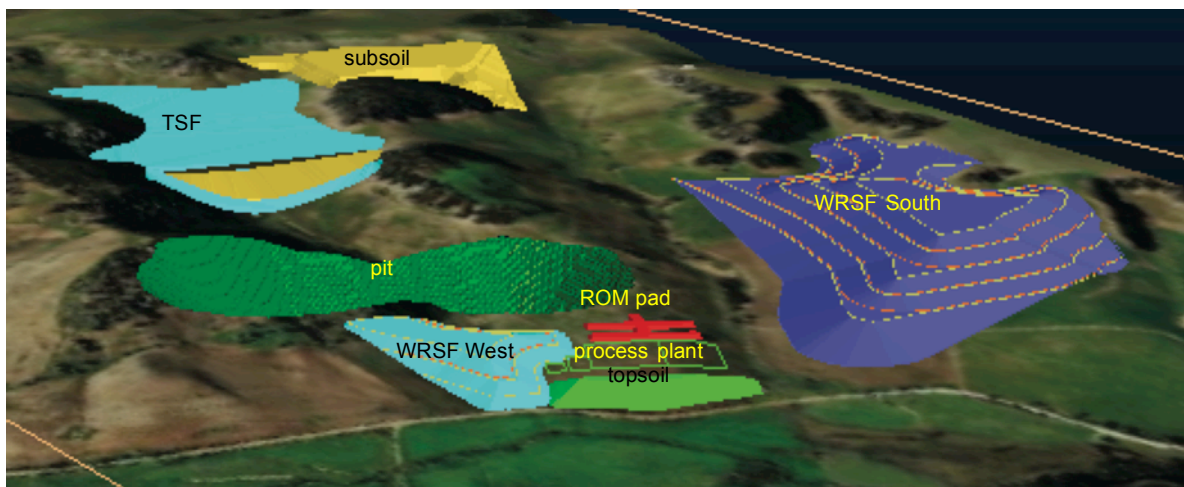
Kookaburra Gully’s infrastructure will include a processing plant to upgrade the graphite ore into high grade graphite concentrate at a rate of ~25,000-55,000 tonnes per annum.

The enclosed processing plant, including grinding mill, will operate 24/7 but there will be no mining operations, including primary crushing, or transport operations at night.

The mine site will include a Run-of-Mine (ROM) stockpile for temporary ore storage prior to processing, and a Tailings Storage Facility (TSF), to be rehabilitated for agricultural use when mining stops.



**Kookaburra Gully Conceptual Mine Plan**



**Conceptual aerial 3D view of proposed mine site looking southeast**

Dr Parker said the MLP-MLA took into account key issues raised by the community in the Company's extensive engagement with local property holders, regional townships and other stakeholder interests.

"These considerations include addressing concerns on management and protection of groundwater, surface water, flora and fauna, traffic and transport safety, the management of noise, vibration and dust, and mine site rehabilitation," Dr Parker said.

"Protection of groundwater is a high priority for Lincoln from both our own point of view and needs, and to ensure landowners are not compromised. The MLP provides answers to those concerns.

"We will be installing new wells and will be monitoring water levels in nearby wells throughout the mining operation and will work with landholders, if they are affected by pit dewatering, to maintain stock water supplies throughout the period of mining operations.

“While the mine site is not in a prescribed wells area and there is no requirement to hold a water licence or seek authorisation to extract water for mining purposes, Lincoln will be abiding by the principles of regional Natural Resource Management plans as the Company will be a miner which preserves the environmental values of lower Eyre Peninsula.”



### **Water supply for mine operations**

The water supply system has been formulated to supply approximately 1.6 megalitres of water per day to the proposed Kookaburra Gully Graphite Mine site. This water will be used to process the graphite ore within the plant and to supply all on-site demands including dust suppression, potable water, firefighting, vehicle wash-down and maintenance purposes.

Lincoln is proposing to initially source water from the Tod Reservoir, 12 km to the south of the mine site, with ongoing operations post commissioning supplemented through the recycling of water from the proposed tailings storage facility and groundwater recovered from mine dewatering.

Dr Parker said that at full operation, there are likely to be three to seven semi-trailer movements of graphite concentrate a day from the site to export facilities at Port Lincoln, Port Adelaide, Port Pirie or perhaps in the future, one of the proposed ports of Port Spencer or Cape Hardy.

Lincoln has also set an employment target of 80% fulltime equivalents (FTEs) from the local community for mining and processing operations, with 60 FTEs anticipated during construction and pre-stripping and a permanent workforce during mining of around 30.

Further information is available from the Company website (Community Information Update No. 3, February 2015)

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