

Lincoln Minerals

Interim Financial Statements

for the half-year ended 31 December 2014



DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Directors present their report together with the consolidated interim financial statements of Lincoln Minerals Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2014 together with the Auditor's review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the half year are:

<u>Name</u>	<u>Period of directorship</u>
Non-executive	
Yu Bo Jin	Appointed 18 September 2013 and Chairman from that date
Kee G Saw	Appointed 18 September 2013
Alex HK Lim	Appointed 1 December 2013
Eddie LY Pang	Appointed 1 December 2013
Executive	
Dr A John Parker	Appointed 16 October 2006 as Managing Director from that date

RESULTS

The Group made a loss after tax for the six months ended 31 December 2014 of \$10,831,045 (2013: \$611,046). In the six months to 31 December 2014, the Group capitalised \$430,668 (2013: \$335,392) of net exploration and evaluation expenditure and expensed \$231,234 (2013: \$35,938) of such expenditure. The most significant impact impairment write down has been at the Group's Gum Flat project (\$8,931,003) and a further write down at the Eurilla Dam project (\$1,188,152). A provision for impairment losses has been recognised in relation to these projects and will be assessed at each reporting date. Interest income was \$35,108 (2013: \$7,504). Cash at the end of December 2014 was \$1,670,875 (2013: \$817,533).

REVIEW OF OPERATIONS

During the reporting period the Company continued exploration and pre-development on its licences in South Australia, where the majority of its effort was directed to:

- The Kookaburra Gully Graphite Project 35 km north of Port Lincoln on southern Eyre Peninsula; and
- The Gum Flat iron ore project 20 km west of Port Lincoln.

Kookaburra Gully

Kookaburra Gully is one of **Australia's premier graphite deposits** with intercepts up to 39.7% Total Graphitic Carbon (TGC) and, along with the historic Koppio Mine, is a **global Top 10** graphite deposit based on its in-situ graphitic carbon content. Kookaburra Gully and Koppio are 10km from water supplies, adjacent high voltage electricity lines and **within 35 km of a major port**.

Kookaburra Gully has a combined Inferred and Indicated Mineral Resource of 2.2 million tonnes at an average 15.1% TGC (1.47 Mt @ 13.9% TGC Indicated + 0.73 Mt @ 17.3% TGC Inferred at a nominal cutoff >5% TGC) (*Lincoln Minerals Limited, ASX release 19 December 2013*). Metallurgical tests have shown that the deposit can produce a range of flake graphite products from very fine (<75 microns) to large (>176 microns) flake at grades in excess of 93% TGC.

During the 6 months to 31 December 2014, the project team's work on preparing the final draft Mining Lease Proposal for Kookaburra Gully has included:

- Further optimisation of the site layout
- Further design work on the Mine Concept Design
- "Pegging", surveying and applying for the requisite Mineral Claim(s)
- Completion of technical assessments including an additional flora/fauna spring field survey and completion of flora, fauna, groundwater, noise and air quality reports
- Drafting of the Mining Lease Proposal.

Two Mineral Claims (MC 4372 and MC 4373) totalling approximately 300 hectares have now been registered for the Company's Kookaburra Gully graphite project (Figure 1).

The mineral claims were lodged early in October 2014 and were registered on 7 November 2014 under the company name of Australian Graphite Limited (AGL), which is a fully owned subsidiary of the Company. The Mineral Claims are the first step in applying for a Mining Lease over the high grade Kookaburra Gully graphite deposit. The Mineral Claims are valid for 12 months during which time AGL must lodge its Mining Lease Application. AGL owns the graphite mineral rights over a number of the Company and Centrex Metals-SA Iron Ore Group (CXM-SAIOG) ELs (see the Tenement schedule at the end of this report).

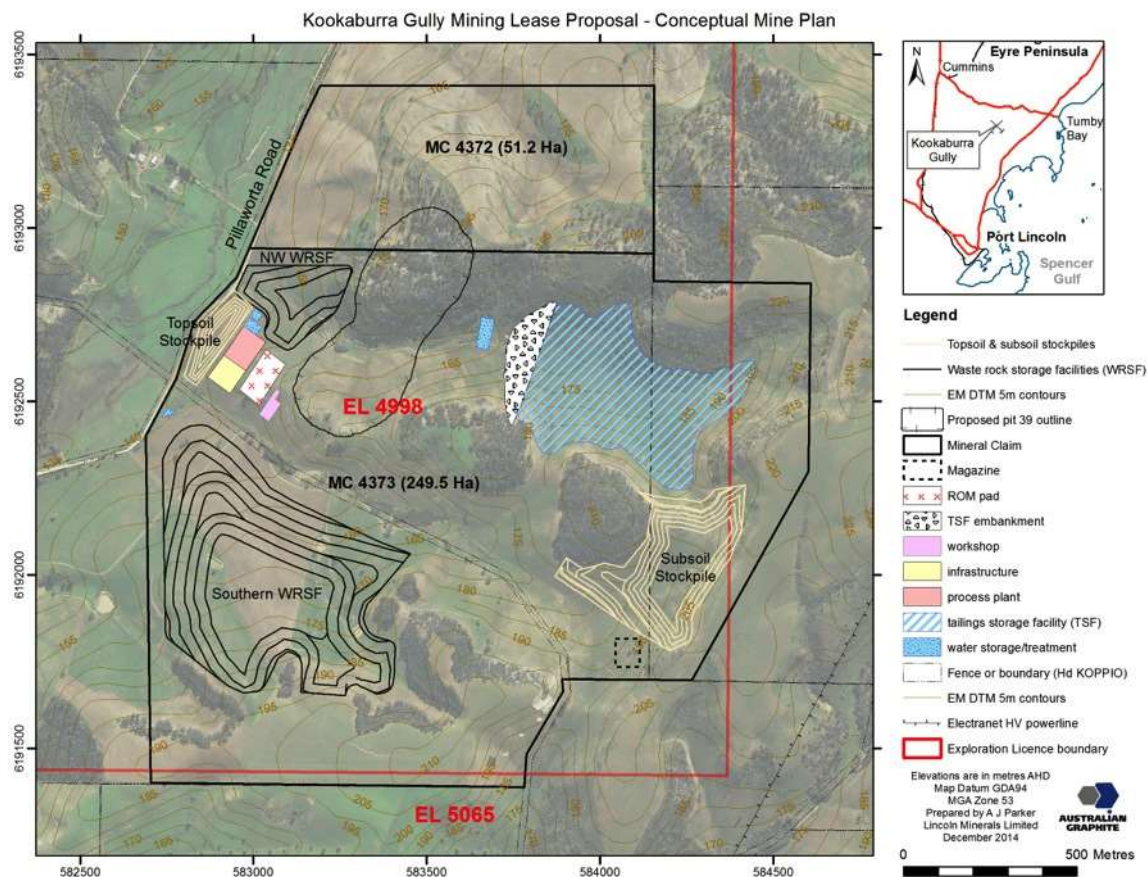


Figure 1: Location of Kookaburra Gully MC 4372 and MC 4373 and proposed mine plan

The draft Mining Lease Proposal (MLP) was completed and provided to the SA Department of State Development (DSD) early in October 2014, at its request, for review prior to the Company lodging it as part of the formal Mining Lease Application process.

On the basis of that review, which included input from other State Government departments, DSD provided a "Guidance Report" to the Company outlining areas in the MLP that could be improved to streamline the formal ML application and assessment process. The Guidance Report was received early in December 2014 and discussed with department officials immediately prior to Christmas and again in January-February 2015.

Since the initial discussions with DSD, the Company has been working on revisions to the MLP. Most of those revisions are relatively simple, albeit time consuming, and involve summarising or updating tables and/or figures in the Appendices for inclusion in the main body of the MLP or moving/duplicating figures and tables. The MLP is a large, complex document that summarises the existing environment, outlines the conceptual mine plan, outlines risks and potential impacts, measures to mitigate those risks and impacts, and mine closure/rehabilitation plans. It is supported by a number of appendices including flora/fauna studies, heritage surveys, groundwater studies and conceptual mine plans. Subject to any further requirements from DSD, the Company and AGL expect to complete revisions to the MLP in February 2015. This will enable AGL to finalise and lodge its Mining Lease Application during the first quarter of 2015.

The lodgement of the Mining Lease Application and a smooth approvals process should position the Company to achieve its objective of securing a Mining Lease and all Government approvals for a Kookaburra Gully mine, in calendar 2015.



LINCOLN MINERALS LIMITED

A key component of the Kookaburra Gully project has been the Stakeholder Consultation Plan. This is ongoing and addressing impacts and benefits to surrounding landholders, stakeholders and the wider Eyre Peninsula community.

Early in July 2014, the Company released its Community Information Update No. 2 for the Company's proposed graphite mine at Kookaburra Gully. Company representatives presented this update and answered questions at community information sessions on 10-11 July 2014 at Tumby Bay and Yallunda Flat. This was a final step towards completing a Mining Lease Proposal for the proposed Kookaburra Gully Graphite Mine.

For further information regarding the Mining Lease Proposal, please consult the July 2014 Community Information Update No. 2 (*Lincoln Minerals Limited, ASX Announcement 9 July 2014*) which is available on the Company website www.lincolnminerals.com.au. Other than some changes to the mine layout as identified in Figure 1, there have been no other significant changes to the proposed development outlined in the July 2014 update.

The Company and AGL aim to take the Kookaburra Gully project to critical development and commercialisation milestones over the next 12 months.

Gum Flat

The Company's Gum Flat Iron Ore Project is located on southern Eyre Peninsula which is a major world-class iron ore province extending from the Middleback Ranges south to Port Lincoln.

Gum Flat EL 4643 contains a number of priority magnetic targets including Barns, Rifle Range and the Port Lincoln-Tulka suite. All are within 20km of Port Lincoln or about 120-150km by road from the proposed new deep water Cape-size ports at either Port Spencer or Cape Hardy, between Tumby Bay and Port Neill.

The Company has been developing a proposal to mine hematite mineralisation at the Barns deposit and export up to 250,000 tonnes per annum direct shipping ore (DSO) via Port Lincoln or another suitable bulk commodities port over a 4-5 year mine life. A Mining Lease Proposal (MLP) has been prepared for this proposed operation but had been stalled by the Government refusing to grant a critical groundwater extraction licence. However, following a successful appeal to the Environment, Resources and Development Court, **a groundwater licence has now been granted** for the Company's proposed iron ore mine and the Company can now complete the MLP.

The Barns iron ore deposit is located within the Southern Basins Prescribed Wells Area (SBPWA) just west of Port Lincoln and is subject to a Water Allocation Plan (WAP).

The groundwater licence is for the extraction of up to 435 megalitres per annum for "industrial" purposes to progressively extract groundwater at a sustainable rate to facilitate the proposed iron ore mining operations and for other purposes ancillary to the proposed mine. This amount and the associated conditions of the licence are consistent with the WAP allocation for the Basement aquifer of the SBPWA.

The Company emphasises that the licence is only for the extraction of groundwater from the region's Basement aquifer not the upper Bridgewater Formation aquifer that is host to groundwater in the Uley East and Uley South lenses. The proposed mine site is on topographic and palaeo-topographic highs where the upper aquifer does not contain groundwater. Independent modelling shows that mining operations will not affect the Uley East lens nor the Uley South lens which is over 10km away. That is, the proposed mining operations will not have any effect on Eyre Peninsula's potable water supply in the short, medium or long term.

Other Projects

No significant exploration was undertaken on the Group's other South Australian tenements during the 6 months to the end of December 2014.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditor KPMG, a copy of which is attached to and forms part of this report.

Dated at Adelaide, South Australia this 20th day of March 2015 and signed in accordance with a resolution of the Directors.



Jin Yu Bo, Chairman

Information in this report that relates to exploration activity and results was compiled by Dr A J 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.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lincoln Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Darren Ball
Partner

Adelaide

March 2015

LINCOLN MINERALS LIMITED

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended

	Note	<u>31 December 2014</u>	<u>31 December 2013</u>
		\$	\$
Other income		8,400	5,000
Exploration and evaluation expenditure expensed	7	(231,234)	(35,938)
Impairment expense	7	(10,119,155)	-
Corporate and administrative expenses	5	(518,265)	(581,106)
Depreciation and amortisation		(5,899)	(6,506)
RESULTS FROM OPERATING ACTIVITIES		<u>(10,866,153)</u>	<u>(618,550)</u>
Finance income		35,108	7,504
NET FINANCE INCOME		<u>35,108</u>	<u>7,504</u>
LOSS BEFORE INCOME TAX		<u>(10,831,045)</u>	<u>(611,046)</u>
Income tax expense		-	-
NET LOSS FOR THE PERIOD		<u>(10,831,045)</u>	<u>(611,046)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(10,831,045)</u>	<u>(611,046)</u>
Basic loss per share (cents)		(4.04)	(0.35)
Diluted loss per share (cents)		(4.04)	(0.35)

The accompanying notes form part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014

	<u>Issued capital</u>	<u>Accumulated losses</u>	<u>Share based payments reserve</u>	<u>Total equity</u>
	\$	\$	\$	\$
Balance at 1 July 2013	23,631,175	(8,733,748)	96,285	14,993,712
Total comprehensive loss for the period				
Loss for the half year	-	(611,046)	-	(611,046)
Total comprehensive loss for the period	-	(611,046)	-	(611,046)
Transactions with owners of the Company, recognised directly in equity				
Share issues	1,262,106	-	-	1,262,106
Total transactions with owners	1,262,106	-	-	1,262,106
Balance at 31 December 2013	24,893,281	(9,344,794)	96,285	15,644,772
Balance at 1 July 2014	27,987,352	(9,864,557)	96,285	18,219,080
Total comprehensive loss for the period				
Loss for the half year	-	(10,831,045)	-	(10,831,045)
Total comprehensive loss for the period	-	(10,831,045)	-	(10,831,045)
Transactions with owners of the Company, recognised directly in equity				
Total transactions with owners	-	-	-	-
Balance at 31 December 2014	27,987,352	(20,695,602)	96,285	7,388,035

The accompanying notes form part of these consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	<u>31 December 2014</u>	<u>30 June 2014</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,670,875	2,889,580
Trade and other receivables		73,017	249,170
TOTAL CURRENT ASSETS		1,743,892	3,138,750
NON CURRENT ASSETS			
Property, plant and equipment		654,254	658,791
Exploration and evaluation assets	7	5,253,275	15,114,950
Intangibles		5,900	7,875
TOTAL NON CURRENT ASSETS		5,913,429	15,781,616
TOTAL ASSETS		7,657,321	18,920,366
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		82,915	508,433
Employment entitlements – annual and long service leave		177,544	182,679
TOTAL CURRENT LIABILITIES		260,459	691,112
NON CURRENT LIABILITIES			
Employment entitlements – long service leave		8,827	10,174
TOTAL NON CURRENT LIABILITIES		8,827	10,174
TOTAL LIABILITIES		269,286	701,286
NET ASSETS		7,388,035	18,219,080
EQUITY			
Contributed equity	8	27,987,352	27,987,352
Reserves		96,285	96,285
Accumulated losses		(20,695,602)	(9,864,557)
TOTAL EQUITY		7,388,035	18,219,080

The accompanying notes form part of these consolidated interim financial statements

LINCOLN MINERALS LIMITED

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended

	<u>31 December 2014</u>	<u>31 December 2013</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(495,125)	(561,483)
Income tax R&D grant received	95,970	-
Other income	4,000	2,500
Net cash (outflow) from operating activities	(395,155)	(558,983)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(644,353)	(299,792)
Payments for acquisition of property, plant and equipment	(9,797)	(21,502)
Interest received	21,168	2,198
Net cash (outflow) from investing activities	(632,982)	(319,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issues	-	1,437,787
Share issue expenses	(190,568)	(176,858)
Net cash inflow from financing activities	(190,568)	1,260,929
Net increase in cash and cash equivalents	(1,218,705)	382,850
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,889,580	434,683
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,670,875	817,533

The accompanying notes form part of these consolidated interim financial statements

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Lincoln Minerals Limited (the Company) is a company domiciled in Adelaide Australia, whose shares are publicly traded on ASX Limited.

The consolidated interim financial statements of the Company as at, and for the six months ended 31 December 2014 comprises the Company and its wholly owned subsidiaries Lincoln Asia-Pacific Limited and Australian Graphite Limited (together referred to as the Group).

The Group is primarily involved in the exploration of Iron Ore and Graphite on the Eyre Peninsula in South Australia.

2. BASIS OF PREPARATION

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2014. The 2014 annual financial report is available from the Company's registered office at 28 Greenhill Road, Wayville SA 5034 or at www.lincolnminerals.com.au.

The consolidated interim financial statements were approved by the Board of Directors on 20 March 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2014 and can be found on the Company's website at www.lincolnminerals.com.au.

None of the Australian Accounting Standards or Interpretations available for early adoption has been early adopted by the Company as none is considered to have a significant impact on the Group.

Preparing interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements as at and for the year ended 30 June 2014.

New and amended standards adopted by the Group

The Group has not applied any new standards and amendments for the first time in its annual reporting period commencing 1 July 2014.

4. GOING CONCERN

The interim consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2014, the Group had accumulated losses of \$20,695,602 and for the half year ended 31 December 2014 incurred a loss before tax of \$10,831,045 and operating and investing cash outflows of \$1,028,137. However, current assets of \$1,743,892 exceed current liabilities of \$260,459 and the Group has net assets of \$7,388,035. The Directors have prepared forecasts for the period to March 2016 and on this basis, believe that the Group's cash reserves of \$1,670,875 are sufficient to pay its forecast debts as and when they fall due. The directors have based these forecasts on maintaining minimal operations via the curtailing of certain operating and exploration expenses. The directors are of the view that this curtailment is achievable. On this basis the directors consider the going concern basis of preparation of this financial report is appropriate.

4. GOING CONCERN (Continued)

It is the ultimate strategy of the Directors to continue to explore the Group's areas of interest for which rights of tenure are current. The minimum expenditure commitments to execute this strategy on exploring these tenements total \$1,304,700 for the next 12 months. In order to do so the directors consider that the Group will fund its projects through a combination of use of existing cash, partnership arrangements and access to equity markets. There is uncertainty over the timing and amount of benefit to the Group resulting from any of these proposed courses of action. The directors are committed to taking the appropriate action to achieve this ultimate strategy, to ensure these funds are available and add value to the entity.

The directors have reviewed the operating outlook for the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will achieve the matters set out above. In the event that the Group is unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts that differ to those stated in this interim financial report.

The interim consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

5. CORPORATE AND ADMINISTRATIVE EXPENSES

	<u>Six months ended</u> <u>31 December 2014</u>	<u>Six months ended</u> <u>31 December 2013</u>
	\$	\$
Corporate expenses	116,972	139,727
Administrative expenses	401,293	441,379
	<u>518,265</u>	<u>581,106</u>

6. INCOME TAXES

Income tax for the 6 month period ended 31 December 2014 is nil based on the effective tax rate for the full year. No tax credit has been recognised in the current period, as no deferred tax asset has been recognised in respect of tax losses arising in the period.

7. EXPLORATION AND EVALUATION ASSETS

	<u>2014</u> \$	<u>2013</u> \$
Balance at 1 July	15,114,950	14,043,210
Expenditure for the half year	488,714	371,330
Less, exploration and evaluation expensed	(58,046)	(35,938)
Less, Impairment of Gum Flat	(8,931,003)	-
Less, Impairment of Eurilla Dam	(1,188,152)	-
Less, expensed amounts previously capitalised	(173,188)	-
Balance at 31 December	<u>5,253,275</u>	<u>14,378,602</u>
Gross exploration assets capitalised	15,372,430	14,378,602
Provision for impairment	<u>(10,119,155)</u>	<u>-</u>
Net exploration assets	<u>5,253,275</u>	<u>14,378,602</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The carrying value of assets was assessed at 31 December 2014 and a total of \$10,350,389 was expensed during the period. Of this amount, \$128,395 was incurred in the current reporting period and \$10,221,994 related to the write-off of assets carried from prior periods. The impairment write down was due to an assessment of the carrying value based on prospectivity of tenements held by the Group.

7. EXPLORATION AND EVALUATION ASSETS (Continued)

The most significant write downs relate to the Gum Flat project (\$8,931,003) and the Eurilla Dam project (\$1,188,152) which have been written down due to falling iron ore prices and increased uncertainty around the timing and extent of any price recovery. The recoverable amounts of the assets have been assessed on a fair value less cost to sell basis having regard to recent expressions of interests from a third party.

The Board has reviewed the iron ore assets and assessed that the carrying value of the assets is appropriate based on the Boards assessment and discussions with external parties. Further impairment may be required if potential transactions do not result in the realisation of the carrying value.

These impairments have been recognised in "impairment expense" in the consolidated interim statement of profit or loss and other comprehensive income.

At the Group's Gum Flat Project – cost previously capitalised total \$11,931,003 prior to impairment (2013: \$11,721,583) - magnetite and hematite mineral resources have been defined along with compilation of a Mining Lease application for the Stage 1 mining proposal to mine the hematite-goethite cap above the magnetite resource. The Mining Lease proposal was completed in October 2011 but could not be lodged as a formal Mining Lease Application until a groundwater extraction license was obtained.

In September 2014, following a successful appeal to the Environment, Resources and Development Court, **a groundwater licence was granted** for the Company's proposed hematite iron ore mine and the Company can now complete the mining lease proposal. Conditions imposed by the SA Minister for Sustainability, Environment and Conservation include preparation of an approved Monitoring Plan, obtaining a Mining Lease within four years and maintaining detailed records of extraction from meters supplied, installed and maintained in accordance with South Australian Licensed Water Use Meter Specifications. The licence may be varied by the Minister in accordance with the Act at yearly intervals if it is necessary or desirable to more effectively regulate the use of water.

8. CONTRIBUTED EQUITY

	<u>31 December 2014</u>	<u>30 June 2014</u>
	\$	\$
(a) Share capital		
Fully paid ordinary shares	27,987,352	27,987,352
	<hr/>	<hr/>
(b) Movements in share capital:	<u>Number</u>	<u>\$</u>
<u>Fully paid ordinary shares</u>		
Balance at 1 July 2014	268,386,949	27,987,352
	<hr/>	<hr/>
Balance at 31 December 2014	268,386,949	27,987,352
	<hr/>	<hr/>

LINCOLN MINERALS LIMITED

9. SEGMENT INFORMATION

The main operation of the Group is the exploration of graphite and iron ore mineral resources. As the Group operates entirely within Australia, the Group currently has two business segments. This is consistent with the information provided for internal reporting purposes to the chief operating decision maker (the Board).

2014	<u>Iron Ore and other minerals</u>	<u>Graphite</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Income</u>				
Financial Income	-	-	35,108	35,108
Other Income	-	-	8,401	8,401
<u>Expenses</u>				
Exploration and evaluation expensed	(10,198,339)	(152,050)	-	(10,350,389)
Depreciation	-	-	(3,924)	(3,924)
Amortisation	(1,975)	-	-	(1,975)
Other expenses	-	(44,313)	(473,953)	(518,266)
Net loss for the period	(10,200,314)	(196,363)	(434,368)	(10,831,045)
<u>Assets</u>				
Exploration and evaluation	3,520,941	1,732,334	-	5,253,275
All other assets	559,488	11,395	1,833,163	2,404,046
Total assets	4,080,429	1,743,729	1,833,163	7,657,321
Total liabilities	(4,846)	(25,620)	(238,820)	(269,286)
Net assets	4,075,583	1,718,109	1,594,343	7,388,035
2013	<u>Iron Ore and other minerals</u>	<u>Graphite</u>	<u>Corporate</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Income</u>				
Financial Income	-	-	7,504	7,504
Other Income	-	-	5,000	5,000
<u>Expenses</u>				
Exploration and evaluation expensed	(35,938)	-	-	(35,938)
Depreciation	-	-	(2,567)	(2,567)
Amortisation	(3,939)	-	-	(3,939)
Other expenses	-	(37,669)	(543,437)	(581,106)
Net loss for the period	(39,877)	(37,669)	(533,500)	(611,046)
<u>Assets</u>				
Exploration and evaluation	13,468,575	910,027	-	14,378,602
All other assets	563,702	-	1,006,861	1,570,563
Total assets	14,032,277	910,027	1,006,861	15,949,165
Total liabilities	(6,439)	(86,780)	(211,174)	(304,393)
Net assets	14,025,838	823,247	795,687	15,644,772

10. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Geosurveys Australia Pty Ltd (related entity) is an entity associated with Dr AJ Parker. During the six months ended 31 December 2014 the related entity provided vehicle and equipment hire to the Consolidated Entity totalling \$nil (2013: \$2,604) at equal to or less than commercial rates in connection with the business of the Company.

Arrangements with the related party have ceased to be in place as of the current half-year. For details on these arrangements, refer to the 30 June 2014 Annual Financial Report.

11. FAIR VALUE MEASUREMENT

Carrying value versus fair value

The carrying amounts of financial assets and financial liabilities in the consolidated statement of financial position approximate their fair values.

The Group's financial risk management objectives and strategies are consistent with those disclosed in the consolidated financial statements as at 30 June 2014.

12. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

LINCOLN MINERALS LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Lincoln Minerals Limited (the Company):

1. The consolidated interim financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the six months ended on that date;
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors

On behalf of the Board



Jin Yubo
Chairman

Dated this 20th day of March 2015
Adelaide, South Australia



Independent auditor's review report to the members of Lincoln Minerals Limited

We have reviewed the accompanying interim financial report of Lincoln Minerals Limited (the Company), which comprises the consolidated interim statement of financial position as at 31 December 2014, consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lincoln Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Lincoln Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter- recoverability of exploration and evaluation assets

Without modifying our conclusion, we draw attention to Note 7 in the financial statements. The recoverability of the Gum Flat and Eurilla Dam assets have been assessed on a fair value less cost to sell basis. Further impairment may be required if potential transactions do not result in the realisation of the carrying value.


KPMG


Darren Ball
Partner

Adelaide

 March 2015