



# Quarterly Activities Report

## September 2015

28 October 2015

### Key Points

#### Advanced Graphite Projects on South Australia's Eyre Peninsula

- **Kookaburra Gully Mining Lease Proposal (MLP) released for public review and comment** on 17 September 2015 by the SA Department of State Development. The MLP is open for public submissions until 29 October 2015.
- Maiden Inferred Mineral Resource for the Koppio graphite deposit of 1.85 million tonnes grading 9.76% total graphitic carbon (TGC) with 180,733 tonnes of contained graphite within the high-grade core
- Koppio Mineral Resource increases Lincoln's total graphite Mineral Resource inventory on Eyre Peninsula to 4.03 million tonnes at 12.35% TGC or **0.5 million tonnes of contained graphite** (at a nominal 5% TGC cutoff) in the Koppio-Kookaburra Gully area
- Targeting graphite production of more than 25,000 tonnes per annum from Kookaburra Gully and sales of high purity (>93% TGC) concentrate beginning in CY2016
- Commonwealth Government EPBC Referral updated for Kookaburra Gully Project with additional spring survey data

#### Timetable to graphite mining in SA

The Kookaburra Gully Mineral Lease Application (MLA) lodged in February 2015 was a milestone for Lincoln Minerals. The second milestone was the release of the Mining Lease Proposal (MLP) by the SA Department of State Development for public comment on 17 September 2015. These position Lincoln, for the first time in the Company's history, with **a firm and near-term horizon to achieve the transition from explorer to graphite miner**. Importantly, the MLA coincides with continuing positive Australian and global equity market interest in graphite, spherical graphite for batteries and graphite's acclaimed graphene derivative. Subject to statutory approvals outcomes, Lincoln's anticipated scheduling provides for the granting of a Mineral Lease for the proposed Kookaburra Gully mine early in 2016. Pilot plant processing, finalisation of mine and processing plant design and preparation and approval of a Program for Environmental Protection and Rehabilitation (PEPR) are scheduled for the first half of calendar 2016. Subject to project financing, this should allow commencement of mining and process plant construction within the second half of calendar 2016.

***Kookaburra Gully is one of Australia's and the world's premier graphite deposits with total Indicated and Inferred Mineral Resources of 2.2 million tonnes grading 15.1% TGC.***

***Lincoln Minerals Limited (LML) and its 100%-owned subsidiary, Australian Graphite Pty Ltd (AGL), aim to take the Kookaburra Gully project to critical development and commercialisation milestones over the next 12 months.***

## 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)*

On 26 February 2015, Lincoln Minerals, through its wholly-owned subsidiary, Australian Graphite Pty Ltd (AGL), formally lodged a Mineral Lease Application (MLA) to develop a graphite mine at AGL's wholly-owned Kookaburra Gully project on South Australia's Eyre Peninsula.

**On 17 September 2015, Kookaburra Gully's graphite Mining Lease Proposal (MLP) was made available for public comment** by the South Australian Department of State Development (DSD).

A full copy of the MLP and supporting documentation including instructions on how and where to make a submission can be viewed on DSD's website at:

[http://minerals.statedevelopment.sa.gov.au/mining/public\\_notices\\_mining](http://minerals.statedevelopment.sa.gov.au/mining/public_notices_mining)

A full copy is also available to view at Lincoln's Adelaide and Melbourne offices and, on Eyre Peninsula, at the Tumby Bay District Council office and the Port Lincoln City Council office.

The MLP is open for public submissions until 29 October 2015.

Lodgement of the MLA and release of the MLP for public comment were key milestones for Kookaburra Gully and Lincoln Minerals in every sense. They mean 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.

Following receipt of public and Government submissions, AGL will prepare a Response Document for DSD to use in conjunction with the MLP for assessment of AGL's Mineral Lease Application.

After critical/peer review and extensions imposed by DSD in the assessment process, a smooth approvals process should position Lincoln to achieve its objective of securing a Mineral Lease for Kookaburra Gully early in 2016.

It is the benchmark from which Lincoln can now springboard real-time project financing, detailed design and engineering, development, and off-take negotiations and agreements.

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

The MLP is for a conventional open pit mining operation with associated processing plant to upgrade graphite ore into high grade graphite concentrate at a rate of ~25,000-55,000 tonnes per annum. Kookaburra Gully is one of Australia's premier graphite deposits with total current 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*). Metallurgical tests have shown that the deposit can produce a range of flake graphite products from very fine (<75 microns) to large flake (>176 microns) at concentrates in excess of 93% TGC.

The **Kookaburra Gully graphite deposit ranks in the world's Top 10** graphite deposits based on grade and is close to water, electricity and an export port 35kms away.

AGL owns the graphite mineral rights over a number of LML and Centrex Metals-SA Iron Ore Group (CXM-SAIOG) Exploration Licenses (see the Tenement schedule at the end of this report) and there is considerable potential for further significant graphite discoveries on Eyre Peninsula.

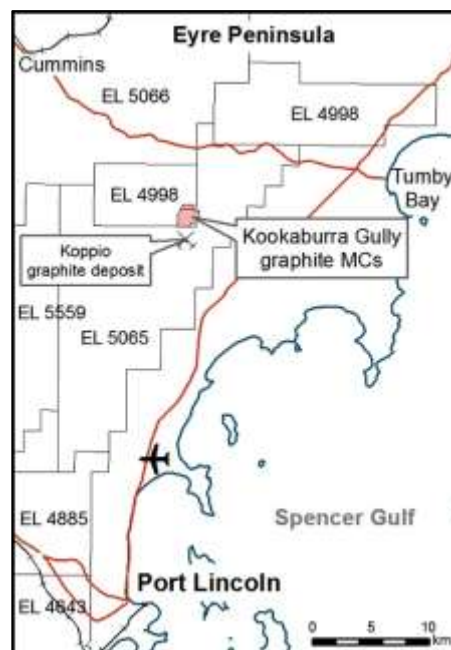


Figure 1: location of AGL's Kookaburra Gully Graphite Project and Koppio

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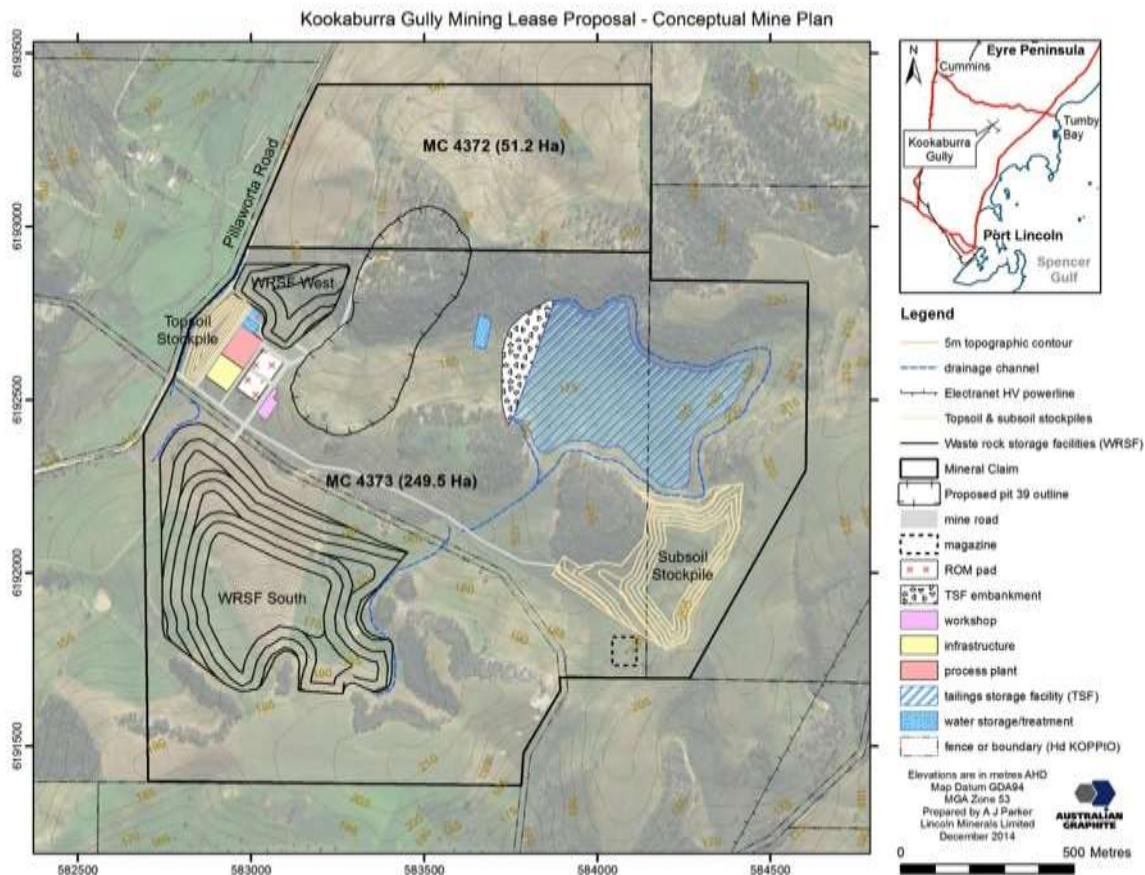


Figure 2: Location of Kookaburra Gully MC 4372 and MC 4373 and proposed mine plan

For further information regarding the Mining Lease Proposal, please consult the September 2015 Community Information Update No. 4 which is available on the Company website [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au).

## EPBC Referral for Kookaburra Gully

As part of its detailed independent expert environmental studies at Kookaburra Gully, AGL identified flora and fauna of National Environmental Significance under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) that might be impacted by the Company's proposed mining and associated activities. Consequently a detailed EPBC Referral outlining environmental aspects of the area and potential flora and fauna impacts was prepared and lodged with the Commonwealth Department of the Environment in April 2015.

Following initial assessment of the Referral, further information was requested and an additional spring orchid survey was conducted. This information was compiled by AGL and submitted early in October to the Commonwealth Department of the Environment for final assessment of the EPBC Referral to determine if it is a controlled action or not.

## Warden's Court

Following complaints lodged by landowners at the northern end of AGL's Kookaburra Gully deposit (MC 4372), AGL has been involved in SA Warden's Court proceedings to resolve the matters raised. The first of these involved the validity of Notices of Entry issued by AGL in 2014 to peg a Mineral Claim. Following a trial on 1 June 2015, Warden Fahey ruled that the Notices were valid and complied with the *Mining Act 1971*.

A second trial was held early in August 2015 to determine matters in relation to disputed exempt land. Following that trial, Warden Cannon reached a decision that denied the landowners' claims that springs existed within and near the proposed open pit. In the same proceedings, the Warden found in the landowners' favour that a small area within

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and near the proposed pit comprised cultivated land exempt from mining operations without the benefit of a waiver of that exemption from the landowners.

A Conciliation Conference has been scheduled late in October 2015 by Warden Cannon to facilitate an access and compensation agreement(s) between the parties and to negotiate a waiver of the benefit of any exempt land status.

## Koppio Graphite Deposit – Resource Geology

In July 2015, Lincoln announced a maiden Inferred Mineral Resource (Table 1) for the Company's second graphite deposit near Port Lincoln (*Lincoln Minerals Limited, ASX release 13 July 2015*). The resource is for the historic Koppio graphite mine deposit wholly-owned by Lincoln's subsidiary, Australian Graphite Pty Ltd, on Exploration Licence EL 5065 and just 2.5 km to the south of the Company's flagship Kookaburra Gully graphite project.

The Koppio resource estimation and modelling were undertaken by OreWin Pty Ltd (OreWin), an independent mining and resource consultancy, based on information compiled by Lincoln's geologists and reported in accordance with JORC Code 2012. The resource is based on drilling completed by Lincoln in April 2014. This included 20 aircore and reverse circulation (RC) drillholes for a total of 1,680.2 metres.

Table 1. Koppio Mineral Resource

Mineral Resource Classification	Lower Cut-off Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
Inferred – Domain 1	5%	1.85	9.76	180,733	2.67
Inferred – Domain 2	2%	1.21	3.18	38,560	2.80
TOTAL (>2% TGC)		3.06	7.16	219,293	2.72

Mt = million tonnes TGC = Total Graphitic Carbon

The Koppio graphite deposit occurs within Palaeoproterozoic Hutchison Group metasediments metamorphosed to Upper Amphibolite facies, and locally to Lower Granulite facies, which has produced coarse-grained flake graphite within graphitic schist units. The graphite occurs in a number of steeply-dipping lenses with an aggregate thickness of about 10-30m in the central and southern parts of the deposit as interpreted from the historic mine workings, surface mapping carried out by Lincoln, and drillhole intercepts based on OreWin's interpretation. The aggregate thickness reduces to about 10m at the northern end of the deposit (160m north of the mine workings). The interpreted dip of the graphite units is 60°–75° to the east-southeast but they are complexly folded.

The Mineral Resource at Koppio has a strike length of 575m and a depth extent of at least 100m below ground level at the site of the historic mine workings. The **strike length is still open to the north and south of the drilling extents**.

The historic Koppio graphite mine was intermittently mined from the early 1900s to 1944 (*South Australian Department of Mines (now SA Department for State Development) Report Book 21/87, 1945*) and contains high-grade lenses of coarse flake graphite up to 32% TGC. Up to 100 tonnes of graphite was mined from Koppio during the 1940s and processed in Port Lincoln. However, it is not known what concentrate was produced and/or sold.

**The Mineral Resource at the historic Koppio graphite mine, when combined with the Company's high grade Kookaburra Gully Resource only 2.5km to the north, clearly indicates that this region of Eyre Peninsula is highly endowed in graphite and is shaping up as a world-class graphite province.** The new Koppio Mineral Resource, while slightly lower grade than Kookaburra Gully, represents a 52% increase on the Company's total contained graphite resources in this region, which total just under 0.5 million tonnes based on a 5% TGC cutoff grade (Table 2).



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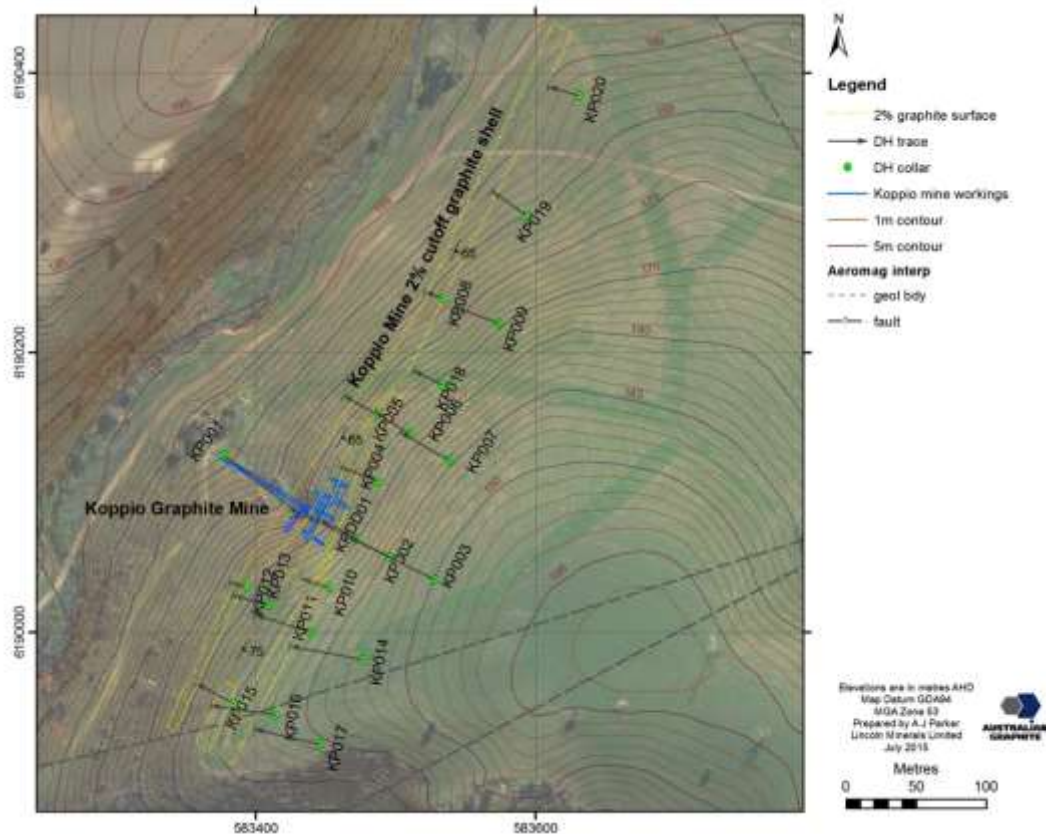


Figure 3: Location of Koppio drill holes and the historic Koppio graphite mine

Table 2. Total combined Mineral Resources for Koppio and Kookaburra Gully

Mineral Resource Classification	Cutoff Grade (% TGC)	Tonnage (Mt)	Average Grade (% TGC)	Contained Graphite (tonnes)	Density (g/cc)
<b>Koppio</b>					
High-grade Core (Domain 1) – Inferred	5%	1.85	9.76	180,733	2.67
Low-grade Halo (Domain 2) – Inferred	2%	1.21	3.18	38,560	2.80
<b>Kookaburra Gully</b>					
High-grade Core (Domain 1) - Indicated	5%	1.45	13.74	199,193	2.56
Low-grade Halo (Domain 2) – Indicated	2%	0.62	3.04	18,984	2.54
High-grade Core (Domain 1) – Inferred	5%	0.73	16.17	117,964	2.50
Low-grade Halo (Domain 2) – Inferred	2%	0.40	2.91	11,538	2.54
<b>TOTAL (&gt;2% TGC)</b>		<b>6.26</b>	<b>9.05</b>	<b>566,972</b>	<b>2.63</b>

Mt = million tonnes TGC = Total Graphitic Carbon

## Other SA Projects

Due to the Company focus on the Kookaburra Gully and Koppio graphite deposits, no significant exploration or development work was undertaken on Lincoln's other South Australian tenements during the Quarter.

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## CORPORATE

At 30 September 2015, the Company had approximately A\$0.43 million in cash at bank. Based on reduced expenditure commitments including reduced office staff and overheads, a reduction in the number of Directors and potential sale of non-essential assets, the Company has adequate funding in place for at least the next 6 months.

Exploration and evaluation expenditure by the Company during the September 2015 quarter was A\$214,000.

Mr Alex Hooi-Kiang Lim resigned as a Director on 1 July 2015. He made a valuable contribution to the management and progress of the Company and the Board thanks him for his support.

### Board and Management

**Yubo Jin** 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

Shares at 30 September 2015
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268,386,949
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### Tenements

During the quarter, Lincoln Minerals, the South Australian Iron Ore Group Pty Ltd (SAIOG) and Centrex Metals Limited (CXM) relinquished, reduced or allowed several Exploration Licences (ELs) to expire.

As per its Amalgamated Expenditure Agreement (with DSD) for its southern Eyre Peninsula tenements (ELs 4643, 5021, 5066, 5556, 5427 and, formerly, 5219), Lincoln reduced the area of Wanilla (EL 5066) from 861 square kilometres to 589 square kilometres and relinquished Tarlinga EL 5219 (111 square kilometres) for a total 26% reduction in area. Under the terms of the Southern Eyre AEA, Lincoln was required to reduce the total area by at least 25%.

As per its Amalgamated Expenditure Agreement (with DSD) for its northern Eyre Peninsula tenements (ELs 5013, 5297, 5523, and, formerly, 5222), Lincoln relinquished Lake Gilles EL 5022 (139 square kilometres) for a total 34% reduction in area. Under the terms of the Northern Eyre AEA, Lincoln was required to reduce the total area by at least 25%.

Cockabidnie North EL 4539 expired on 22 August 2015.

As per Lincoln's agreement with CXM and SAIOG and due to rising expenditure commitments, Lincoln gave its consent to CXM to allow Cockabidnie EL 4883 to expire on 13 August 2015 and to SAIOG to allow Poodooma EL 5335 to expire on 17 September 2015. SAIOG's Ironstone Hill EL 5335 was relinquished with Lincoln's consent for the same reasons and also the difficulty of accessing the area which, like EL 5335, was within a Conservation Park.

Following these reductions, the Company now holds exploration rights to South Australian lease holdings totalling 3,301 square kilometres, a reduction of 18.9% from the previous quarter.

The status of all ELs as at 15 October 2015 including SAIOG and CXM ELs is shown in the following table and map.

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## Tenement List

Tenement	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Graphite Rights	Iron Ore Rights	Other Mineral Rights
LINCOLN MINERALS (AND AGL) HAS OWNERSHIP OF ALL MINERAL RIGHTS							
EL 5013	28-Jan-17	98	Eurilla (Lake Gilles)	LML	LML 100%	LML 100%	LML 100%
EL 5066	12-Feb-16	589	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5021	11-Feb-16	162	Cummins	LML	AGL 100%	LML 100%	LML 100%
EL 5091	5-Aug-16	17	Campoona	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-16	26	Uno	LML	LML 100%	LML 100%	LML 100%
EL 5556	3-Nov-16	82	Dutton River	LML	AGL 100%	LML 100%	LML 100%
EL 4643	6-Jan-16	208	Gum Flat	LML	AGL 100%	LML 100%	LML 100%
EL 4815	20-Dec-15	372	Nantuma	LML	LML 100%	LML 100%	LML 100%
EL 5427	18-Jun-16	18	Sleaford Mere	LML	LML 100%	LML 100%	LML 100%
MC 4372	NA *	51 Ha	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
MC4373	NA *	249 Ha	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
Subtotal		1,722					
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE **							
EL 4884	13-Aug-16	117	Minbrie	CXM	LML 100%	0%	LML 100%
EL 4885	13-Aug-16	76	Greenpatch	CXM	AGL 100%	0%	LML 100%
EL 4998	11-Apr-16	272	Tumby Bay (Carrow)	SAIOG	AGL 100%	0%	LML 100%
EL 5065	05-Aug-17	465	Mount Hill (Tod River)	SAIOG	AGL 100%	0%	LML 100%
EL 5170	04-Nov-17	106	Kimba Gap	SAIOG	LML 100%	0%	LML 100%
EL 4384	15-Nov-16	138	Wanilla (Bald Hill)	CXM	AGL 100%	0%	LML 100%
EL 5617	14-Mar-17	155	Stony Hill	SAIOG	LML 100%	0%	LML 100%
EL 5641	18-Apr-17	104	Tooligie Hill (Wilgerup)	CXM	LML 100%	0%	LML 100%
EL 4571	04-Oct-15	115	Gilles Downs	CXM	LML 100%	0%	LML 100%
EL 4605	16-Nov-15	31	Dutton Bay	CXM	AGL 100%	0%	LML 100%
MC 4378 ***	16-Apr-16	NA	Kimba Gap	KGIP	AGL 100%	0%	LML 100%
Subtotal		1,579					
Grand total		3,301					

\* MCs 4372 and 4373 had an expiry date of 6 November 2015 for lodging of a Mining Lease Application. This was done on 26 February 2015 so the expiry date is no longer applicable.

\*\* On all CXM/SAIOG tenements + MCs 4372 & 4373, LML and its wholly owned subsidiary, Australian Graphite Limited (AGL), have 100% of the rights to all minerals except iron.

\*\*\* On MC 4378 (KGIP = Kimba Gap Iron Project Pty Ltd), LML's rights only extend to that part overlying EL 5170

CXM = Centrex Metals Limited    SAIOG = South Australian Iron Ore Group Pty Ltd, a wholly owned subsidiary of Centrex Metals

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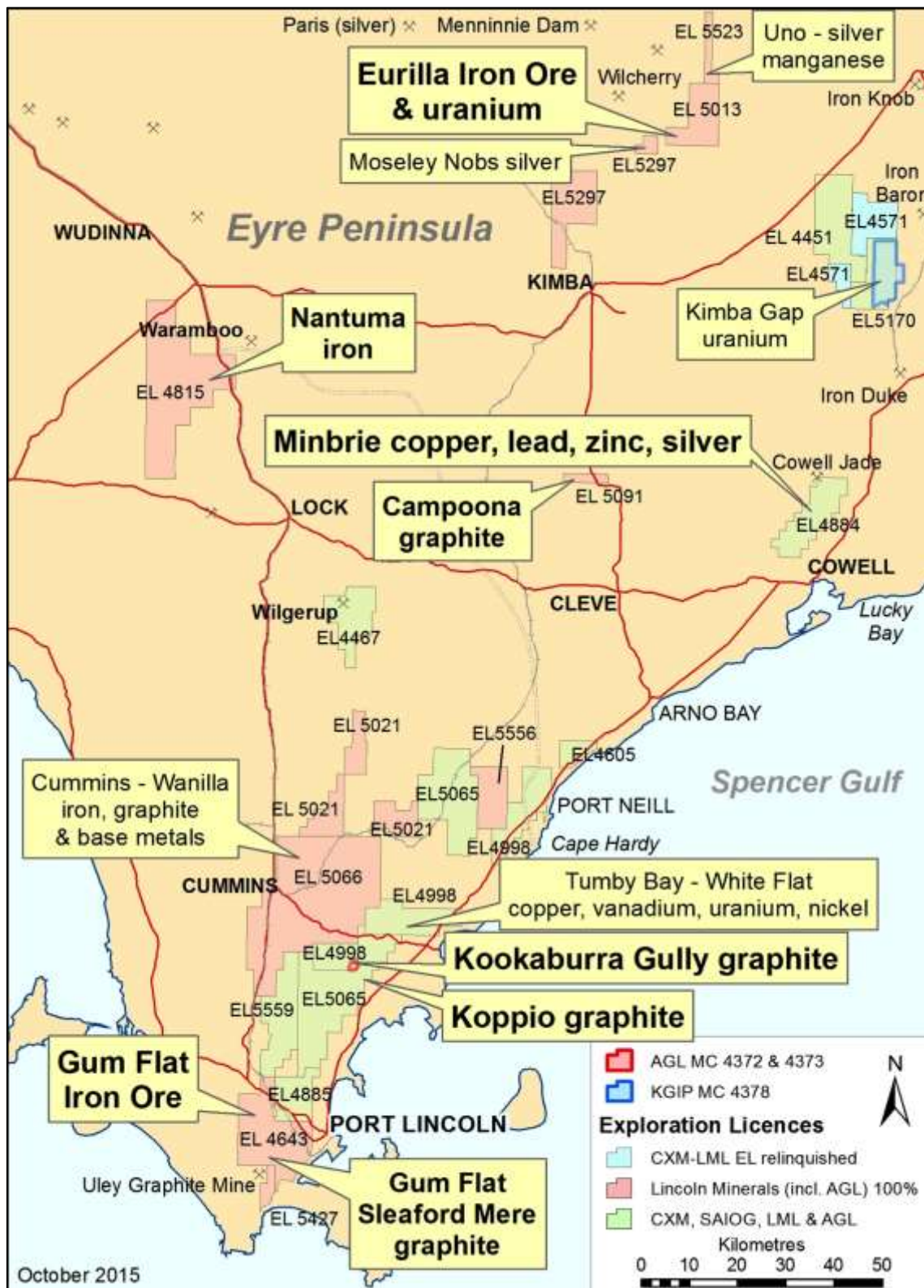


Figure 5: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 15 October 2015,  
[http://www.minerals.statedevelopment.sa.gov.au/geological\\_survey\\_of\\_sa/data](http://www.minerals.statedevelopment.sa.gov.au/geological_survey_of_sa/data)



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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 (Lincoln Minerals Limited, ASX releases on 19 December 2013 and 13 July 2015) 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.*

*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.*