



Quarterly Activities Report

September 2016

27 October 2016

One of the most significant periods of achievement in Lincoln's aspirations to emerge by next year as a supplier of high quality graphite to global markets

Preparation of a Program for Environment Protection and Rehabilitation (PEPR) for the Kookaburra Gully graphite project is well advanced targeting development in 2017



During the September period under review, Lincoln Minerals continued to work towards the future development of its proposed Kookaburra Gully Graphite Mine on South Australia's Eyre Peninsula. Mineral Lease 6460 was granted to Lincoln's wholly-owned subsidiary, Australian Graphite Pty Limited (AGL), for a period of 21 years commencing on 3 June 2016.

Kookaburra Gully is one of Australia's and the world's premier graphite deposits and Lincoln Minerals aims to take the project to critical development and commercialisation milestones in 2017.

- A Community Engagement Plan (CEP) was prepared and lodged with the Director of Mines in early September 2016.
- Lincoln is well advanced in preparation of the Program for Environment Protection and Rehabilitation (PEPR) for the Kookaburra Gully graphite project including a number of independent studies on geochemical characterisation, metallurgy, groundwater and surface water, transport and logistics, tailings storage facility and power supply options. The PEPR details and formulates management plans for construction, operations, rehabilitation and closure and is the **imminent step for Government approval to commence graphite mining at Kookaburra Gully.**
- A continuously monitored weather station has been established on site and spring flora surveys focussing on orchids have been undertaken.
- Core samples from geotechnical drilling and other engineering site surveys have been analysed to assist with tailings storage facility and mine design.
- Detailed metallurgical test work has been undertaken to optimise the mineral process flow sheet. **Graphite concentrates at grades of 93% to 98% TGC have been achieved exceeding 90% recovery.**
- Planning has continued for pilot plant, high purity spherical graphite and expandable graphite test work in China.
- Targeting graphite production of more than 30,000 tonnes per annum from Kookaburra Gully and sales of high purity (>93% TGC) concentrate beginning in 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.

The proposed mining operation is conventional open pit with associated processing plant to upgrade graphite mineralisation into high grade graphite concentrate at a target rate of ~30,000-40,000 tonnes per year. Kookaburra Gully is one of Australia's and the world's premier graphite deposits with total current Indicated and Inferred Mineral Resources of 2.20 million tonnes grading 15.1% TGC (Total Graphitic Carbon) (*Lincoln Minerals Limited, 2016 Annual Report 30 September 2016*). Metallurgical tests have shown that the deposit can produce a range of flake graphite concentrates from very fine (<75 microns) to large flake (>176 microns) grading 93% to 98% TGC. Concentrates can also be easily upgraded to >99.5% TGC by conventional acid leaching.

A Mineral Lease ML 6460 has been 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, for a period of 21 years commencing on 3 June 2016.

This is a landmark step in the permitting process for the Kookaburra Gully Graphite Project.

The grant of ML 6460 is the key 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 awaited by Lincoln's potential project financiers and off-take customers to now elevate mine construction financing and operating negotiations to a level where commercial transaction outcomes can be achieved.

Community Engagement Plan

A Community Engagement Plan (CEP) was prepared and lodged with the Director of Mines in early September 2016.

The CEP has been prepared to satisfy or exceed the Conditions of the Mineral Lease ML 6460. It sets out objectives, identifies community stakeholders and sets out the tools and procedures for keeping the community informed and managing community feedback.

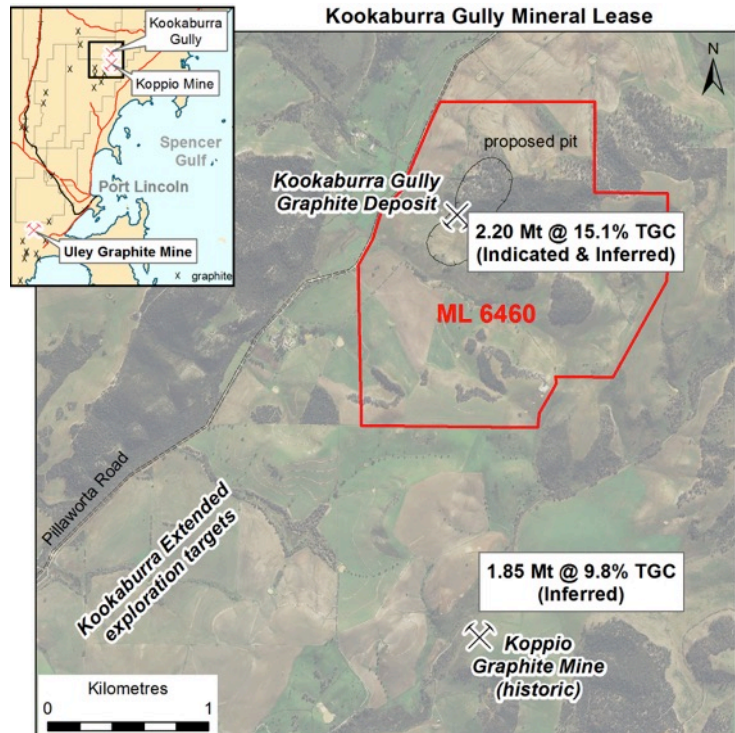


Figure 1: Location of AGL's Kookaburra Gully Graphite Project and Koppio graphite deposit

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Program for Environment Protection and Rehabilitation (PEPR)

The next key phase of the approvals process for ML 6460 is to complete a detailed PEPR. The PEPR will be based on the ML proposal but will incorporate management plans that meet environmental strategies and outcomes which are measurable and sustainable. The aim of the PEPR is to meet or exceed ML conditions imposed by the Government.

Lincoln is aiming to complete a draft PEPR early in 2017 and obtain all approvals by mid 2017.

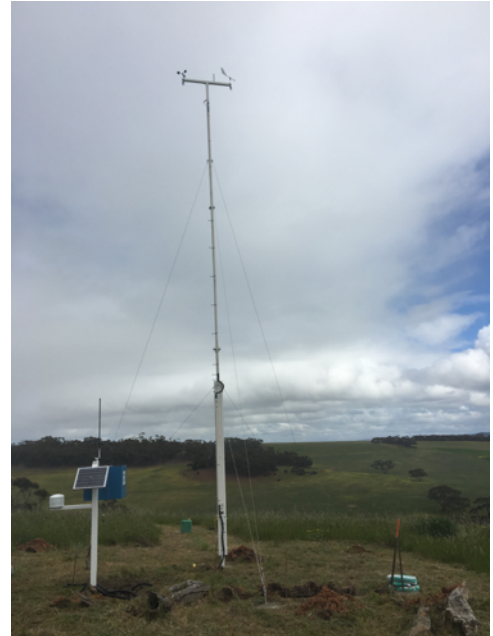
With the assistance of its environmental engineering consultant, Lincoln is well advanced in preparation of a PEPR for the Kookaburra Gully graphite project including a number of independent studies on geochemical characterisation, transport and logistics, tailings storage facility, groundwater and surface water, flora and fauna, and power supply options.

During the first half of 2016, LML and AGL undertook a number of technical and engineering studies required for completion of the PEPR. Geotechnical diamond drilling along with engineering soil testing and construction of groundwater monitoring wells and surface water flow monitoring stations was undertaken at the proposed mine site during March to May 2016.

Drill core has been sampled for metallurgical investigations, geochemical analysis (ore definition, waste rock characterisation and tailings analysis) and comminution test work. Detailed analysis of drilling data and core samples will enable detailed design of the proposed mine, tailings storage facility and other site infrastructure.

Studies have also been undertaken and completed for other key infrastructure including the transport route and power supply options. This included targeted orchid and spring flora surveys along potential transport corridors and increasing the region's overall vegetation association mapping.

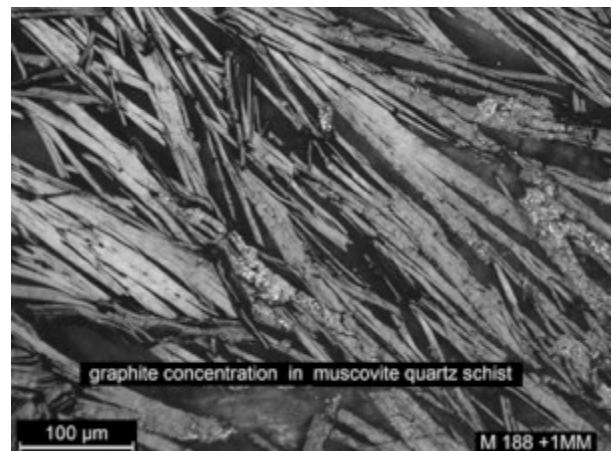
In support of ongoing groundwater and surface water monitoring, a remotely-monitored weather station has been established on the Mineral Lease. It continuously records rainfall, air temperature, wind speed and direction, solar radiation, evaporation and humidity.



Kookaburra Gully weather station

Metallurgy

During the September 2016 Quarter, Lincoln Minerals continued metallurgical bench-scale testing of representative samples of the Kookaburra Gully graphite deposit to optimise the flotation of graphite and suppression of gangue minerals. This included more detailed metallurgical tests on larger samples (>50kg). A 150 kg master sample (LMC9) representing ore below 130m AHD to the base of the planned open pit (ca. 80m AHD) has been generated from drill core and detailed lock-cycle flotation tests on this sample are in progress to finalise design of the graphite process flow sheet. This work also included generation of bulk tailings samples for tailings storage facility (TSF) analysis and design. Metallurgical work is being undertaken at IMO Metallurgy in Perth and TSF test work is being undertaken by Golder Associates also in Perth.



Petrological studies have confirmed that 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

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sillimanite ± tourmaline and other accessories including trace pyrite at depth). Near-surface lithologies are extensively altered to kaolinitic clay with remnant quartz and accessories.

Although 75% of the graphite in the host rock is coarser than 200 microns, metallurgical tests show that, to achieve 93%-98% TGC purity, only about 9%-12% of the final concentrates are in the coarse flake graphite range >150 microns (see table below)

Metallurgical test results for diamond drill core master sample LMC9 compared to previous results for trench samples C and D

	Drill Core LMC9		Trench C-1		Trench D	
Depth BGL*	40-119 m		1-2 m		2-5 m	
Depth AHD (above sea level)	81-133 m		188-189 m		152-155 m	
Graphite recovery	ca. 90 ⁺ %		75.5%		86.6%	
Total Concentrate Grade	95.04% TGC		97.3% TGC		92.2% TGC	
Screened concentrate	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %	Assay TGC%	Dist'n %
+300 µm	97.3	0.1		nd	93.4	1.1
+177 µm, -300 µm	97.3	3.7		nd	93.4	6.4
+150 µm, -177 µm	97.7	4.9		nd	93.4	4.5
+150 µm			97.8	8.9		
+106 µm, -150 µm	97.3	10.1	97.5	14.1	94.0	11.0
+75 µm, -106 µm	97.4	13.7	97.1	23.1	94.1	16.7
-75 µm	93.9	67.4				
+20 µm, -75 µm			96.7	47.3	94.2	49.1
-20 µm			94.5	6.6	79.8	11.1

**BGL is below ground level; AHD is Australian Height Datum; Dist'n is distribution; nd is not determined
Standard Sieve/Mesh Sizes are: 80# = 177 µm; 100# = 150 µm; 200# = 75 µm*

Other SA Projects

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

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.

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CORPORATE

At 30 September 2016, Lincoln had approximately A\$2.43 million in cash at bank. Exploration and evaluation expenditure by the Company during the September 2016 quarter was A\$355,000.

Board and Management

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

Securities on Issue

Ordinary shares at 30 September 2016

368,386,949

Tenements

During the quarter, Campoona EL 5091 was allowed to expire.

The Company now holds exploration rights to South Australian lease holdings totalling 2,980 square kilometres, all on Eyre Peninsula.

The status of all ELs as at 30 September 2016 including SAIOG and CXM ELs, is shown in the following table and map.

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Tenement List

Tenement	Expiry	Area (km ²)	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-17	589	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5021	11-Feb-17	162	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-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 5811	6-Jan-18	128	Gum Flat	LML	AGL 100%	LML 100%	LML 100%
EL 4815	20-Dec-16	281	Nantuma	LML	LML 100%	LML 100%	LML 100%
ML 6460	2-Jun-37	301 Ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
Subtotal		1,516					
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE **							
EL 5851	13-Aug-18	117	Minbrie	CXM	LML 100%	0%	LML 100%
EL 5852	13-Aug-18	76	Greenpatch	CXM	AGL 100%	0%	LML 100%
EL 4998	11-Apr-17	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 5559	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 5712	16-Nov-17	31	Dutton Bay	CXM	AGL 100%	0%	LML 100%
MC 4378 ***	29-Apr-16	NA	Kimba Gap	KGIP	AGL 100%	0%	LML 100%
Subtotal		1,464					
Grand total		2,980					

**** 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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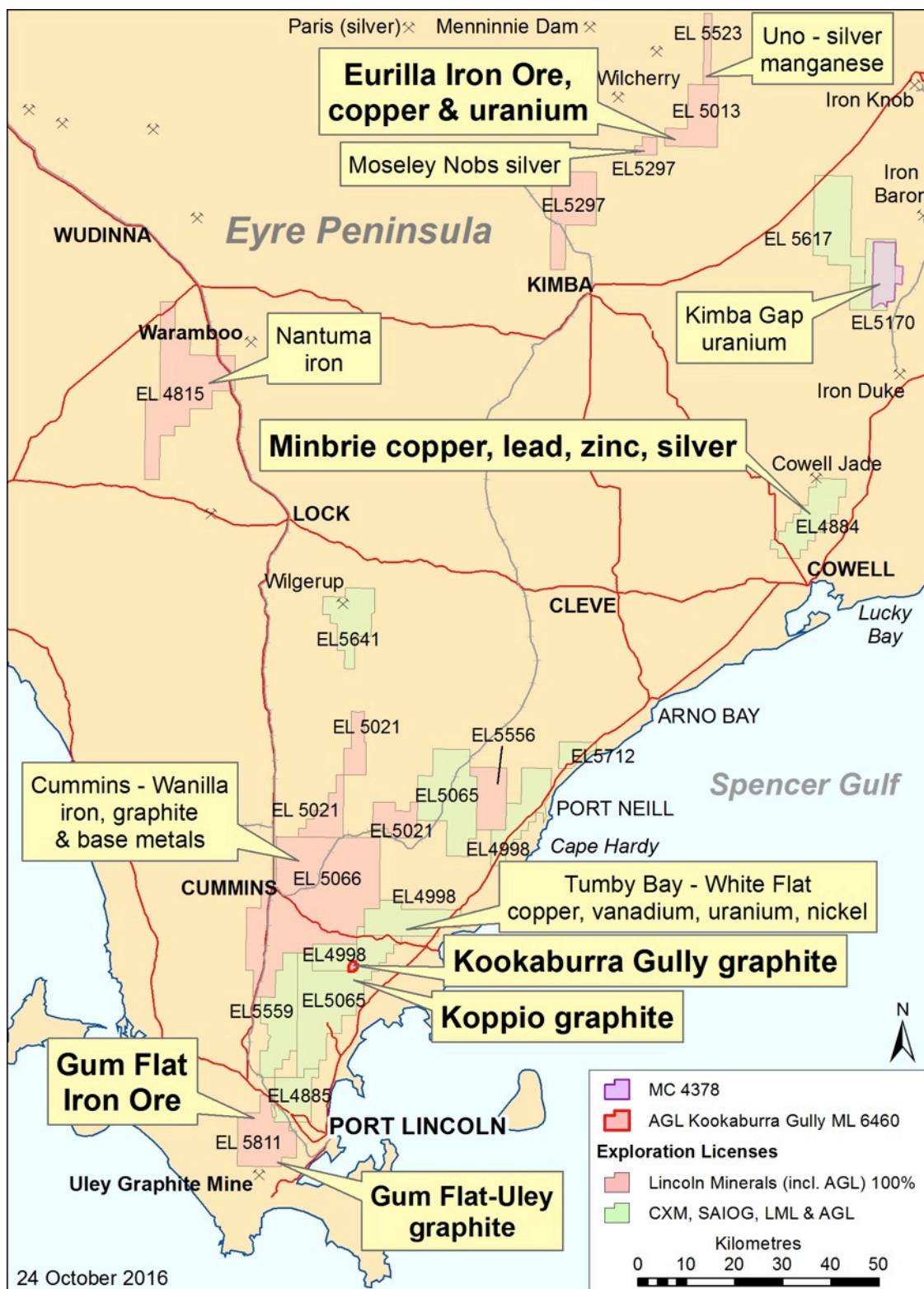


Figure 2: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 24 October 2016

http://www.minerals.statedevelopment.sa.gov.au/geological_survey_of_sa/data