

# Quarterly Activities Report

June 2015

20 July 2015

## Key Points

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

- **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 Resources 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
- Kookaburra Gully Mining Lease Proposal, as lodged in February 2015, revised following initial assessment by the SA Department of State Development
- 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 lodged for Kookaburra Gully Project
- A SA Government **PACE Discovery Grant** awarded to undertake drilling on the Kookaburra Gully Extended exploration target.

### Timetable to graphite mining in SA

The Kookaburra Gully Mining Lease Application (MLA) lodged in February 2015 was a milestone for Lincoln Minerals. The MLA positions Lincoln, for the first time in the Company's history, with a firm and near-term horizon to achieve the transition from explorer to miner. Importantly, the MLA coincides with positive Australian and global equity market interest in graphite and its acclaimed graphene derivative. Subject to statutory approvals and project funding outcomes, Lincoln's anticipated scheduling provides for the progress of the MLA approvals process, pilot plant processing, finalisation of mine and processing plant design and granting of a Mining Lease for the proposed Kookaburra Gully mine, all potentially by end of calendar year 2015. This should allow commencement of mining and process plant construction within the first 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 2.20 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 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 followed completion of an extensive 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.

Lodgement of the MLA was a key 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 Lincoln can now springboard real-time project financing, detailed design and engineering, development, and off-take negotiations and agreements.

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.

Following the initial assessment of the MLA and MLP by the DSD, Lincoln Minerals and consultancy Parsons Brinkerhoff, revised parts of the MLP at the request of the DSD. The revised MLP was submitted to the DSD in May 2015.

Despite these and other delays imposed by the DSD in the assessment process, a smooth approvals process should still position Lincoln to achieve its objective of securing a Mining Lease for Kookaburra Gully in calendar 2015.

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).

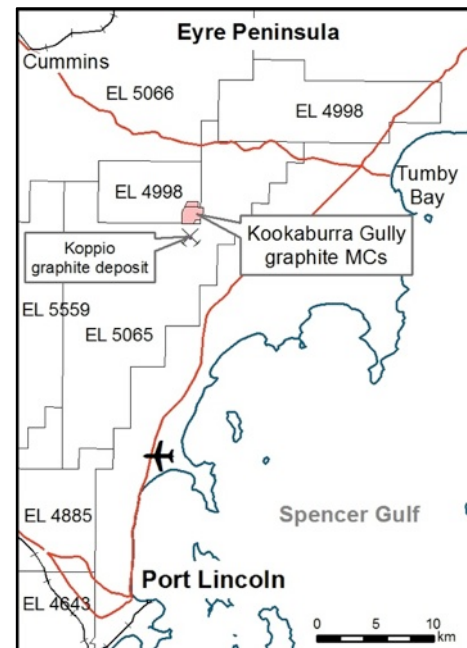


Figure 1: location of AGL's Kookaburra Gully Graphite Project and Koppio graphite deposit

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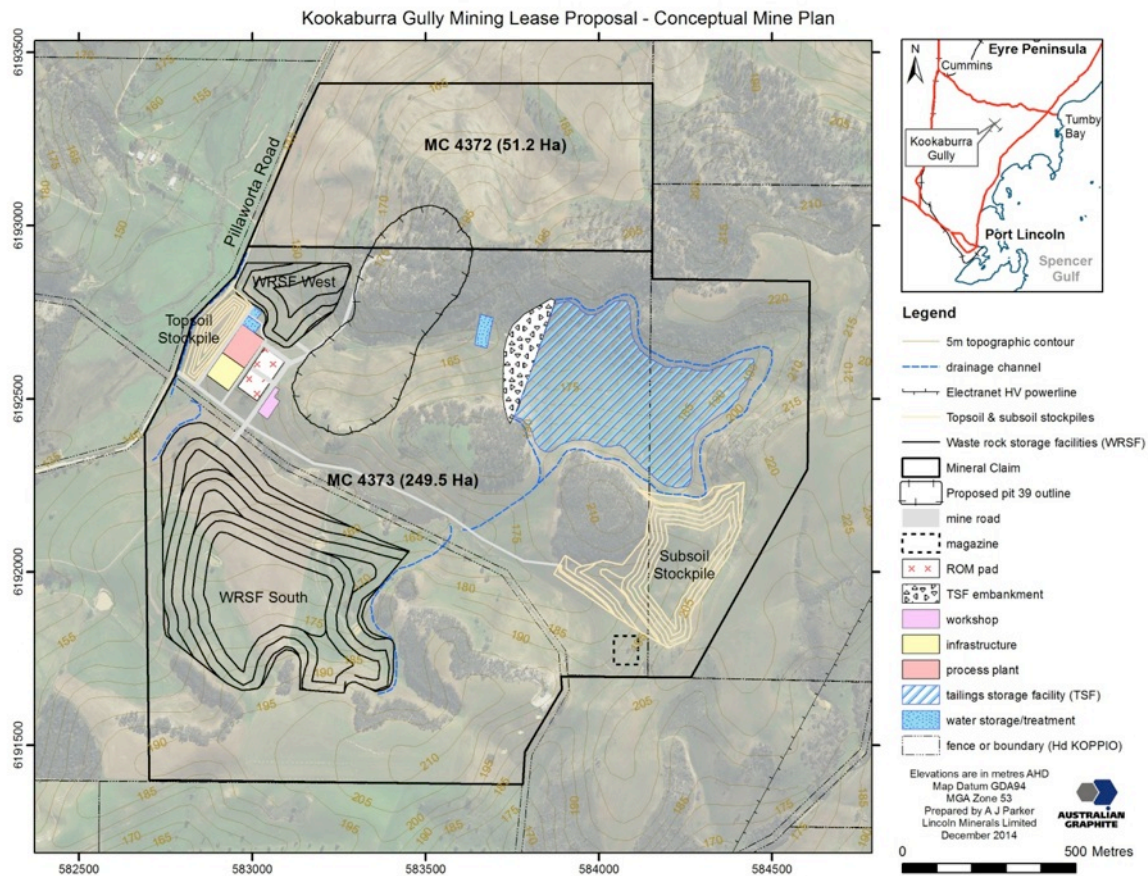


Figure 2: Location of Kookaburra Gully MC 4372 and MC 4373 and proposed mine plan

For further information regarding the Mining Lease Proposal, please consult the February 2015 Community Information Update No. 3 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 its 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 has been requested and will be compiled by AGL in the September quarter subject to land access and weather conditions.

## 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 reached a decision in AGL's favour that the Notices were valid.

A second trial is scheduled for early August 2015 to determine matters in relation to disputed exempt land.

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It is not expected that the outcome of these proceedings will prevent formal assessment of the Kookaburra Gully Mining Lease Proposal from proceeding towards the granting of a Mining Lease in the last quarter of 2015.

## 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 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 **current 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.



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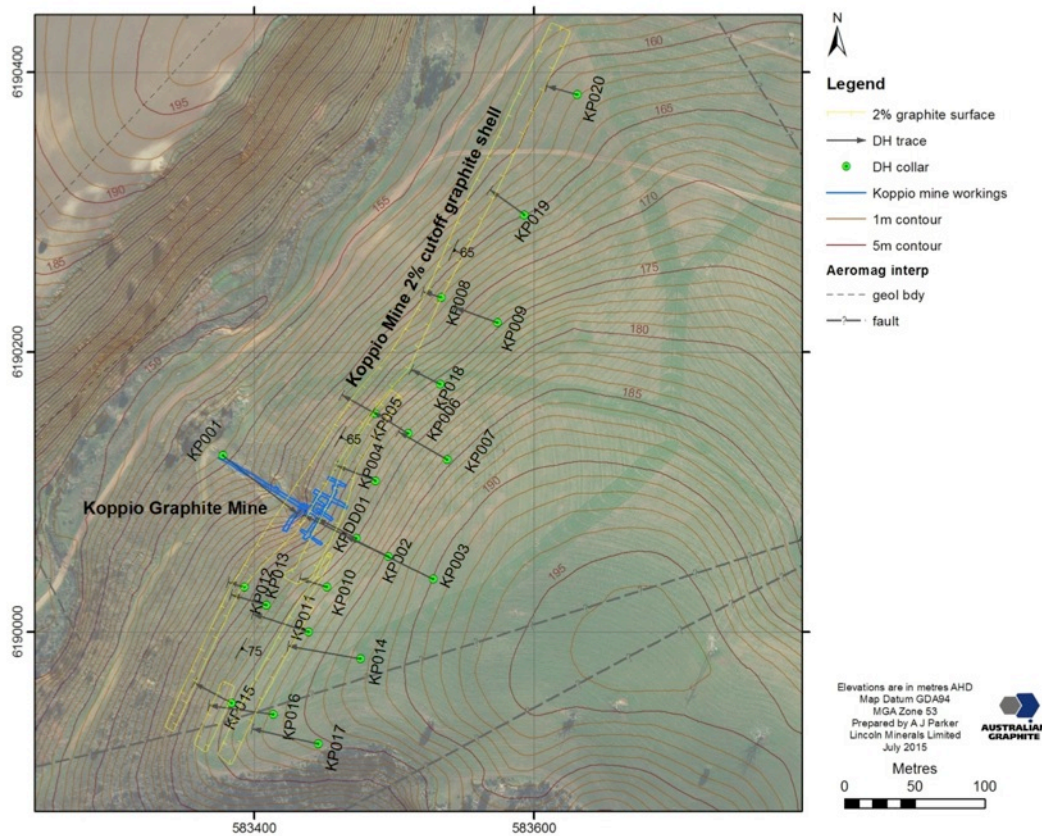


Figure 3: Location of Koppio drill holes and the historic Koppio graphite mine

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 contained graphite resources in this region, which total just under 0.5 million tonnes (Table 2).

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

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## SA Government's PACE Grant for Kookaburra Gully Exploration Targets

In light of the new results for the Koppio graphite deposit, which are consistent with the exploration target estimated for Koppio, airborne electromagnetic (EM) survey imagery over a nearby third target, Kookaburra Gully Extended, outlines a very significant exploration target for follow up in collaboration with the South Australian Government's Plan for Accelerating Exploration (PACE) Discovery Drilling Grants. Grants were announced early in April 2015 for 27 projects across the State and Lincoln Minerals has been offered one such grant to undertake drilling at its Kookaburra Gully Extended exploration target. This target is about 2-4 km southwest along strike from Kookaburra Gully and is defined by a large airborne EM anomaly. There has never been any drilling in the immediate vicinity of this target. The PACE grant will jointly fund the actual drilling costs.

Lincoln Minerals has a long-term vision for graphite in the Koppio Hills and this grant will help the Company accelerate exploration of potential graphite deposits in the region. Lincoln Minerals has an existing Exploration Work Approval (EWA) from the Government for drilling at Kookaburra Gully Extended and so can commence drilling when weather and farming conditions allow.

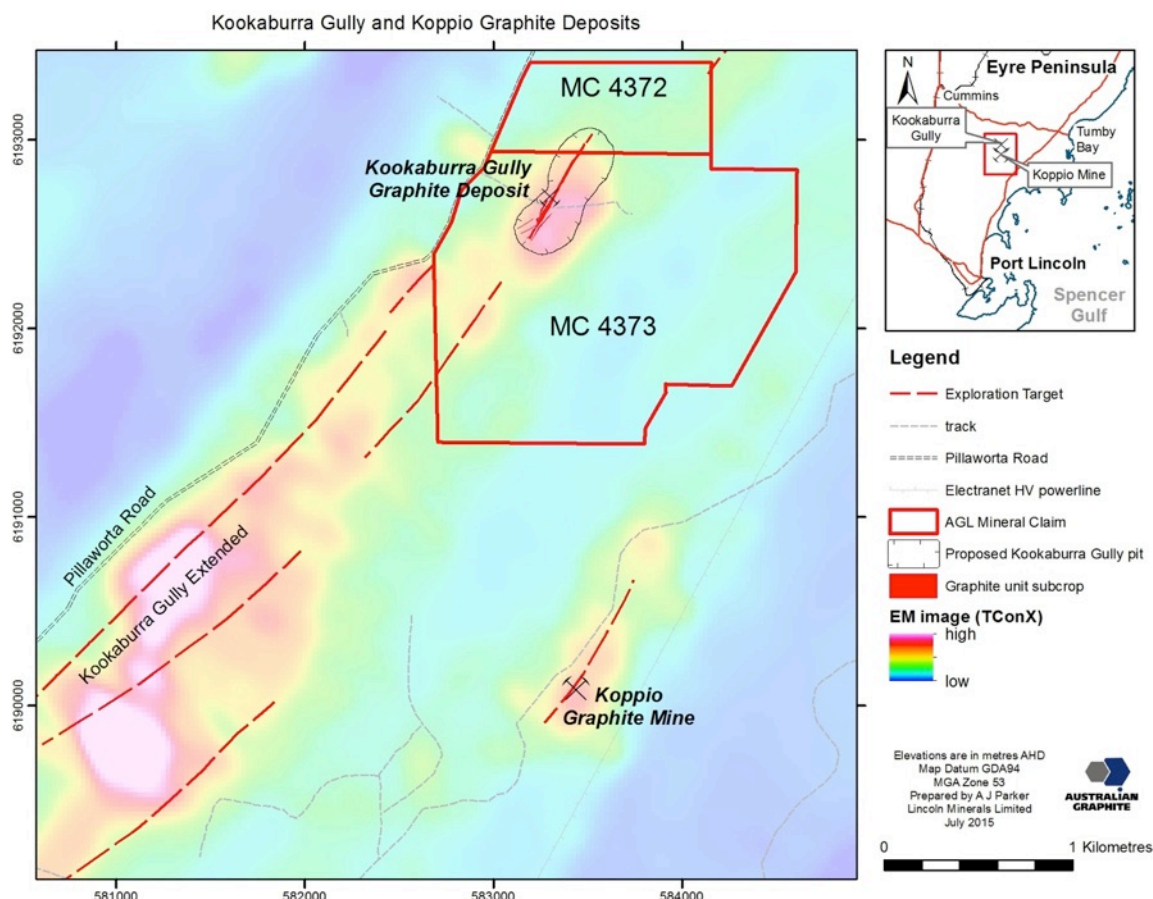


Figure 4: Location of the historic Koppio graphite mine with respect to Kookaburra Gully and Kookaburra Gully region EM exploration targets

## 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 June 2015, the Company had approximately A\$0.44 million in cash at bank but it has an outstanding R&D claim that, if supported, will significantly boost cash reserves. Based on receiving the R&D refund and reduced expenditure commitments including reduced office staff and overheads and a reduction in the number of Directors, the Company has adequate funding in place for at least the next 9 months.

Exploration and evaluation expenditure by the Company during the June 2015 quarter was A\$213,000.

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.

Lincoln Minerals' registered office has been relocated from Adelaide to Melbourne. Small technical offices have been retained in Adelaide and Port Lincoln.

### International Graphite Exchange

As previously advised, Lincoln Minerals has signed a cooperation agreement with a group of Chinese local governments and private enterprises to launch a platform for spot trading of graphite in China.

During the quarter, Lincoln Minerals invested A\$320,000 in the **Qingdao International Graphite Exchange Center Co., Ltd** to formally acquire 3 million shares in the new company as a 25% foundation shareholder. Other shareholders are Qingdao Hainaer Nanometer Technology Co., Ltd. (PRC; 48%), Pleasant King Limited (HK; 25%) and FU Lei (PRC; 2%). The company will be based initially in the High-tech Industrial Development Zone, Qingdao.

It is proposed that Lincoln will promote its graphite and related products through the Qingdao International Graphite Exchange Center to the rest of the world.



Qingdao is one of the most active graphite trading cities in the world and 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 100 km) to Pingdu one of China's major industrial graphite producing regions.

### Board and Management

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

### Securities on Issue

Shares at 30 June 2015

268,386,949

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## Tenements

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

### Tenement List

Tenement	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Graphite Rights	Iron Ore Rights	Other Mineral Rights
<b>LINCOLN MINERALS (AND AGL) HAS OWNERSHIP OF ALL MINERAL RIGHTS</b>							
EL 5013	28-Jan-17	98	Eurilla (Lake Gilles)	LML	LML 100%	LML 100%	LML 100%
EL 5066	12-Feb-16	861	Wanilla	LML	AGL 100%	LML 100%	LML 100%
EL 5021	11-Feb-16	162	Cummins	LML	AGL 100%	LML 100%	LML 100%
EL 5022	11-Feb-16	139	Lake Gilles (Stony Hill West)	LML	LML 100%	LML 100%	LML 100%
EL 5091	5-Aug-16	17	Campoona	LML	AGL 100%	LML 100%	LML 100%
EL 5219	24-Feb-18	111	Tarlinga	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	6-Nov-16	51 Ha	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
MC4373	6-Nov-16	249 Ha	Kookaburra Gully	AGL	AGL 100%	LML 100%	LML 100%
<b>Subtotal</b>		<b>2,244</b>					
<b>LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE **</b>							
EL 4883	13-Aug-15	154	Cockabidnie	CXM	AGL 100%	0%	LML 100%
EL 4884	13-Aug-15	117	Minbrie	CXM	LML 100%	0%	LML 100%
EL 4885	13-Aug-15	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 5245	11-Dec-17	26	Pondooma	SAIOG	LML 100%	0%	LML 100%
EL 5335	17-Sep-15	52	Ironstone Hill	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 4539	22-Aug-15	11	Cockabidnie North	LML	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 4372	6-Nov-2015	51.2 ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
MC 4373	6-Nov-2015	249.5 ha	Kookaburra Gully	AGL	AGL 100%	0%	LML 100%
<b>Subtotal</b>		<b>1,822</b>					
<b>Grand total</b>		<b>4,066</b>					

**\*\* On all CXM/SAIOG tenements + EL 4539 + MCs 4372 & 4373, LML and its wholly owned subsidiary, Australian Graphite Limited (AGL), have 100% of the rights to all minerals except iron.**

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



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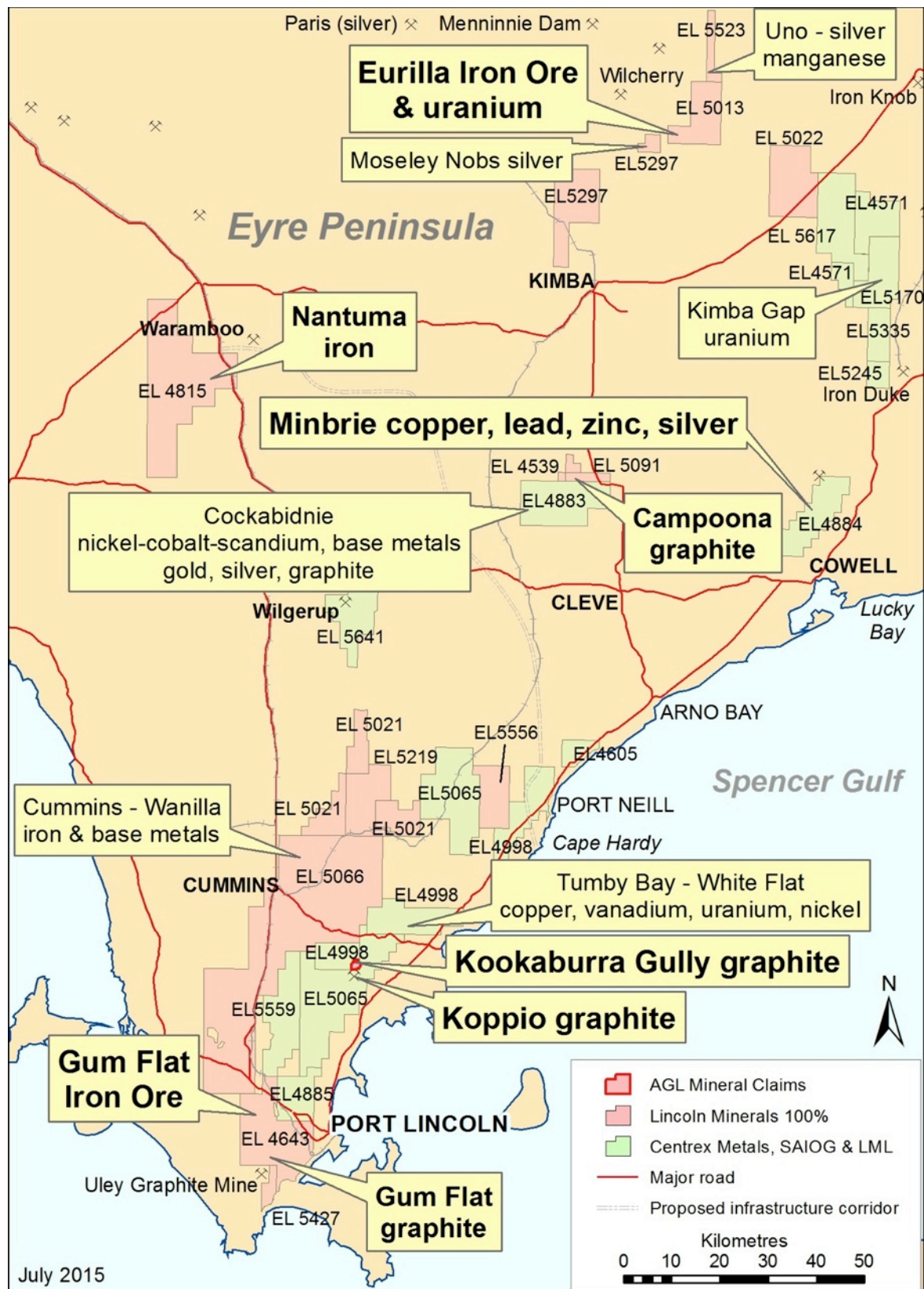


Figure 5: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements.

Exploration Licence data based on the Department of State Development, the Government of South Australia, Geoscientific Data, Sourced on 15 July 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.*