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The Manager  
ASX Announcements

## **Graphite mining lease application imminent as global market shift favours new start-ups**

Lincoln Minerals Limited (ASX: "LML") is pleased to advise that it has lodged applications for two Mineral Claims totalling approximately 300 hectares for its Kookaburra Gully graphite project on South Australia's Eyre Peninsula.

The Australian graphite developer says it expects to lodge within the current quarter, a mining lease application for the country's newest graphite mine – and within a global demand market increasingly favouring new mine start-ups.

The mineral claims have been lodged under the company name of Australian Graphite Limited, which is a fully owned subsidiary of Lincoln Minerals. The Mineral Claims are the first step in applying for a Mining Lease over the high grade Kookaburra Gully graphite deposit.

Company Managing Director, Dr John Parker, said the lodgement of the Mining Lease application was imminent and, subject to a smooth approvals process, would position Lincoln to achieve its objective of maiden graphite production from Kookaburra Gully in calendar 2015.

The Kookaburra Gully deposit rates as one of the highest grade graphite projects in the world and is part of a broader structure on the Company's tenements that includes the adjoining historic Koppio graphite mine and numerous occurrences in an area around 35km north of Port Lincoln.


The graphite mineralisation at Kookaburra Gully extends over more than 500m in strike length and remains open at depth and along strike of current drilling extents.

It has an Indicated and Inferred Mineral Resource totalling 2.20Mt at 15.1% total graphitic carbon (TGC) for 332,000 tonnes of contained graphite (*Lincoln Minerals Limited, ASX release 19 December 2013*).

Studies have suggested the proposed mine would be able to produce high-quality flake graphite (greater than 93% TGC) and that the anticipated graphite mining and processing program will be globally competitive.

The Company anticipates that the resource can be mined from a small open-pit mine with a low capital cost processing plant (CAPEX in the order of \$50 million) established on site, for a mining operation processing 250,000 tonnes of ore per year for at least 7 years but with longer term potential based on surrounding deposits (*Lincoln Minerals Limited, 2014 Annual Report 17 October 2014*).

"The Mineral Resources at Kookaburra Gully reinforce Lincoln's confidence in being able to quickly progress the Company's graphite resources on southern Eyre Peninsula into a high-quality, long-life graphite mining and processing operation," Dr Parker said.

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## **Market sentiment has “warmed up and held”**

Dr Parker added that the market sentiment towards graphite had “warmed up and held” over much of 2014 and sector events over the past 15 months or so had created a ‘ripe environment’ for both a more dynamic global trading hub and the entry of new higher grade suppliers.

In relation to a trading hub, 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 (*Lincoln Minerals Limited, ASX release 8 September 2014*).

The agreement to form the Qingdao International Graphite Exchange provides for both government and private parties to work together on launching a graphite spot trading platform and develop applications for graphene. It is a major project in the Qingdao High-tech Development Zone looking at energy saving and new materials.

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

In relation to opportunities for new suppliers, “the impact of the growing lithium-ion battery sector supports the need for, and capability of, new mines,” Dr Parker said.

“Lithium-ion batteries contain 10-20 times more graphite than lithium so this has created a surging market for graphite from new generation electric and hybrid cars, where there can be up to 40-80 kilograms in every electric car,” he said.

“This is a commodity breakthrough starting to have tsunami-like demand dynamics. Witness the shock wave from February’s announcement of Tesla’s giga-factory plan to build Li-ion batteries in California – a move that has already seen more orders potentially coming from BMW, Mercedes and other carmakers, along with Ford and Samsung’s drive to develop a new dual-battery system that combines lithium-ion with lead-acid batteries to extend the life of the lead-acid battery on cars with start-stop engines.

“Ford already incorporates start-stop engines in 70% of its cars, and forecasts all point to a 2023 timeline where there will be at least one million electric vehicles on the road just in California.

“This spurt in lithium-ion batteries consumption is projected to more than double the demand for graphite from 1.2 million tonnes per annum to about 2.6 mtpa by just 2020 – and that sort of demand growth alone would require several new graphite mines globally.”

Dr Parker said the demand curve was also under upwards pressure from more higher tech graphite applications including pebble-bed nuclear reactors and graphene.

He also pointed to China’s easing dominance of the global graphite market.

“The combined effect of these announcements implies that there is and will continue to be an ongoing change in global graphite markets in a manner opening up opportunities for new global players.”

**Dr John Parker**  
**Managing Director**  
**Lincoln Minerals Limited**

### **Competent Persons' Report**

*Information in this report that relates to exploration activity, exploration results, Mineral Resources and Exploration Targets was compiled by Dr A John Parker who is a Member of the Australasian Institute of Geoscientists and Managing Director of Lincoln Minerals Limited. Dr Parker has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012. Dr Parker consents to the release of the information compiled in this report in the form and context in which it appears.*

*Information extracted from previously published reports identified in this report is available to view on the Company's website [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Exploration Targets, 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 release 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.*