

Quarterly Activities Report

Period Ending December 2017



Highlights

- ***Kookaburra Gully Feasibility study completed and ore reserves results announced***
- ***Commencement of final stage of metallurgical test work***
- ***Available funds of \$3.9 million at 31 December, 2017***



Advanced Kookaburra Gully Graphite Project, SA (100%-owned)

Lincoln Minerals Limited (“Lincoln” or “Company”) achieved two significant milestones during the quarter with the announcement of results from the Feasibility Study, and an updated Ore Reserve Statement, for the Company’s now highly advanced and 100%-owned Kookaburra Gully graphite project on South Australia’s Eyre Peninsula.

The Feasibility Study showed the potential for a 10-year mine life with a pre-tax NPV of A\$81m and an Internal Rate of Return (IRR) of 33%. These results demonstrate the project’s economic value and provide a basis for securing project funding.

Key activities for the quarter are summarised below.

- A Probable Ore Reserve of 1.34Mt at 14.6% Total Graphitic Carbon (TGC) at a cut-off grade of 8.5% TGC was defined for Kookaburra Gully. This Ore Reserve is inclusive of the total Measured, Indicated and Inferred Mineral Resource of 2.03Mt at 15.2% TGC at a cut-off grade of 5% TGC (announced 27 November 2017).
- A second bulk sample was prepared and dispatched for the final stage of pilot plant test work with final reporting and results due by the end of the March 2018 quarter.
- Global marketing analysis work has continued with a sample of Kookaburra Gully flake graphite concentrate being delivered for downstream value adding analysis work. Further details of this assessment will be provided when the test work is completed.
- Several proposals are under review for the provision of power for the project. The expected outcome will be a power purchasing agreement whereby a service provider supplies power to the project with no capital expenditure required by Lincoln Minerals.
- SA’s Department of Premier and Cabinet (DPC) has provided Lincoln feedback and requested additional information on its Program of Environment Protection and Rehabilitation (PEPR) submission. The Company is now preparing a resubmission, due for completion in coming months, that will address the issues raised by the Department.
- Detailed design work has commenced for the Pillaworta Road and Bratten Way intersection upgrade. These existing roads will support the construction and ongoing operational activity for the new graphite mine and require minor upgrade to meet operational requirements. The Bratten Way intersection’s detailed design has been completed and submitted to DPTI. A conceptual design for Pillaworta Road has been completed and will be reviewed prior to moving to detailed design.

Other SA Projects

Lincoln commenced a major geological review of 585 drillholes (or approximately 145,000 metres of drilling data) that was acquired under agreements held with Centrex Metals on Eyre Peninsula. The review focussed on graphite and base metal occurrences with detailed analytical and geological prospect generation pending. Due to the Company's focus on the PEPR for Kookaburra Gully, no significant exploration or development work was undertaken during the Quarter on Lincoln's other Eyre Peninsula tenements.

Corporate

At 31 December 2017, Lincoln had A\$3.9 million in cash at bank. Exploration and evaluation expenditure by the Company during the December 2017 quarter was A\$546,000 and was mainly associated with PEPR preparation activities.

A number of changes to the Lincoln Minerals Board occurred during the quarter. Mr James Zhang was appointed as Chairman of Lincoln Minerals, replacing Mr Jin Yubo who retired on 24 October 2017 to pursue other business interests.

On 28 November 2017, the Board of Lincoln Minerals Limited appointed Mr Yihao (Eric) Zhang as a Non-Executive Director.

Founding Managing Director of Lincoln Minerals Limited, Dr Allan (John) Parker resigned as Managing Director and Director of Lincoln Minerals effective 2 January 2018.

Lincoln Chairman, Mr James Zhang:

"Lincoln has been transformed under John's leadership. He has worked successfully and incredibly hard on advancing the Company's Eyre Peninsula mineral projects. On behalf of the Board, I thank John for his immense efforts and dedication to Lincoln Minerals."

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dwayne Povey who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Povey is a full-time employee of Lincoln Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Povey consents to the inclusion in the report of the matters based on his information 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. All material assumptions underpinning the forecast financial information derived from Ore Reserves announced on 27 November 2017 continue to apply and have not changed.

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Tenements

The status of all Exploration Licenses (ELs) as at 31 December 2017 including SAIOG, CXM and Baogang ELs on which Lincoln Minerals is an operator, is shown in the following tenement schedule and map. All ELs are current to 2018-19.

Lincoln holds exploration rights to South Australian lease holdings totalling 2,028 square kilometres, all on Eyre Peninsula. Moseley Nobs EL 5297 was partially relinquished during Q2 and EL's 5811 Gum Flat and 6024 Mount Hill renewed for a further five and two years respectively.

Tenement Schedule

Tenement	Expiry	Area (km ²)	Locality	Commodity
LINCOLN MINERALS (AND AGL) HAS OWNERSHIP OF ALL MINERAL RIGHTS				
EL 5942	28-Jan-19	98	Eurilla	Base metals, U
EL 5922	12-Feb-19	441	Wanilla	Graphite
EL 5921	11-Feb-19	112	Cummins	Graphite
EL 5297	2-Mar-18	14	Moseley Nobs	Base metals, U
EL 5523	28-Sep-19	26	Uno	Base metals, U
EL 5556	3-Nov-19	82	Dutton River	Graphite
EL 5811	6-Jan-21	128	Gum Flat	Graphite, Iron
EL 5923	20-Dec-18	166	Nantuma	Iron
ML 6460	2-June-37	300.8 ha	Kookaburra Gully	Graphite
Subtotal		1,070		
LML AND AGL HAVE OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE *				
EL 5851	13-Aug-18	117	Minbrie	Base metals
EL 5852	13-Aug-18	51	Greenpatch	Graphite
EL 5971	11-Apr-19	215	Tumby Bay	Graphite, base metals
EL 6024	05-Aug-19	403	Mount Hill	Graphite, base metals
EL 5559	15-Nov-19	138	Wanilla (Bald Hill)	Graphite
ML 6344	11-Aug-19	916 ha	Wilgerup	Iron
RL 129	07-Nov-21	2547 ha	Kimba Gap	Iron
Subtotal		958		
Grand total		2,028		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Lincoln Minerals Limited

ABN

50 050 117 023

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(546)	(1,162)
(b) development	-	-
(c) production	-	-
(d) staff costs (net of capitalised expenditure)	(153)	(324)
(e) administration and corporate costs	(201)	(436)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	2	6
1.9 Net cash from / (used in) operating activities	(888)	(1,895)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(45)	(45)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(45)	(51)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,664	3,664
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(14)	(27)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,650	3,637

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,188	2,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(888)	(1,895)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(45)	(51)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,650	3,637
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,905	3,905

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,746	329
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) – 30 to 90 days deposit funds	2,159	859
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,905	1,188

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	150
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees, superannuation and consulting fees paid to entities associated with Directors.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	200
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	650

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL5297	Beneficially held and reduced	100%	100%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EL5811 EL6024	Beneficially held and renewed	100% 100%	100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
Company secretary

Date: 22 January 2018

Print name: Jaroslaw (Jarek) Kopias

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.