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MINING LEASE APPROVAL WILL TRIGGER TIMELY MARKET ENTRY

OF NEW S.A. MINE INTO US$13B GLOBAL GRAPHITE MARKET

Pending government approval for South Australia's newest proposed graphite mine will act, its developers say, as the much needed catalyst to crystallise project financing and customer offtake agreements for the venture.

Addressing the inaugural ***Paydirt 2016 Australian Graphite Conference*** in Perth today, Lincoln Minerals Limited's Managing Director, Dr John Parker, said he understood the much anticipated approval for the Company's requested mining lease for its world-class and high grade Kookaburra Gully project on Eyre Peninsula, was now "only a matter of days away hopefully".

"Obviously we cannot pre-empt the Government's decision making process but we do understand that all precursor work has now conditionally met the mining lease requirements for Kookaburra Gully," Dr Parker said.

"If approved, Lincoln will work quickly with its strategic Chinese partners and shareholders to expedite mine construction funding and offtake agreements for what is a relatively low cost operation – less than A$50 million," he said.

"These financial efforts will in no small measure be assisted by Lincoln's 25% stake as a founding member in China's Qingdao Jinrui International Graphite Exchange.

"It is located in one of China's most active graphite trading ports and is less than 100 kilometres from the major Chinese graphite hub of Pingdu."

Dr Parker said the exchange would be a forum for graphite settlement, storage, investment and financing and Lincoln would be promoting its Kookaburra Gully product through that channel.

Kookaburra Gully is rated among the Top 10 graphite projects by grade in the world, its mineralisation is at shallow depth and its footprint is contained within a very strong natural flake graphite presence on Eyre Peninsula.

Lincoln is aiming to be in production by next year producing around 40,000 tonnes of high grade graphite concentrate from a 250,000t annual throughput.

Dr Parker told delegates Kookaburra Gully's modelling to date continued to favour a low operating regime of around A$704 per tonne concentrate.

The mine's product would enter a US$13.6 billion per annum and growing sector – as natural graphite and its increasing demand for use in lithium ion batteries and other emerging technologies, found favour on price and performance against the more expensive but current market dominance of synthetic graphite.

"There is simply a massive window of opportunity out there for natural flake graphite and while the approvals process for Kookaburra Gully has been time consuming, subject to final approvals and financing, this mine will be coming to market right on time as demand starts to outstrip good quality grade supply," Dr Parker said.

An initial seven year mine life is envisaged for Kookaburra Gully.

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