

LINCOLN MINERALS LIMITED  
ABN 50 050 117 023

## Lincoln Minerals

### Interim Financial Statements

for the half-year ended 31 December 2020

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Lincoln Minerals Limited  
Suite 1, Level 1, 852-858 Glenferrie Road  
Hawthorn Vic 3122  
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## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

The Directors present their report together with the consolidated interim financial statements of Lincoln Minerals Limited (the Company) and its controlled entities (the Group) for the half year ended 31 December 2020 together with the Auditor's review report thereon.

### DIRECTORS

The Directors of the Company at any time during or since the end of the half year are:

<u>Name</u>	<u>Period of directorship</u>
<b>Non-executive</b>	
James T Zhang	Appointed 17 February 2016, Chairman since 24 October 2017
Johnson Zhang	Appointed 30 May 2018
Tony Raunic	Appointed 12 January 2021
Zhuojia (Georgia) Liu	Appointed 29 November 2019 and resigned on 6 July 2020
Kee G Saw	Appointed 22 February 2018 and resigned on 20 November 2020
Ruiyu Zhang	Appointed 27 March 2020 and resigned on 20 November 2020
Grace S Tsui	Appointed 2 September 2020 and resigned on 12 January 2021

### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Lincoln Minerals Limited is a diversified ASX-listed and South Australian-focused mineral exploration and development company looking to deliver the transition to maiden graphite mining production following the achievement of critical development and commercialisation milestones for its primary high grade graphite assets on Eyre Peninsula. The Company also owns and is advancing a pool of second tier assets across multiple mineral commodities on Eyre Peninsula, a proven mining jurisdiction in South Australia.

The Group made a loss after tax for the six months ended 31 December 2020 of \$576,972 (2019: \$452,264). In the six months to 31 December 2020, the Group capitalised \$19,071 (2019: \$5,760) of net exploration and evaluation expenditure and expensed \$126,063 (2019: \$129,426) of such expenditure. Interest income was \$920 (2019: \$9,717). Cash at the end of December 2020 was \$289,517 (June 2020: \$874,536). The Company was suspended from trading on ASX as of 21 September 2020 due to non-compliance with Listing Rule 12.1. The Lincoln Board is undertaking a strategic review of its business operations to develop its business plans.

### EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 (Cth) is included in this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the directors.

  
James Tenghui Zhang, Chairman  
15 March 2021



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Adelaide SA 5000

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Adelaide SA 5001

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## Auditor's Independence Declaration

### To the Directors of Lincoln Minerals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Lincoln Minerals Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

A stylized signature of the firm name "Grant Thornton" in a cursive script.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A stylized signature of "I S Kemp" in a cursive script.

I S Kemp  
Partner – Audit & Assurance

Adelaide, 15 March 2021

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LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 31 December 2020

	Note	<u>31 December 2020</u>	<u>31 December 2019</u>
		\$	\$
Other income		38,900	-
Employee benefits		(240,471)	(202,572)
Corporate and administrative expenses		(250,078)	(127,281)
Exploration and evaluation expenses	4	(126,063)	(129,426)
Depreciation and amortisation		(180)	(2,702)
RESULTS FROM OPERATING ACTIVITIES		<u>(577,892)</u>	<u>(461,981)</u>
Finance income		920	9,717
NET FINANCE INCOME		<u>920</u>	<u>9,717</u>
LOSS BEFORE INCOME TAX		<u>(576,972)</u>	<u>(452,264)</u>
Income tax expense		-	-
NET LOSS FOR THE PERIOD		<u>(576,972)</u>	<u>(452,264)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(576,972)</u>	<u>(452,264)</u>
Basic and diluted loss per share (cents)		(0.10)	(0.08)

The accompanying notes form part of these consolidated interim financial statements

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**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 31 December 2020

	<u>Contributed Equity</u>	<u>Accumulated</u> <u>losses</u>	<u>Total equity</u>
	\$	\$	\$
<b>Balance at 1 July 2019</b>	37,239,123	(28,356,235)	8,882,888
<b>Total comprehensive loss for the period</b>			
Other comprehensive income	-	-	-
Loss for the half year	-	(452,264)	(452,264)
Total comprehensive loss for the period	-	(452,264)	(452,264)
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Capital raising activities	-	-	-
Share issue expenses	-	-	-
Total transactions with owners	-	-	-
Balance at 31 December 2019	<b>37,239,123</b>	<b>(28,808,499)</b>	<b>8,430,624</b>
<b>Balance at 1 July 2020</b>	37,239,123	(29,218,110)	8,021,013
<b>Total comprehensive loss for the period</b>			
Other comprehensive income	-	-	-
Loss for the half year	-	(576,972)	(576,972)
Total comprehensive loss for the period	-	(576,972)	(576,972)
<b>Transactions with owners of the Company, recognised directly in equity</b>			
Capital raising activities	-	-	-
Share issue expenses	-	-	-
Total transactions with owners	-	-	-
Balance at 31 December 2020	<b>37,239,123</b>	<b>(29,795,082)</b>	<b>7,444,041</b>

The accompanying notes form part of these consolidated interim financial statements

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

	<u>Note</u>	<u>31 December 2020</u>	<u>30 June 2020</u>
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		289,517	874,536
Trade and other receivables		32,464	72,338
<b>TOTAL CURRENT ASSETS</b>		<b>321,981</b>	<b>946,874</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		487,669	493,327
Exploration and evaluation assets	4	6,750,503	6,730,802
Intangibles assets		35	46
<b>TOTAL NON CURRENT ASSETS</b>		<b>7,238,207</b>	<b>7,224,175</b>
<b>TOTAL ASSETS</b>		<b>7,560,188</b>	<b>8,171,049</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		27,660	67,801
Employment entitlements		88,487	82,235
<b>TOTAL CURRENT LIABILITIES</b>		<b>116,147</b>	<b>150,036</b>
<b>TOTAL LIABILITIES</b>		<b>116,147</b>	<b>150,036</b>
<b>NET ASSETS</b>		<b>7,444,041</b>	<b>8,021,013</b>
<b>EQUITY</b>			
Contributed equity		37,239,123	37,239,123
Accumulated losses		(29,795,082)	(29,218,110)
<b>TOTAL EQUITY</b>		<b>7,444,041</b>	<b>8,021,013</b>

The accompanying notes form part of these consolidated interim financial statements

LINCOLN MINERALS LIMITED

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

For the six months ended 31 December 2020

	<u>31 December 2020</u>	<u>31 December 2019</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(451,106)	(312,064)
Other Income	38,900	-
Net cash inflow / (outflow) from operating activities	<u>(412,206)</u>	<u>(312,064)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration expenditure	(174,248)	(106,310)
Interest received	1,435	10,616
Net cash inflow / (outflow) from investing activities	<u>(172,813)</u>	<u>(95,694)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issues	-	-
Share issue expenses	-	-
Net cash inflow / (outflow) from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(585,019)</u>	<u>(407,758)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>874,536</u>	<u>1,687,247</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>289,517</u>	<u>1,279,489</u>

The accompanying notes form part of these consolidated interim financial statements

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

Lincoln Minerals Limited (the Company) is a listed public company domiciled in Australia, whose shares are publicly traded on ASX Limited.

The consolidated interim financial statements of the Company as at, and for the six months ended 31 December 2020 comprise the Company and its wholly owned subsidiaries Australian Graphite Pty Ltd, Australian Graphite Production Pty Ltd, Lincoln Asia-Pacific Pty Ltd, Lincoln Finance Group Pty Ltd, Lincoln Copper Pty Ltd and Lincoln Lead Zinc Pty Ltd (together referred to as the Group).

The Group is primarily involved in the exploration of Graphite and Iron Ore on the Eyre Peninsula in South Australia.

**2. BASIS OF PREPARATION**

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2020. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2020. The 2020 annual financial report is available from the Company's registered office at Suite 1, Level 1, 852-858 Glenferrie Road, Hawthorn Vic 3122 or at [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au).

The financial report has been prepared on a going concern basis.

The consolidated interim financial statements were approved by the Board of Directors on 15 March 2021.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 June 2020 and can be found on the Company's website at [www.lincolnminerals.com.au](http://www.lincolnminerals.com.au).

None of the Australian Accounting Standards or Interpretations available for early adoption have been early adopted by the Company as none is considered to have a significant impact on the Group.

Preparing interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements as at and for the year ended 30 June 2020.

**New and amended standards adopted by the Group**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2020 and has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.



**4. EXPLORATION AND EVALUATION ASSETS**

	<u>31 December 2020</u>	<u>30 June 2020</u>
	\$	\$
Balance at 1 July	6,730,802	6,713,435
Expenditure for the period	140,275	220,279
Depreciation charged to exploration	5,489	34,126
Less, exploration and evaluation expensed	<u>(126,063)</u>	<u>(239,038)</u>
Balance at end of period	<u>6,750,503</u>	<u>6,730,802</u>
Gross exploration assets capitalised	20,484,051	20,464,350
Provision for impairment	<u>(13,733,548)</u>	<u>(13,733,548)</u>
Net exploration assets	<u>6,750,503</u>	<u>6,730,802</u>

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

A total of \$126,063 (December 2019: \$129,426) was incurred and expensed during the period ended 31 December 2020 relating to the Company's non-graphite assets.

**5. GOING CONCERN BASIS OF ACCOUNTING**

The financial report has been prepared on the basis of a going concern. During the period ended 31 December 2020 the Group recorded a net cash outflow from operating and investing activities of \$585,019 (December 2019: \$407,758) and an operating loss of \$576,972 (December 2019: \$452,264). These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the entity raising additional funds which may be from a variety of means inclusive of, but not limited to issue of new equity, debt, asset sales or entering into joint venture arrangements on mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because Directors will not commit to expenditure unless sufficient funding has been sourced.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the interim financial report. No allowance for such circumstances has been made in the interim financial report.

**6. EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.


## DIRECTORS' DECLARATION

In the opinion of the directors of Lincoln Minerals Limited (the Company):

1. The consolidated interim financial statements and notes are in accordance with the Corporations Act 2001 (Cth) including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the six months ended on that date;
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 (Cth); and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

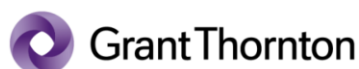
Signed in accordance with a resolution of Directors

On behalf of the Board



James Tenghui Zhang  
Chairman

Dated this 15<sup>th</sup> day of March 2021  
Melbourne, Victoria



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Adelaide SA 5000

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Adelaide SA 5001

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## Independent Auditor's Review Report

To the Members of Lincoln Minerals Limited

Report on the review of the half-year financial report

### Conclusion

We have reviewed the accompanying half-year financial report of Lincoln Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Lincoln Minerals Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Lincoln Minerals Limited's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Material uncertainty related to going concern

We draw attention to Note 5 in the financial report, which indicates that the Group incurred a net cash outflow from operating and investing activities of \$585,019 and an operating loss of \$576,972. As stated in Note 5, these events or conditions, along with other matters as set forth in Note 5, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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**Directors' responsibility for the half-year financial report**

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in cursive script that reads "I S Kemp".

I S Kemp  
Partner – Audit & Assurance

Adelaide, 15 March 2021

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