

LINCOLN MINERALS LIMITED
ABN 50 050 117 023

Lincoln Minerals

Interim Financial Statements

for the half-year ended 31 December 2021

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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 2021

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 2021 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>
<i>Non-executive</i>	
James T Zhang	Appointed 17 February 2016, resigned 30 July 2021
Johnson Zhang	Appointed 30 May 2018, resigned 29 July 2022
Anthony Raunic	Appointed 12 January 2021, resigned 22 December 2021
Michael Wyles KC	Appointed 29 July 2022
Jason Foley	Appointed 29 July 2022
Shalain Singh	Appointed 29 July 2022
Ross Loturco	Appointed 29 July 2022
Ting Ting Gao	Appointed 22 December 2021, resigned 29 July 2022
<i>Executive</i>	
Ruiyu Zhang	Appointed 30 July 2021, chairman since 30 July 2021
Sam Barden	Appointed 6 June 2022, Managing Director

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 2021 of \$1,592,378 (2020: \$576,972). This is a result of provisions for impairment of capitalised exploration and expenditure asset of \$1,206,845 and land valuation of \$169,820. Interest income was \$0 (2020: \$920). Cash at the end of December 2021 was \$32,035 (June 2021: \$44,766).

SIGNIFICANT EVENTS AFTER REPORTING DATE

The following events have occurred post 31 December 2021:

1. Changes to the board

On 29 July 2022, the following changes to the board were made:

Appointment of Messrs Michael Wyles KC, Jason Foley, Shalain Singh, Ross Loturco as non-executive directors and appointment of Sam Barden as Managing Director; and resignation of Johnson Zhang and Tingting Gao as directors.

2. Takeover offer

On 10 August 2022 the company received a takeover offer by way of a Bidders Statement from Quantum Graphite Limited to acquire all shares in the company on the basis of 1 share offered in Quantum Graphite Limited for 9 shares held in Lincoln Minerals Limited.

LINCOLN MINERALS LIMITED

On 12 August 2022, the Company issued a statement rejecting the offer received from Quantum Graphite Limited.

On 17 August 2022, the Board appointed Ms Ruiyu Zhang as executive Chair

On 23 August 2022, the Company issued an operational and strategic update.

On 6 September 2022, the Company received a Revised Bidder Statement from Quantum Graphite Limited to acquire all shares in the company on the basis of 1 share offered in Quantum Graphite Limited for 40 shares held in Lincoln Minerals Limited.

On 4 October 2022, the Board appointed Mr Michael D Wyles K.C. FAICD as Deputy Chair.

On 5 October 2022, the Company issued a Target Statement in response to the Revised Bidder Statement received from Quantum Graphite Limited.

3. Shareholder loan

As announced on the ASX on 23 December 2021, Lincoln Minerals has entered into convertible note agreement with Australia Poly Minerals Investments Pty Ltd (the note holder or "APMI"), a company associated with Poly Minerals Investments Ltd ("PMI"), the largest shareholder of Lincoln Minerals. The agreement provided option for APMI to acquire up to 1,600,000 convertible notes at the face value of \$1 per note, with a coupon rate of 8% per annum.

On 12 September 2022, APMI agreed to terminate the convertible note agreement and the Company agreed to treat the monies advanced by APMI as an advance under a Shareholder loan facility of \$1.6m with interest payable by the Company on the sum advanced at 8% per annum, repayable at the earlier of the Company completing an equity raise or debt financing of not less than \$4 million or 31 December 2022.

As at the date of issuing this report, \$1,070,000 has been drawn down and \$530,000 remains undrawn under the Shareholder loan facility.

4. Fully underwritten rights issue

On 27 September 2022, the Company announced the intention to conduct a fully underwritten rights issue to raise up to \$4.6 million (1.33 shares for every share held at 0.006 (i.e., 6/10 of cent per share)). This rights issue will be fully written by Jigsaw Investment Pty Ltd and sub-underwritten by APMI. PMI intends to take up its full entitlement under the rights issue and in accordance with the sub-underwriting agreement, will upon its ordinary shares being issued in accordance with the rights issue cause APMI to forgive the Shareholder loan facility.

5. Exploration and evaluation assets

As disclosed in note 4, an impairment loss of \$1.2 million was recorded against the Exploration and Evaluation assets. The Lincoln Board continues to assess business opportunities to develop its business plans such that Lincoln will be listed on ASX in future.

On 3 August 2022, the company received a letter from the Department of Energy and Mining of South Australia (the "Department") concerning EL5922, EL5971, EL6024, EL6441, EL6448 and EL6638 (formerly 5811) referred to as "Southern Eyre Peninsula Project (AEA019-001)" (the "SEP Project"). The SEP Project is in addition to ML6460 (Kookaburra Gully) which lease runs until 2 June 2037.

In its letter, the Department stated that it supported an extension of the SEP Project for another 2-year period subject to the following:

- a. Successful relisting of Lincoln in the ASX.
- b. Receipt of a valid expenditure return for the current AEA period no later than 60 days after the AEA period end date.
- c. Future expenditure commitment will be carried forward and be added to the expenditure commitment for the new AEA, and
- d. It will be a condition of the AEA that failure to meet the new combined expenditure may result in cancellation of the exploration licences.

As described in note 7, the Group is well progressed to achieve the relisting and raise sufficient funds to meet the requirements stipulated by the Department above. Discussions with the Department continue to be constructive and supportive.

Once the relisting and refinancing have completed, the Directors believe that will be a position to achieve the required exploration expenditure and will reassess the carrying value of the exploration assets to determine any reversal of the impairment at that time.

This reassessment will be supported by an independent geological report, prepared by global consultants to the mining industry, SRK Consulting.

Other than the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group.

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.



Ruiyu Zhang, Chairman
14th day of October 2022

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Auditor's Independence Declaration

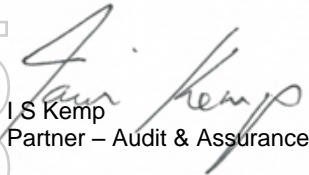
To the Directors of Lincoln Minerals Limited

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 2021, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 14 October 2022

LINCOLN MINERALS LIMITED

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Note	<u>31 December 2021</u>	<u>31 December 2020</u>
		\$	\$
Other income		9,821	38,900
Employee benefits		(25,643)	(240,471)
Corporate and administrative expenses		(126,535)	(250,078)
Exploration and evaluation expense		(73,250)	(126,063)
Impairment of capitalised exploration and evaluation expenditure	4	(1,206,845)	-
Impairment of property, plant and equipment	6	(169,820)	-
Depreciation and amortisation		(106)	(180)
RESULTS FROM OPERATING ACTIVITIES		<u>(1,592,378)</u>	<u>(577,892)</u>
Finance income		-	920
NET FINANCE INCOME		<u>-</u>	<u>920</u>
LOSS BEFORE INCOME TAX		<u>(1,592,378)</u>	<u>(576,972)</u>
Income tax expense		-	-
NET LOSS FOR THE PERIOD		<u>(1,592,378)</u>	<u>(576,972)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(1,592,378)</u>	<u>(576,972)</u>
Basic and diluted loss per share (cents)		(0.28)	(0.10)

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 2021

	<u>Contributed Equity</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	\$	\$	\$
Balance at 1 July 2020	37,239,123	(29,218,110)	8,021,013
Total comprehensive loss for the period			
Other comprehensive income	-	-	-
Loss for the half year	-	(576,972)	(576,972)
Total comprehensive loss for the period	-	(576,972)	(576,972)
Transactions with owners of the Company, recognised directly in equity			
Capital raising activities	-	-	-
Share issue expenses	-	-	-
Total transactions with owners	-	-	-
Balance at 31 December 2020	37,239,123	(29,795,082)	7,444,041
Balance at 1 July 2021	37,239,123	(29,962,748)	7,276,375
Total comprehensive loss for the period			
Other comprehensive income	-	-	-
Loss for the half year	-	(1,592,378)	(1,592,378)
Total comprehensive loss for the period	-	(1,592,378)	(1,592,378)
Transactions with owners of the Company, recognised directly in equity			
Capital raising activities	-	-	-
Share issue expenses	-	-	-
Total transactions with owners	-	-	-
Balance at 31 December 2021	37,239,123	(31,555,126)	5,683,997

The accompanying notes form part of these consolidated interim financial statements

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LINCOLN MINERALS LIMITED

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<u>Note</u>	<u>31 December 2021</u>	<u>30 June 2021</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		32,035	44,766
Trade and other receivables		41,621	148,905
Investment in associate company held for sale		-	63,000
TOTAL CURRENT ASSETS		<u>73,656</u>	<u>256,671</u>
NON CURRENT ASSETS			
Other Financial Assets – Term Deposit		30,000	30,000
Property, plant and equipment		279,549	479,104
Exploration and evaluation assets	4	5,561,127	6,767,972
Intangibles assets		19	26
TOTAL NON CURRENT ASSETS		<u>5,870,695</u>	<u>7,277,102</u>
TOTAL ASSETS		<u>5,944,351</u>	<u>7,533,773</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		173,653	168,052
Shareholder's Loan	5	60,000	-
Employment entitlements		26,701	89,346
TOTAL CURRENT LIABILITIES		<u>260,354</u>	<u>257,398</u>
TOTAL LIABILITIES		<u>260,354</u>	<u>257,398</u>
NET ASSETS		<u>5,683,997</u>	<u>7,276,375</u>
EQUITY			
Contributed equity		37,239,123	37,239,123
Accumulated losses		(31,555,126)	(29,962,748)
TOTAL EQUITY		<u>5,683,997</u>	<u>7,276,375</u>

The accompanying notes form part of these consolidated interim financial statements

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LINCOLN MINERALS LIMITED

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	<u>31 December 2021</u>	<u>31 December 2020</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(138,503)	(451,106)
Other Income	-	38,900
Net cash inflow / (outflow) from operating activities	<u>(138,503)</u>	<u>(412,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(69,228)	(174,248)
Interest received	-	1,435
Proceeds on sale of assets	135,000	-
Net cash inflow / (outflow) from investing activities	<u>65,772</u>	<u>(172,813)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings from shareholder	60,000	-
Net cash inflow / (outflow) from financing activities	<u>60,000</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>(12,731)</u>	<u>(585,019)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>44,766</u>	<u>874,536</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>32,035</u>	<u>289,517</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 2021 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 2021. 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 2021. The 2021 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.

The consolidated interim financial statements were approved by the Board of Directors on 14th day of October 2022

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 2021 and can be found on the Company's website at www.lincolnminerals.com.au.

None of the Australian Accounting Standards or Interpretations available for early adoption has 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 2021.

New or amended Accounting Standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. EXPLORATION AND EVALUATION ASSETS

	<u>31 December 2021</u>	<u>30 June 2021</u>
	\$	\$
Balance at 1 July	6,767,972	6,730,803
Expenditure for the period	71,372	221,409
Depreciation charged to exploration	1,878	10,326
Less, exploration and evaluation expensed	(73,250)	(194,566)
Less, previously capitalised exploration and evaluation impaired	(1,206,845)	-
Balance at end of period	<u>5,561,127</u>	<u>6,767,972</u>

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Gross exploration assets capitalised	20,501,520	20,501,520
Provision for impairment	(14,940,393)	(13,733,548)
Net exploration assets	5,561,127	6,767,972

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.

The Group's accounting policy is to capitalise exploration costs in accordance with AASB6 and assess at each reporting date if any impairment indicators as defined in AASB6 paragraph 20. During the year, the Directors identified that the Group's current commitments and financial position represented impairment indicators under AASB6 and have performed an impairment analysis as required under AASB136.

In assessing the recoverable amount of the capitalised exploration and evaluation costs, a directors' valuation was performed to determine the fair value less disposal costs in accordance with AASB136 and AASB13. An impairment of \$1,206,845 was recorded against the capitalised exploration and evaluation costs.

Fair value hierarchy

The fair value estimates for capitalised exploration and evaluation costs are considered Level 2 estimates.

Significant Observable Inputs

The fair value less disposal costs was based on the takeover bid announced on the ASX on 9 August 2022, of one (1) Quantum Graphite Limited ("QGL") share for every forty (40) Lincoln Mineral shares. QGL's shares were trading at \$0.40 (40 cents) per share at the close of trading on 9 August 2022.

Significant Unobservable Inputs

- Disposal costs to complete a sale transaction; and
- Condition of the underlying assets.

Sensitivity analysis

The fair value measurement of the capitalised exploration and evaluation costs is sensitive to changes in the unobservable inputs which may result in a significantly higher or lower fair value measurement. The following tables demonstrate the sensitivity to a reasonably possible change in significant unobservable inputs, with all other variables held constant (change in profit and equity):

	<u>2022</u>	<u>2021</u>
	\$	\$
Capitalised exploration and evaluation costs		
Increase in estimated market value of shares per the offer by 10%	556,113	-
Decrease in estimated market value of shares per the offer by 10%	(556,113)	-

5. FINANCIAL LIABILITIES - SHAREHOLDER LOAN

As announced on the ASX on 23 December 2021, Lincoln Minerals has entered into convertible note agreement with Australia Poly Minerals Investments Pty Ltd (the note holder or "APMI"), a company associated with Poly Minerals Investments Ltd ("PMI"), the largest shareholder of Lincoln Minerals. The agreement provided option for APMI to acquire up to 1,600,000 convertible notes at the face value of \$1 per note, with a coupon rate of 8% per annum.

On 12 September 2022, APMI agreed to terminate the convertible note agreement and the Company agreed to treat the monies advanced by APMI as an advance under a Shareholder loan facility of \$1.6m with interest payable by the Company on the sum advanced at 8% per annum, repayable at the earlier of the Company completing an equity raise or debt financing of not less than \$4 million or 31 December 2022.

As at the date of issuing this report, \$1,070,000 has been drawn down and \$530,000 remains undrawn under the Shareholder loan facility.

Advances received have been treated as a shareholder's loan.

	<u>31 December 2021</u>	<u>30 June 2021</u>
	\$	\$
Shareholder's loan	60,000	-
Total Financial Liabilities	60,000	-

6. OTHER SIGNIFICANT TRANSACTIONS

Land Impairment

The Group's accounting policy is to carry property, plant and equipment at cost less accumulated amortisation and impairment, in accordance with AASB116. During the year, the Directors identified that the Group's current commitments and financial position represented impairment indicators under AASB136.

In assessing the recoverable amount of the land asset, a directors' valuation was performed to determine the fair value less disposal costs in accordance with AASB136 and AASB13. An impairment of \$169,820 was recorded against the carrying value of land.

Fair value hierarchy

The fair value estimates for land are considered to be Level 3 estimates.

Significant Observable Inputs

- Recent sales of land on Koppio/Tumby Bay area on the Eyre Peninsula and recent trends in the sale of land in other agricultural regions, adjusted for comparability considerations.
- Land use deemed as pastoral.

Significant Unobservable Inputs

- Estimated price per hectare is determined by assessing the asset's:
- location including surrounding land use, amenities and local services;
- improvement including structural, fencing and water;
- occupancy including dwellings, structures and licenses/leases.
- Economic overview including local, State and industry economic overview.

Sensitivity analysis

The fair value measurement of freehold land is sensitive to changes in the unobservable inputs which may result in a significantly higher or lower fair value measurement. The following tables demonstrate the sensitivity to a reasonably possible change in significant unobservable inputs, with all other variables held constant (change in profit and equity):

	<u>2022</u>	<u>2021</u>
	\$	\$
Land		
Increase in estimated market value per hectare by 5%	13,203	-
Decrease in estimated market per hectare by 5%	(13,203)	-

7. GOING CONCERN

The financial report has been prepared on the basis of a going concern. During the half year ended 31 December 2021 the Group recorded a net cash outflows from operating and investing activities of \$72,731 and an operating loss of \$1,592,378. The Group is also in a net current liability position of \$186,698. 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 Group:

- Raising additional funding through debt or equity raise;
- Being re-admitted to the ASX;
- Receiving ongoing support from shareholders;
- Raising sufficient funds to meet the minimum exploration expenditure to continue to develop its exploration and evaluation assets itself, or through joint ventures; and
- Retaining and maintaining its exploration and evaluation assets and associated licences.

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;
- Australia Poly Minerals Investments Pty Ltd, a shareholder related entity has provided a loan facility (refer note 5);
- At the date of this report there remains \$530,000 of undrawn shareholder loan funding available.
- The relisting process is underway and the directors continue to engage with the ASX;
- On 27 September 2022, the Group announced the intention to conduct a fully underwritten rights issue to raise up to \$4.6 million; and
- The South Australian Department of Energy & Mining has granted an extension on the Group's licenses and expenditure commitments, subject to being relisted.

The Directors believe they will be successful in achieving the above and have prepared the financial statements on a going concern basis.

If additional capital is not obtained or the above matters are not resolved in the Group's favour, 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.

8. EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred post 31 December 2021:

1. Changes to the board

On 29 July 2022, the following changes to the board were made:

Appointment of Messrs Michael Wyles KC, Jason Foley, Shalain Singh, Ross Loturco as non-executive directors and appointment of Sam Barden as Managing Director; and resignation of Johnson Zhang and Tingting Gao as directors.

2. Takeover offer

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In its letter, the Department stated that it supported an extension of the SEP Project for another 2-year period subject to the following:

- a. Successful relisting of Lincoln in the ASX.

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- b. Receipt of a valid expenditure return for the current AEA period no later than 60 days after the AEA period end date.
- c. Future expenditure commitment will be carried forward and be added to the expenditure commitment for the new AEA, and
- d. It will be a condition of the AEA that failure to meet the new combined expenditure may result in cancellation of the exploration licences.

As described in note 7, the Group is well progressed to achieve the relisting and raise sufficient funds to meet the requirements stipulated by the Department above. Discussions with the Department continue to be constructive and supportive.

Once the relisting and refinancing have completed, the Directors believe that will be a position to achieve the required exploration expenditure and will reassess the carrying value of the exploration assets to determine any reversal of the impairment at that time.

This reassessment will be supported by an independent geological report, prepared by global consultants to the mining industry, SRK Consulting.

Other than the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group.

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LINCOLN MINERALS LIMITED
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 2021 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



Ruiyu Zhang
Chairman

Dated this 14th day of October 2022
Melbourne, Victoria

Independent Auditor's Review Report

To the Members of 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 2021, 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 Group's financial position as at 31 December 2021 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 7 in the financial report, which indicates that the Group incurred a net loss of \$1,592,378 and net cash outflows from operating and investing activities of \$72,731 during the half year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by \$186,698. As stated in Note 7, these events or conditions, along with other matters as set forth in Note 7, 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.

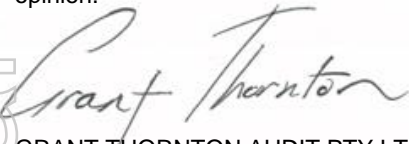
Directors' responsibility for the half-year financial report

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.

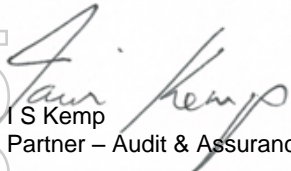
Auditor's responsibility

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 2021 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 14 October 2022