



LINCOLN MINERALS LIMITED

ABN 50 050 117 023

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14 March 2008

The Manager,
ASX Announcements

Dear Sir,

Half year financial statements – 31 December 2007

We enclose the half yearly financial report as at and for the six months ended 31 December 2007.

Yours truly,

Peter E Cox
Director and Company Secretary

LINCOLN MINERALS LIMITED
ABN 050 50 117 023

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2007

The Directors present their report together with the financial report of Lincoln Minerals Limited for the half year ended 31 December 2007 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:

| <i>Name</i> | <i>Period of directorship</i> |
|-------------------|---|
| Non-executive | |
| Richard V. Ryan | Appointed 10 November 2006 and Chairman from that date |
| Peter E. Cox | Appointed 16 October 2006 |
| Robert A. Althoff | Appointed 5 July 2005 |
| Executive | |
| Dr A John Parker | Appointed 16 October 2006 as Managing Director from that date |

REVIEW OF OPERATIONS

During the half year the Company continued to explore its mineral targets with drilling campaigns completed at Gum Flat (EL 3422), Cockabidnie (EL 3609), Wilcherry (EL 3690) and Mount Hill (EL 3877). A gravity survey was completed at Torrens (EL 3563) and calcrete/soil surveys were completed over several areas.

Highlights include:

Magnetite and hematite iron ore mineralisation at Gum Flat, lateritic nickel discovered at Cockabidnie and uranium discovered at Wilcherry.

Gum Flat

- Six diamond drillholes (total 1,566m) and 83 aircore or slimhole RC drillholes (total 4,416m) completed
- Hematite-rich banded iron formation (BIF) containing up to 56.6% Fe
- Significant intervals of coarse-grained magnetite BIF overlain by massive and banded hematite, goethite and limonite
- Modelling of magnetic data outlined a conceptual magnetite with lesser hematite iron ore exploration target 200-400Mt
- Shallow cover less than 20m
- ProMet Engineers commenced metallurgical testwork and independent scoping study on processing and beneficiation of massive and banded hematite iron ore.

Cockabidnie

- Aircore and slimhole RC drilling completed (total 45 DHs for 3,396m)
- Lateritic nickel up to 0.7% Ni + 0.06% Co discovered in the Campoona Syncline
- Several anomalous base metal and uranium drill intersections up to 2.4% Pb+Zn, 0.26g/t Au, 26g/t Ag and 81ppm U.

Wilcherry

- Aircore and slimhole RC drilling completed (total 32 DHs for 2,832m)
- Discovered significant uranium mineralisation up to 0.05% U + 0.1% base metal.

Mount Hill

- Aircore and slimhole RC drilling completed (total 34 DHs for 1,279m).

Torrens

- Detailed gravity and ground magnetic surveys completed
- Gravity and magnetic modeling indicates relatively shallow high density basement.

In August 2007 the Company entered into a Heads of Agreement with Mineral Enterprises Ltd ("MEL") of Bangalore, India whereby MEL through its subsidiary Mineral Enterprises Australia Pty Ltd ("MEA") can earn up to a 40% interest in the Gum Flat tenement by contributing up to \$2.5m progressively over the period to 31 December 2010. MEL achieved the first milestone by 31 December 2007 by contributing \$500,000 at which stage the Joint Venture Agreement with MEA and MEL was completed and the joint venture commenced.

As part of the overall arrangement, in August 2007 MEL was allotted 3,500,000 shares by contributing \$1,050,000 cash at 30 cents per share.

In January 2008 the Company entered into a Heads of Agreement (HoA) with IronClad Mining Limited ("IFE") whereby IFE can earn up to 80% interest in the iron ore rights on the Wilcherry EL 3690 tenement by contributing up to \$1.0m progressively over 4 years from the date of signing the HoA. EL 3690 is on the southern tip of a major aeromagnetic anomaly that is the subject of iron ore exploration by IFE. LML retains the sole rights to explore for and mine all other minerals and substances excluding iron ore on EL 3690.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditor KPMG, a copy of which is attached to and forms part of this report.

Dated at Adelaide, South Australia this 14th day of March 2008 and signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'AJ Parker', with a stylized flourish at the end.

AJ Parker, Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lincoln Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Derek Meates

Derek Meates
Partner

Adelaide
14 March 2008

LINCOLN MINERALS LIMITED
ABN 050 50 117 023

INTERIM INCOME STATEMENT
for the half year ended 31 December 2007

| | Notes | <u>Half year ended</u> <u>31 December 2007</u> | <u>Half year ended</u> <u>31 December 2006</u> |
|---|-------|---|---|
| | | \$ | \$ |
| Financial income - interest | | 222,967 | 1,264 |
| Overhead recoveries - joint venture partner | | 65,870 | - |
| Employee benefits expense | | (72,213) | (16,350) |
| Employee benefits expense - share based payments | | (6,665) | - |
| Finance costs | | - | (2,272) |
| Exploration and evaluation expenditure not capitalised | | (4,108) | (6,683) |
| Depreciation and amortisation of non-current assets | | (8,368) | - |
| Corporate expenses | 4 | (324,616) | (50,245) |
| LOSS BEFORE INCOME TAX | | (127,133) | (74,286) |
| Income tax expense | 5 | - | - |
| NET LOSS FOR THE YEAR | | (127,133) | (74,286) |
| LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY | | (127,133) | (74,286) |
| | | | |
| Basic earnings (loss) per share (cents) | | (0.17) | (0.64) |
| Diluted earnings (loss) per share (cents) | | (0.17) | (0.64) |

The accompanying Notes form part of these Financial Statements

LINCOLN MINERALS LIMITED

INTERIM STATEMENT OF CHANGES IN EQUITY for the half year ended 31 December 2007

| | Issued capital | Accumulated losses | Share based payments reserve | Total |
|------------------------|------------------|--------------------|------------------------------|------------------|
| At 1 July 2007 | 7,165,908 | (517,260) | 28,742 | 6,677,390 |
| Share issues | 1,050,000 | - | - | 1,050,000 |
| Share issue expenses | (18,980) | - | - | (18,980) |
| Loss for the half year | - | (127,133) | - | (127,133) |
| Options expense | - | - | 6,665 | 6,665 |
| At 31 December 2007 | <u>8,196,928</u> | <u>(644,393)</u> | <u>35,407</u> | <u>7,587,942</u> |
| | | | | |
| At 1 July 2006 | 10 | (171,242) | - | (171,232) |
| Share issues | 344,000 | - | - | 344,000 |
| Loss for the half year | - | (74,286) | - | (74,286) |
| At 31 December 2006 | <u>344,010</u> | <u>(245,528)</u> | <u>-</u> | <u>98,482</u> |

The accompanying Notes form part of these Financial Statements

LINCOLN MINERALS LIMITED

INTERIM BALANCE SHEET

as at 31 December 2007

| | <u>Notes</u> | <u>31 December 2007</u> \$ | <u>30 June 2007</u> \$ |
|-----------------------------------|--------------|-------------------------------|---------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 6,809,351 | 6,397,718 |
| Trade and other receivables | | 166,101 | 86,049 |
| TOTAL CURRENT ASSETS | | 6,975,452 | 6,483,767 |
| NON CURRENT ASSETS | | | |
| Property plant and equipment | | 57,759 | 40,030 |
| Exploration and evaluation | 7 | 917,248 | 280,436 |
| Intangibles | | 8,802 | - |
| TOTAL NON CURRENT ASSETS | | 983,809 | 320,466 |
| TOTAL ASSETS | | 7,959,261 | 6,804,233 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 371,319 | 126,843 |
| TOTAL CURRENT LIABILITIES | | 371,319 | 126,843 |
| TOTAL LIABILITIES | | 371,319 | 126,843 |
| NET ASSETS / (LIABILITIES) | | 7,587,942 | 6,677,390 |
| EQUITY | | | |
| Contributed equity | 8 | 8,196,928 | 7,165,908 |
| Reserves | 9 | 35,407 | 28,742 |
| Accumulated Losses | | (644,393) | (517,260) |
| TOTAL EQUITY | | 7,587,942 | 6,677,390 |

The accompanying Notes form part of these Financial Statements

LINCOLN MINERALS LIMITED

INTERIM CASH FLOW STATEMENT

for the half year ended 31 December 2007

| | <u>Half year ended</u> <u>31 December 2007</u> | <u>Half year ended</u> <u>31 December 2006</u> |
|---|---|---|
| <u>Notes</u> | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments to suppliers and employees | (455,699) | (20,892) |
| Overhead recoveries – joint venture partner | 53,571 | - |
| Interest received | 256,240 | 1,264 |
| Net cash (outflow) from operating activities | <u>(145,888)</u> | <u>(19,628)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration expenditure | (871,554) | (13,767) |
| Exploration expenditure – joint venture contributions | 446,429 | - |
| Payments for acquisition of property, plant and equipment | (38,184) | - |
| Payments for acquisition of intangibles | (10,190) | - |
| Net cash inflow/(outflow) from investing activities | <u>(473,499)</u> | <u>(13,767)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from share issues | 1,050,000 | 344,000 |
| Share issue expenses | (18,980) | (39,988) |
| Proceeds of borrowings | - | 16,040 |
| Net cash inflow/(outflow) from financing activities | <u>1,031,020</u> | <u>320,052</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>411,633</u> | <u>286,657</u> |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>6,397,718</u> | <u>-</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>6,809,351</u> | <u>286,657</u> |

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The accompanying Notes form part of these Financial Statements

LINCOLN MINERALS LIMITED

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

Lincoln Minerals Limited is a company domiciled in Australia and whose shares are publicly traded on ASX Limited.

The annual financial report as at and for the year ended 30 June 2007 is available from the Company's registered office at 28 Greenhill Road, Wayville SA 5034 or at www.lincolnminerals.com.au

2. STATEMENT OF COMPLIANCE

The interim financial report is a general purposes report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not contain all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2007.

The interim financial report was approved by the Board of Directors on 14th March 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2007.

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

4. CORPORATE EXPENSES

| | Half year ended 31 December 2007 | Half year ended 31 December 2006 |
|--|-------------------------------------|-------------------------------------|
| | \$ | \$ |
| Accounting and secretarial | 46,538 | 10,465 |
| ASX fees | 23,834 | - |
| Audit fees | 11,500 | - |
| Directors' fees | 60,000 | 16,493 |
| Head office administration | 45,840 | 17,231 |
| Legal fees | 8,502 | 2,523 |
| Operating lease payments | 22,419 | 3,533 |
| Public relations and annual report costs | 63,002 | - |
| Share registry | 11,313 | - |
| Staff recruitment and relocation | 31,668 | - |
| | <u>324,616</u> | <u>50,245</u> |

LINCOLN MINERALS LIMITED

5. INCOME TAX EXPENSE

The Company has no income tax expense for the period. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences (net of taxable temporary differences) because it is not probable that future taxable profit will be available against which the Company will be able to utilise the benefits.

6. CASH AND CASH EQUIVALENTS

| | <u>31 December 2007</u> | <u>30 June 2007</u> |
|--------------------------|-------------------------|---------------------|
| Cash at bank and in hand | 405,091 | 8,128 |
| Short term deposits | 6,404,260 | 6,389,590 |
| | <u>6,809,351</u> | <u>6,397,718</u> |

The Company has no available undrawn loan facilities.

7. EXPLORATION AND EVALUATION

| | |
|-----------------------------------|------------------|
| Balance at 1 July 2007 | 280,436 |
| Expenditure for the half year | 1,185,734 |
| Less, Joint venture contributions | <u>(548,922)</u> |
| Balance at 31 December 2007 | <u>917,248</u> |

8. CONTRIBUTED EQUITY

| | <u>31 December 2007</u> | <u>30 June 2007</u> |
|----------------------------|-------------------------|---------------------|
| (a) Share capital | | |
| Fully paid ordinary shares | <u>8,196,928</u> | <u>7,165,908</u> |

| Movements in share capital: | <u>Number</u> | <u>\$</u> |
|---|-------------------|--------------------|
| <u>Fully paid ordinary shares</u> | | |
| Balance at 1 July 2006 | 10 | 10 |
| Issue pursuant to demerger, 16 October 2006 | 26,232,211 | - |
| Issue 28 November 2006 | 3,440,000 | 344,000 |
| Issue 25 January 2007 | 5,000,000 | 500,000 |
| Issue 1 March 2007 | 37,000,000 | 7,400,000 |
| Less, share issue expenses | - | <u>(1,078,102)</u> |
| Balance at 30 June 2007 | 71,672,221 | 7,165,908 |
| Issue 16 August 2007 | 3,500,000 | 1,050,000 |
| Less, share issue expenses | - | <u>(18,980)</u> |
| Balance at 31 December 2007 | <u>75,172,221</u> | <u>8,196,928</u> |

LINCOLN MINERALS LIMITED

9. RESERVES

| | Half year ended 31 December 2007 | Half year ended 31 December 2006 |
|------------------------------------|-------------------------------------|-------------------------------------|
| | \$ | \$ |
| Share-based payments reserve | | |
| Balance at beginning of the period | 28,742 | - |
| Option expense | 6,665 | - |
| Balance at the end of the year | 35,407 | - |

10. SHARE-BASED PAYMENTS

The Company issued 200,000 options (subject to vesting conditions) to staff in July 2007, and 100,000 options to staff (subject to vesting conditions) in September 2007. The options have exercise prices of 25 cents and expire on 31 December 2011.

The following table lists the inputs to the Black-Scholes model used to determine the value of the payment:

| | July 2007 issue | Sept 2007 issue |
|-----------------------------------|-----------------|-----------------|
| Expected volatility | 64% | 123% |
| Risk-free interest rate | 5.50% | 5.75% |
| Expected life of option | 1,623 days | 1,542 days |
| Average share price at grant date | \$0.20 | \$0.175 |
| Value per option | 10.11 cents | 13.68 cents |

Half of the options granted above vest upon completion of one year's service by the respective employees, and the remainder after completion of two years' service with the Company.

The basis of measuring fair value of options granted is consistent with that disclosed in the financial report of the Company as at and for the year ended 30 June 2007.

11. SEGMENT INFORMATION

The Company continues to operate in the mineral exploration industry in Australia.

12. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Geosurveys Australia Pty Ltd is an entity associated with Dr AJ Parker. During the half year ended 31 December 2007 Geosurveys Australia Pty Ltd provided vehicle and equipment hire to the Company totaling \$8,168 at equal to or less than commercial rates, and was reimbursed \$5,103 for direct expenses incurred by Dr Parker in connection with the business of the Company.

13. EVENTS SUBSEQUENT TO BALANCE DATE

In January 2008 the Company entered into a Heads of Agreement (HoA) with IronClad Mining Limited ("IFE") whereby IFE can earn up to 80% interest in the iron ore rights on the Wilcherry EL 3690 tenement by contributing up to \$1.0m progressively over 4 years from the date of signing the HoA. EL 3690 is on the southern tip of a major aeromagnetic anomaly that is the subject of iron ore exploration by IFE. LML retains the sole rights to explore for and mine all other minerals and substances excluding iron ore on EL 3690.

LINCOLN MINERALS LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Lincoln Minerals Limited:

1. The financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2007 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; 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

A handwritten signature in black ink, appearing to read 'AJ Parker', with a stylized flourish at the end.

AJ Parker
Director

Dated this 14th day of March 2008.
Adelaide, South Australia



Independent auditor's review report to the members of Lincoln Minerals Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Lincoln Minerals Limited, which comprises the interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year period ended on that date, a description of accounting policies and other explanatory notes 1 to 13 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 Company's financial position as at 31 December 2007 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Lincoln Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



Conclusion

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Derek Meates'.

Derek Meates
Partner

Adelaide
14 March 2008