

19 May 2008

The Manager
ASX Announcements

Dear Sir,

Partially Underwritten One-for-Four Non-renounceable Rights Issue And Extension of Iron Ore Funding

Lincoln Minerals Limited ("LML") is pleased to announce a partially underwritten one-for-four non-renounceable rights issue at a price of 26 cents per share to raise up to approximately \$4.88 million before costs of issue.

The funds raised will enable the Company to extend its aggressive exploration program on Eyre Peninsula including the Company's Gum Flat, Cummins and Wanilla Iron Ore Projects, Cockabidnie Nickel Project and Wilcherry Uranium Project. The funds raised would also enable the Company to undertake scoping and pre-feasibility studies on Gum Flat and other advanced projects.

The rights issue provides all shareholders with the opportunity to further participate in the growth of the Company's exploration assets. It will be offered to all eligible shareholders on the basis of one new share plus one free 30 cent option, expiry 30 June 2010, for every four shares held, at the price of 26 cents per share.

The issue is being partially underwritten by Ferromet International Trading Pte Limited, a subsidiary of Mineral Enterprises Limited ("MEL"). There are no underwriting or management fees payable in respect of the issue. The partial underwriting will take the shareholding of the Mineral Enterprises Group to 19.99% of the issued capital of the Company.

Mineral Enterprises Limited is a diverse Bangalore based corporation with interests in mining, power, infrastructure and bio-diesel. MEL has been extracting iron ore and manganese ore for over four decades and has significant iron ore reserves in southern India. For further information please refer to their website www.mineralenterprises.org.

Lincoln Minerals has a Joint Venture ("JV") with MEL subsidiary Mineral Enterprises Australia Pty Ltd ("MEA") on its Gum Flat Iron Ore Project.

In conjunction with the underwriting agreement, MEA has agreed to extend its participating interest in the Gum Flat Iron Ore Project, by providing, subject to rights to withdraw, an additional \$2 million in project funding, which would consequently increase its interest in the Project to 50%.

Furthermore, MEA has entered into a Heads of Agreement ("HoA") with LML on Exploration Licence EL3702 (Wanilla) near Port Lincoln, targeting both hematite and magnetite iron ore (see details below).

Lincoln Minerals regards the underwriting of the rights issue and Mineral Enterprises Group's expansion of their exploration expenditure commitments on southern Eyre Peninsula as representing a strong vote of confidence in the Company and its current activities. It will enable the Company to maximise the exploration and development of its southern Eyre Peninsula iron ore projects, the total area of which is now 1,423 km².

Heads of Agreement with MEA, Wanilla Iron Ore Project, EL3702

In conjunction with the Rights Issue, LML has concluded a Heads of Agreement with MEA on Exploration Licence EL3702 (Wanilla) near Port Lincoln on southern Eyre Peninsula.

LML has a Joint Venture ("JV") agreement with International Metals Pty Ltd ("ITT"), a subsidiary of InterMet Resources Limited, whereby LML and any LML Participating Interest parties can together earn up to an 80% interest in EL3702 by spending \$2 million on exploration by December 2012. The JV includes all minerals except uranium.

The essence of LML's agreement with MEA provides that MEA will contribute 50% of LML's exploration expenditure on EL 3702 to earn 50% of LML's Participating Interest in EL 3702 as set out in the following table:

	EXPENDITURE		PARTICIPATING INTEREST		
	MEA	LML	MEA	LML	ITM
STAGE 1	\$125,000	\$125,000	0%	0%	100%
STAGE 2	\$375,000	\$375,000	25%	25%	50%
STAGE 3	\$500,000	\$500,000	40%	40%	20%

LML will remain the Manager of the Project throughout the period of the agreement.

A detailed gravity survey over selected targets on Wanilla began last week. The gravity survey commissioned by LML is targeting massive, direct shipping (DSO) style hematite deposits similar to those at Wilgerup and in the Middleback Ranges.

Gum Flat Iron Ore Project, EL3422

As noted above, MEA has agreed to extend its funding of the Gum Flat Iron Ore Project. Subject to rights to withdraw, MEA will sole fund Stage 3 expenditure of \$2 million by 31 December 2012. This would take MEA's total expenditure on EL3422 to \$4.5 million at which time MEA will be deemed to have earned a 50% participating interest in that Project. MEA is currently funding Stage 1 expenditure.

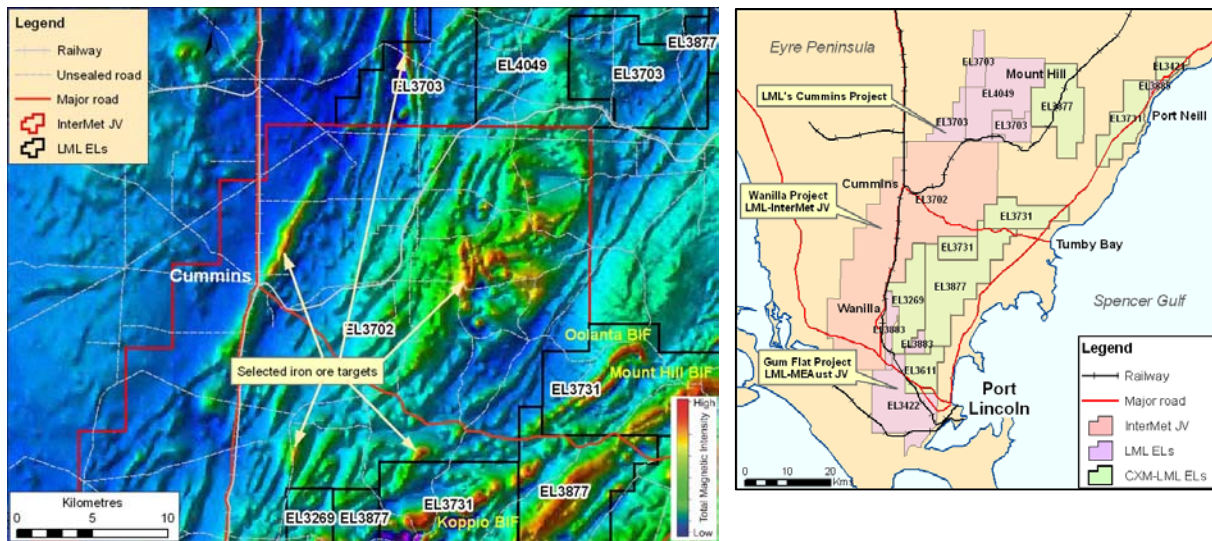
The following results, showing the intersections of magnetite rich bands, have just been received in respect of diamond drilling conducted in December 2007. Preliminary Davis Tube magnetic separation (DTS) data for drillhole GFDH004 (MGA53 566650mE 6160650mN) range up to 40.55% (weight %) magnetic concentrate with iron contents up to 69.8% iron (Fe) combined with low phosphorous (P), silica (SiO₂) and alumina (Al₂O₃).

Drill hole reference and depth	Magnetic concentrate recovered	Fe	P	SiO ₂	Al ₂ O ₃
	Wt %	%	%	%	%
GFDH004 82-84m CONC	30.12	69.8	0.01	2.19	0.28
GFDH004 282-284m CONC	40.55	n.d.	n.d.	n.d.	n.d.
GFDH004 284-286m CONC	39.48	68.2	0.016	1.39	0.32

n.d. = no data yet available

John Parker.

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Information in this report that relates to exploration activity and results was compiled by Dr A J Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is Managing Director of Lincoln Minerals Limited and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC code, 2004. Dr Parker consents to the release of the information compiled in this report in the form and context in which it appears.