
NEWS

• RELEASE •

FOR IMMEDIATE RELEASE

19th May 2008

Indian metals group to significantly expand interests in Australian minerals projects

A leading Indian metals and iron-ore mining group is set to become the largest single shareholder in ASX-listed Lincoln Minerals Limited and to also increase its funding of the Australian company's expanding iron ore and other minerals projects.

Lincoln Minerals (ASX: "LML") – already with advanced iron ore, nickel and uranium projects across South Australia's southern Eyre Peninsula – today announced that the Bangalore-based Mineral Enterprises Limited group would:-

- Boost its Lincoln Minerals shareholding from 4.7% up to 19.99% by partially underwriting a proposed non-renounceable rights issue to raise up to \$4.9 million for the Adelaide-based company
- Expand its direct stake to 50% in Lincoln Minerals' flagship Gum Flat iron ore project near Port Lincoln in SA by contributing an additional \$2 million in project funding
- Join Lincoln Minerals' Wanilla iron ore exploration licence area (also near Port Lincoln), including up to \$1 million in funding for that project.

"Vote of confidence"

Mineral Enterprises Limited (MEL) is already an iron ore miner and exporter in its own right and is regarded as one of India's most progressive and scientific mining companies with a focus on mining, trading and exports logistics and infrastructure development.

Dr John Parker, Managing Director of Lincoln Minerals, said the MEL Group's decision to increase its shareholding and to provide additional exploration and development funding was another strong vote of confidence in the South Australian company and its current iron ore and base metal projects.

"As well as its financial investments, MEL brings significant global mining and trading expertise to Lincoln Minerals and its projects," Dr Parker said.

"For instance, the Indian-based Group has been extracting iron ore and manganese for more than 40 years and has extensive iron ore reserves and export operations in southern India," he said.

Rights issue and free options

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au

The Lincoln Minerals non-renounceable rights issue will be offered to all eligible shareholders on the basis of one new share plus one free 30 cent option, expiring 30 June 2010, for every four shares held, at the price of 26 cents per share.

The issue – to raise up to \$4.88 million before issue costs - is being partially underwritten by MEL subsidiary, Ferromet International Trading Pte Limited. The partial underwriting could take the MEL Group's shareholding to 19.99% of Lincoln Minerals' issued capital depending on the level of acceptance by existing shareholders.

"The rights issue provides all shareholders with the opportunity to further participate in the growth of the Company's exploration assets," Dr Parker said.

"The funds raised will enable the Company to extend its aggressive exploration program on Eyre Peninsula including the Gum Flat, Cummins and Wanilla Iron Ore Projects, Cockabidnie Nickel Project and Wilcherry Uranium Project," he said.

"The additional funds will also enable us to undertake scoping and pre-feasibility studies on Gum Flat and other advanced projects."

Gum Flat Iron Ore Project

Lincoln Minerals has a portfolio of quality iron ore, uranium, gold, base metal (lead-zinc-copper-nickel-silver) and Olympic Dam style iron oxide copper-gold-uranium projects covering some 4753 square kilometres in the highly prospective and world class mineral province, the Gawler Craton of South Australia.

The Gum Flat iron ore deposits, located just 20 kilometres from port facilities at Port Lincoln, are already the subject of a process and beneficiation scoping study due for completion in the current June quarter.

Lincoln Minerals is already in a joint Venture with MEL subsidiary, Mineral Enterprises Australia Pty Ltd ("MEA"), on its Gum Flat iron ore project.

In conjunction with the underwriting agreement and rights issue announced today, MEA has agreed to extend its participating interest in the Gum Flat project, by providing, subject to rights to withdraw, an additional \$2 million in project funding by 31 December 2012, which would consequently increase its interest in the Project to 50%.

. This would take MEA's total expenditure on the Gum Flat licence area 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 and has brought an RC drilling rig to Australia to help fast track the project.

Wanilla Iron Ore Project

MEA is also representing the MEL Group in the Heads of Agreement announced today with Lincoln Minerals on its exploration licence EL3702 (Wanilla) near Port Lincoln.

The Wanilla project – which consists of a joint venture between Lincoln Minerals and ASX-listed InterMet Resources Limited – is currently the focus of a detailed gravity survey that targets massive, direct shipping (DSO) style hematite deposits similar to those at Wilgerup just north of Wanilla and in the Middleback Ranges of SA.

The essence of the agreement with MEA provides that MEA will contribute 50% of Lincoln Minerals' exploration expenditure on EL 3702 (Wanilla) to earn 50% of Lincoln's participating interest in the licence area.

Lincoln Minerals will remain the manager of the Wanilla project throughout the period of the agreement.

FURTHER INFORMATION:- Please contact

Dr John Parker
Managing Director
Lincoln Minerals
08-8274 0243 or 0412 517 323



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.