

Quarterly Activities Report – September 2008

HIGHLIGHTS

Corporate

- 4 drilling rigs in operation
- Successful defence of shareholder bid for Board control
- Support for proposed deep water minerals export port near Pt Neill

Gum Flat Iron Ore

- Accelerated RC and diamond core drilling in progress to define JORC resource
- Intersected magnetite BIF overlain by hematite and goethite BIF
- Large magnetite (+ lesser hematite) iron ore exploration target 200-400Mt
- Government approvals granted to access vegetation heritage areas

Cummins-Wanilla Iron Ore

- Numerous aeromagnetic and gravity anomalies
- Iron ore targets identified for drilling

Wilcherry Uranium

- RC and aircore drilling undertaken
- Up to 0.05-0.06% U + 0.1-0.2% base metal

Torrens Copper-Gold

- PACE diamond core drilling program in progress



Figure 1: Location of Lincoln Minerals' tenements

EXPLORATION PROGRESS DURING THE QUARTER

Gum Flat Iron Ore – EL 3422

(LML has exclusive rights to all minerals subject to MEA farmout)

The Gum Flat Iron Ore Project is located on southern Eyre Peninsula within 20km of Port Lincoln. It is prospective for magnetite and hematite-goethite iron ore plus a large range of polymetallic minerals including gold, uranium, base metals (copper, lead, zinc, nickel) and graphite.

Extending west from Port Lincoln with a railway line and major highway running through the area, EL3422 is ideally located with respect to infrastructure and proximity to a major shipping port.

Lincoln Minerals has a joint venture agreement with Indian iron ore mining company Mineral Enterprises Limited (MEL) and its subsidiary Mineral Enterprises Australia Pty Ltd (MEA) whereby MEA can earn up to a 40% participating interest in EL 3422 by spending up to \$2.5 million on exploration. MEA achieved its second milestone during the quarter and has elected to proceed onto stage 2. MEA has now earned a 20% interest in the project.

The ongoing exploration and resource definition program for Gum Flat continued throughout the quarter. Reverse Circulation (RC) drilling targeted the shallow hematite-goethite and magnetite targets while diamond core drilling commenced during the quarter to define deeper magnetite targets.

65 RC drill holes (total 6,575m) were drilled during the period and have outlined shallow-dipping magnetite BIF with high magnetic susceptibilities. The depth of weathering was less than expected and fresh magnetite has been intersected at depths of 40-45m below the surface. The depth of calcarenite sand is only 10-15m while Tertiary clay and sand is generally less than 20m thick over the targets drilled to date. The latter is expected to thicken to the west.

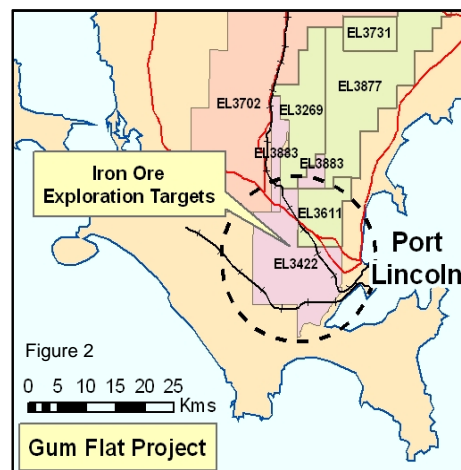
A multi-purpose drilling rig owned by MEL is scheduled to begin diamond core drilling in late October 2008 bringing to three the number of rigs working at Gum Flat.

Government exploration work approvals have been obtained for drilling within vegetation heritage agreement areas that enclose the main exploration targets. Drilling in these areas will commence during the next quarter.

During 2008 there has been a lot of media and community attention focused on potential port infrastructure options for Eyre Peninsula.

Lincoln Minerals has been interested in examining port facilities at Port Lincoln since that port is only about 20km from Gum Flat.

However, Lincoln Minerals has also lent its support to a proposal by Centrex Metals Limited (CXM) to establish a new deep-water port on southern Eyre Peninsula between Tumby Bay and Port Neill capable of handling and fully loading Cape-sized bulk ore carriers. Deep water comes in close to the coast in this area and it is stated by CXM that Cape-sized ships could be loaded from a relatively short jetty and wharf about 450m long.



Although not as close to Gum Flat as Port Lincoln, this alternative, if developed as an independently operated multi-user port, would benefit LML's potential iron ore operations at Gum Flat. Gum Flat is about 75km from the proposed port site. Magnetite iron ore concentrate could be transferred to the port via a slurry pipeline, dewatered, and loaded onto the large bulk ore carriers. Water would be recycled back to the mine site.

Planning and development of a new port would take 4-5 years but this would fit in well with Lincoln Minerals' conceptual development of a large magnetite mining operation at Gum Flat.

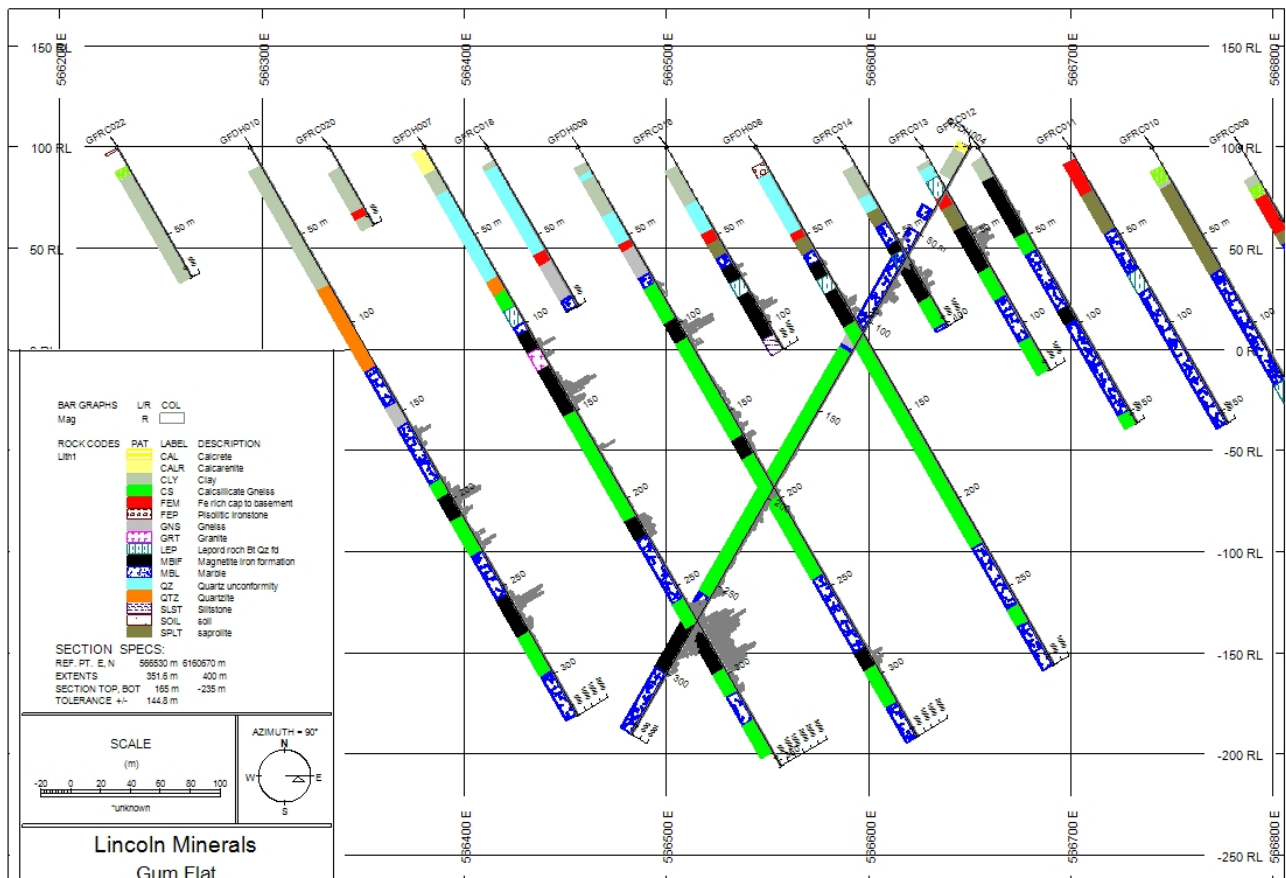


Figure 3: East-west RC and diamond drill section along 6160670m north (MGA Zone 53)

Cummins-Wanilla Iron Ore

ELs 3702, 3703, 3883 and 4049

(LML has exclusive rights for all minerals on ELs 3703, 3883 and 4049, and along with JV partner MEA is earning an 80% interest for all minerals except uranium on EL 3702)

The Cummins-Wanilla project area is located on southern Eyre Peninsula and is prospective for a large range of polymetallic minerals including iron ore.

Detailed gravity surveys were completed over selected targets on ELs 3702 and 3703 during the previous quarter and have now been processed and interpreted to identify iron ore drill targets.

Cockabidnie Nickel – ELs 3498, 3609 and 3884

(LML has exclusive rights to all minerals except iron on ELs 3498 and 3609 and exclusive rights to all minerals on EL 3884)

The Cockabidnie Project is located on central Eyre Peninsula near Cleve and is prospective for a range of minerals including gold, unconformity uranium and base metals (copper, lead, zinc, nickel, cobalt).

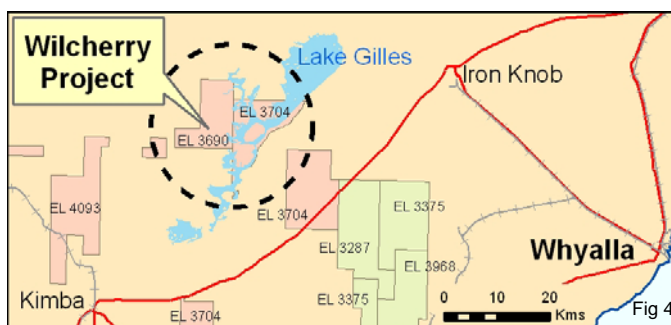
Lateritic nickel-cobalt mineralization has been discovered by LML on EL 3609 and aircore drilling programs in 2007 and early 2008 have outlined lateritic nickel-cobalt mineralisation grading up to 1.15% Ni (with 0.045% Co, 0.037% Cu and 0.18% Zn; CBAC182, 25-26m) and 0.33% Co (with 0.21% Ni and 0.07% Cu; CBAC185, 30-31m). There are significant intervals of mineralisation up to 30m wide (CBAC185, 20-50m @ 0.13% Co, 0.18% Ni and 0.05% Cu).

No work was undertaken on this project during the quarter but a scoping study has been initiated to investigate the potential for heap leaching. Tests will be undertaken on bulk samples collected during the aircore drilling program.

Wilcherry Uranium- ELs 3690, 3704 and 4093

(LML has exclusive rights to all minerals subject to IFE farm-out for iron on EL 3690)

The Wilcherry Project area is along strike from the Weednanna gold-magnetite and Menninnie Dam zinc-lead-silver deposits to the northwest and has potential for uranium, gold, iron ore and/or base metal mineralisation possibly with associated hydrothermal iron oxide and/or sericite alteration.



Aircore and slimline RC drilling in October 2007, RC drilling in July 2008 and further aircore drilling in October 2008 (in progress) have outlined a significant new uranium discovery including intervals grading 0.05-0.06% U accompanied by 0.1-0.2% base metal (Zn+Pb+Ni+Cu+Co) (WCAC024, 72-76m and WCRC008, 55-56m and 65-66m).

The uranium intersections are in saprolitic clay associated with pyritic and graphitic units adjacent to uraniferous calcrete, soil and red mallee vegetation anomalies with up to 17ppm U in calcrete. Additional calcrete uranium anomalies define a potential palaeochannel northeast of Eurilla Dam.

Following a successful trial survey, vegetation sampling was undertaken in 2008 along E-W lines a kilometre north and south of WCAC024 to assess strike continuity of mineralisation. Uranium anomalism in red mallee vegetation samples indicates that the mineralisation extends for at least 1km.

In early February 2008, Lincoln Minerals signed a Heads of Agreement with IronClad Mining Limited (IFE) under which IFE can earn up to 80% of the rights to explore for and mine iron ore within EL 3690. LML retains exclusive rights to explore for and mine all minerals and substances excluding iron ore.

EL3690 lies immediately to the south and east of IFE's Hercules iron ore target and covers the extension of the BIF sequence, including the interpreted synclinal fold axis structure.

During early 2008, in conjunction with LML, IFE undertook detailed gravity and low-level airborne magnetic and radiometric surveys on parts of EL 3690. Following an Aboriginal heritage survey, IFE commenced RC drilling on gravity targets in EL 3690 during mid 2008 (4 RC holes for a total of 496m) but no results are presently available. Surface samples of outcropping BIF along the EL boundary locally contain >50% Fe.

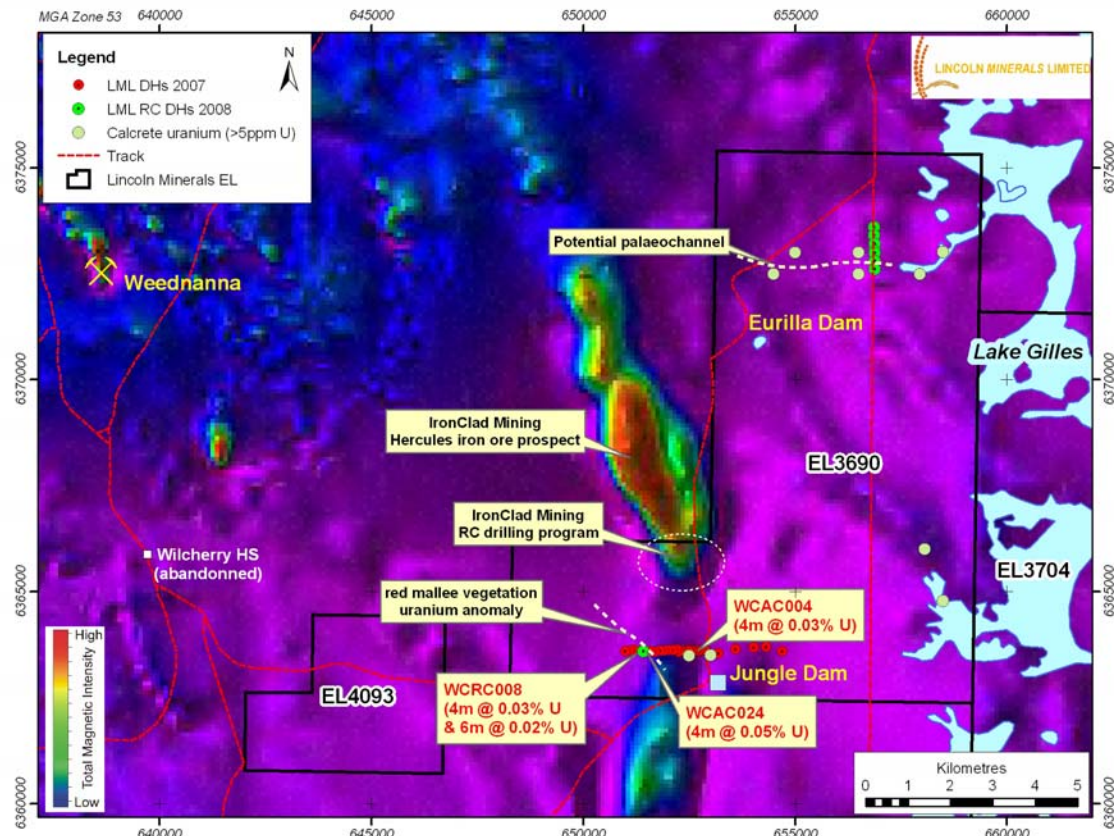


Figure 5: Calcrete / vegetation surface geochemical anomalies and LML drillholes, Wilcherry

Stony Hill – ELs 3125, 3287, 3375, 3968, 3999 and part 3704

(LML has exclusive rights to all minerals except iron)

The Stony Hill project is located in northeastern Eyre Peninsula, immediately west of the Middleback Ranges within the Middleback Subdomain. It contains scattered banded iron formation (BIF), marble and calcsilicate gneiss similar to that of the Menninnie Dam lead-zinc-silver deposit surrounded by Lincoln Complex granite gneiss. BIF, marble and gneiss are overlain by extensive sand and sandy clay with local playa lakes.

Granite gneiss in the region is locally uraniferous with numerous mylonitic shear zones similar to those of southern Eyre Peninsula. There is potential for uranium mineralisation within the granite gneiss, particularly within shear zones, and in palaeodrainage channels that drain from the gneisses. There is a significant uranium anomaly with a high uranium/thorium ratio in lakes near Kimba Gap.

Reconnaissance vegetation sampling on EL 3968 around the margins of one of the lakes with high U/Th ratios located significant zones of uranium anomalism that are interpreted to represent palaeodrainage channels.

Follow-up vegetation and calcrete sampling will be undertaken over the Kimba Gap target to identify potential drill targets.

Calcrete sampling in the Stony Hill area (ELs 3287 and 3704) has identified minor uranium anomalism that will also be followed up in the coming year.

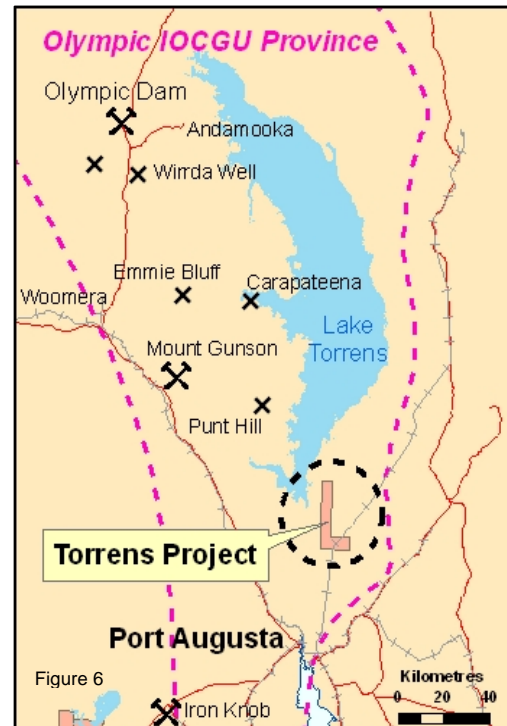
Torrens Project – EL 3563

(LML has exclusive rights to all minerals)

The Torrens Project (EL 3563) is a high priority copper and iron-oxide copper-gold-uranium (IOCGU) target within the Olympic Dam structural province. It is located approximately 50km north of Port Augusta and southeast of Lake Torrens.

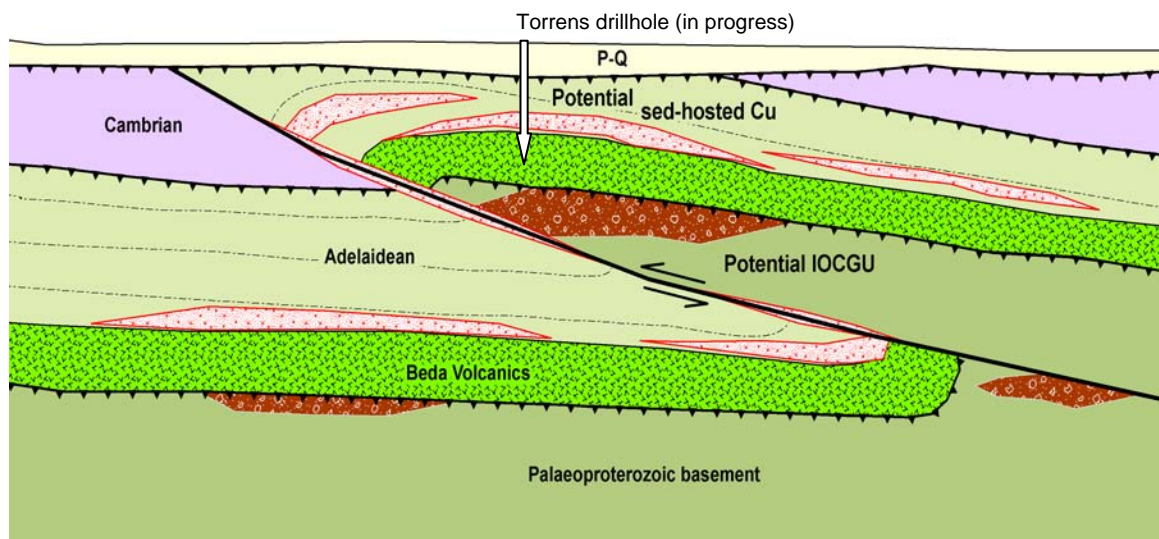
Interpretation of detailed gravity and ground magnetic data acquired by LML supports the presence of shallow, high density basement and overlying Beda Volcanics and Adelaidean sediments thrust from east to west in what has been interpreted as a “thrust anticline”. LML believes that this structure could be the focus for potential sediment-hosted Cu (Zambian Copper Belt or Kupferschiefer style) and/or IOCGU mineralisation associated with the uplifted block.

Drilling over the thrust-anticline target commenced during the quarter. A SA Government Program for Accelerated Exploration (PACE) grant of \$100,000, to assist with drilling of this structure, was awarded to LML in February 2008.



At the date of this report, drilling had intersected a sequence of early Adelaidean red sandstone and mafic volcanics (Beda Volcanics) beneath Tertiary sediments of the Pirie-Torrens Basin. Drilling intersected the volcanics at ca. 300m depth and was continuing through them at 600m.

Figure 7 (below): Thrust anticline geophysical and structural model of the Yadlamalka Thrust and location of diamond core drilling (in progress)



CORPORATE

In May 2008 the Board initiated a partly underwritten rights issue to raise up to \$4.88m and extend the Gum Flat JVA to fund an additional \$2m of exploration expenditure. These processes were effectively terminated when a Substantial shareholder requisitioned an extraordinary general meeting (EGM) to change the composition of the Board. The EGM was held on July 16 and the motions to change the Board were defeated.

Although market conditions for raising capital have changed, the Directors will address the Company's continuing cash requirements in the near future.

Board and Management

Richard V. Ryan AO	Chairman (Non-Executive)
Dr A John Parker	Managing Director
Peter E. Cox	Director (Non-Executive) and Company Secretary
Robert A. Althoff	Director (Non-Executive)

Securities on Issue at 30 September 2008

Shares	75,372,221
Options outstanding	
Exercisable at 20 cents, expiring 31 December 2008	4,353,332
Exercisable at 30 cents, expiring 30 June 2010	35,776,854
Exercisable at 20 cents, expiring 31 December 2011	4,550,000
Exercisable at 25 cents, expiring 31 December 2011	300,000
Exercisable at 30 cents, expiring 31 December 2011	110,000
Total Options	45,090,186

Tenements at 30 September 2008

Tenements	Exclusive Rights	Area (sq km)
10	All minerals	1,764
15	All minerals except iron ore	1,947
1	All minerals except uranium	1,000
	TOTAL	4,711

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.