



## **Rights Issue Offer Document**

### **Lincoln Minerals Limited**

ABN 50 050 117 023

A pro rata non-renounceable rights issue of 1 New Share for every 3 Existing Shares held at the Record Date at an issue price of \$0.08 per New Share to raise up to approximately \$2.009 million.

**This Offer Document is not a Prospectus.**

It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered under this Offer Document.

**This document is important and requires your immediate attention.**

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens on 5 June 2009 and closes at 5.00 p.m. ACST on 22 June 2009.**

**Valid acceptances must be received before that time. Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.**

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## Important dates

Event	Date
Announcement of Offer	22 May 2009
Lodgement Date	22 May 2009
- Appendix 3B lodged with ASX	
Lodgement of cleansing notice with ASX	22 May 2009
Ex Date	26 May 2009
- The date on which Existing Shares commence trading without the Entitlement to participate in the Offer	
Record Date	1 June 2009
- The date for determining Entitlements of Eligible Shareholders to participate in the Offer (7.00pm Sydney local time)	
Offer Document sent to Shareholders	5 June 2009
- Anticipated despatch of Offer Document and Entitlement and Acceptance Forms	
- Offer opens	
Closing Date	22 June 2009
- The last day for receipt of Entitlement and Acceptance Forms (5.00pm ACST)	
Undersubscription notification to ASX (if any)	25 June 2009
Allotment Date	30 June 2009
Expected commencement of normal trading in New Shares on ASX	1 July 2009
Anticipated despatch date of holding statements for New Shares	3 July 2009

The above dates and times are indicative only. All times and dates are a reference to Australian Central Standard Time (ACST) unless otherwise stated. Lincoln Minerals reserves the right to vary any of the above dates and times, including closing the Offer early or extending it subject to the Corporations Act, ASX Listing Rules and other applicable laws.

### Key offer statistics

Issue Price per New Share	\$0.08
Total number of New Shares available under the Offer	25,124,073*
Maximum total of Lincoln Minerals shares on issue following the Rights Issue	100,496,294*
Maximum total proceeds of the Offer (before expenses of the Offer)	\$2,009,925

\* Based on Shares on issue at 22 May 2009 and is subject to the issue of any further Shares pursuant to the exercise of any Options prior to the Record Date.

## Key issues

Question	Answer	Where to find more information – section(s)
Who is the issuer?	Lincoln Minerals Limited	
What is the Offer?	Non-renounceable pro rata rights issue to raise approximately \$2.009 million (before expenses of the Offer).	Section 1.1
Terms of the Offer	<p>1 New Share for each 3 Existing Shares at an issue price of \$0.08 per New Share.</p> <p>As the issue is non-renounceable, Eligible Shareholders do not have the right to sell their Entitlements. Eligible Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to New Shares. Eligible Shareholders may apply for a greater number of Shares than their Entitlement. The Directors reserve the right to issue any New Shares not taken up by Eligible Shareholders at their discretion.</p>	Sections 1.1 and 2
Use of net proceeds	<ul style="list-style-type: none"> <li>To fund the development of the Desa Mirah iron ore mine in Indonesia,</li> <li>To provide funding for exploration opportunities in Indonesia, and</li> <li>To provide funding for scoping and further drilling of the Gum Flat iron ore project.</li> </ul>	
Who can invest?	Eligible Shareholders of Lincoln Minerals as at 7.00 pm Sydney local time on the Record Date (1 June 2009).	Section 1.1
What are the potential significant risks?	<p>The significant risks specific to an investment in Lincoln Minerals include:</p> <ul style="list-style-type: none"> <li>inherent risks in exploration;</li> <li>foreign currency risks;</li> <li>fluctuations of commodity prices; and</li> <li>other risks as set out in section 4.</li> </ul> <p>If you do not accept all of your Entitlement, your shareholding in Lincoln Minerals will be diluted with respect to your right to future earnings and net assets of Lincoln Minerals.</p>	Section 4

Question	Answer	Where to find more information – section(s)
What are the expenses payable by Lincoln Minerals?	The maximum total expenses of the Offer are expected to be approximately \$83,600 (inclusive of GST), assuming the Offer is fully subscribed.	Section 5.1
How can further information be obtained?	If you require advice as to whether to accept your Entitlement, you should read the continuous disclosure announcements on Lincoln Minerals website or seek professional advice from your legal, investment or other professional advisor.	
Are there any Broker Handling Fees?	No	
Offer Date	This Offer dated 22 May 2009.	
How do I apply for New Shares?	<p>Return your Entitlement and Acceptance Form and cheque before 5.00pm ACST on 22 June 2009 to:</p> <p><b>By mail:</b></p> <p>Lincoln Minerals Limited C/- Computershare Investor Services Pty Ltd GPO Box 2987 ADELAIDE SA 5001</p> <p><b>Alternatively, payment can be made by BPAY®:</b></p> <p>By following the instructions set out on the Entitlement and Acceptance Form.</p>	Section 2.4 and 2.5

## **Important information**

### ***This Offer Document is not a Prospectus***

It does **not** contain all of the information that an investor would find in a prospectus or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document. It has not been and will not be lodged with ASIC. Neither ASIC nor ASX or their respective officers takes any responsibility for the content of this Offer Document or for the merits of the investment to which this Offer relates.

### ***As an Eligible Shareholder of Lincoln Minerals this Offer Document is important and requires your immediate attention***

You should read the entire Offer before deciding whether to invest in the New Shares. Please carefully read the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer. If you have any questions regarding your Entitlement or the Offer, please contact your legal, investment or other professional adviser.

### ***Professional advice***

The information in this Offer Document is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Offer in its entirety before deciding whether to take up your Entitlement to New Shares. In particular, you should consider the risk factors that could affect the performance of Lincoln Minerals, some of which are outlined in Section 4. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to take up your Entitlement. If you have any questions you should seek professional advice from your legal, investment or other professional adviser.

### ***Foreign jurisdictions***

The distribution of this Offer in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Lincoln Minerals has decided that it is unreasonable to make the Offer to Shareholders who have a registered address in a country outside of Australia and New Zealand, having regard to the number of shareholders in such places, the number and value of the New Shares that would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.

Accordingly, this Offer does not constitute an offer or invitation in any place outside Australia and New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of the New Shares outside Australia and New Zealand. Residents of other jurisdictions

should consider doing so using Australian domiciled entities, including nominee companies affiliated with Australian broking firms.

***No representations other than in this Offer***

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer. Any information or representation not contained in this Offer may not be relied on as having been authorised by Lincoln Minerals or the Directors.

***Future performance***

Except as required by law, and only to the extent so required, none of Lincoln Minerals or any other person warrants or guarantees the future performance of Lincoln Minerals or any return on any investment made pursuant to this Offer.

***Privacy***

By filling out the Entitlement and Acceptance Form to apply for New Shares, you are providing information to Lincoln Minerals (directly and/or via the Share Registry) that may constitute personal information for the purposes of the Privacy Act 1988 (Cth). Lincoln Minerals (and the Share Registry on its behalf) collects, holds and uses personal information provided on an Entitlement and Acceptance Form in order to assess your application and administer your holding of Shares.

If you do not provide the information requested in the Entitlement and Acceptance Form, Lincoln Minerals and the Share Registry may not be able to process or accept the form.

Access to your personal information may be provided to Lincoln Minerals' agents and service providers on the basis that they deal with such information in accordance with this privacy disclosure statement. You have a right to request access to the personal information that Lincoln Minerals holds about you subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Lincoln Minerals registered office at:

Lincoln Minerals Limited  
28 Greenhill Road  
Wayville, South Australia 5034

***Defined terms and conditions***

Certain terms and abbreviations used in this Offer are defined in the Glossary in Section 6.

References to Australian dollars or \$ are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Offer are due to rounding.



## Letter from the Chairman

Dear Shareholder,

On behalf of your Directors of Lincoln Minerals Limited, I am pleased to offer you the opportunity to participate in the pro rata non-renounceable rights issue which was announced by Lincoln Minerals on 22 May 2009 (Rights Issue).

Each shareholder eligible to participate in the Rights Issue will be entitled to subscribe for one New Share in the capital of the Company for every three existing ordinary shares registered in their name at 7.00 pm Sydney local time on 1 June 2009 (the **Record Date**).

The one for three pro rata non-renounceable rights issue to shareholders will raise approximately \$2.009 million (before costs) through the issue of up to 25,124,073 new fully paid ordinary shares (subject to the issue of any further shares pursuant to the exercise of any Options prior to the Record Date).

The New Shares will be issued at a cost of 8 cents per share, which is at approximately 27% discount to the last sale price of 11.0 cents recorded on ASX Limited prior to the date of the announcement of the Rights Issue.

It is intended that the net proceeds from the Rights Issue will be used for the following purposes:

- To fund the development of the Desa Mirah iron ore mine in Indonesia,
- To provide funding for exploration opportunities in Indonesia, and
- To provide funding for scoping and further drilling of the Gum Flat iron ore project.

The Rights Issue will be not be underwritten but the Directors reserve the right to issue any of the shortfall at their discretion. Such placements, if any, must be made at not less than 8 cents per share and in accordance with the Australian Corporations Legislation and the ASX Listing Rules.

I recommend you seek independent investment advice from your stockbroker, accountant or other professional advisor before making any investment decision.

The Board of Lincoln Minerals looks forward to your participation in the Rights Issue.

Yours faithfully

**RICHARD V RYAN AO**  
**Chairman**

## **About the Company's priority Projects**

### **Desa Mirah Iron Ore Joint Venture in Indonesia**

In February 2009, the Company concluded a Heads of Agreement with Indonesian mining house, Samusa Corporation of Jakarta, to establish a new iron ore joint venture to explore and exploit Samusa's Desa Mirah Kalimantan iron ore mine and surrounding exploration concession in the south-central area of the Indonesian island of Kalimantan (Borneo). Lincoln will earn a 45% interest in the mine and exploration concession by making a conditional JV commitment of US\$2 million. The essence of the Agreement provides that the Company will contribute US\$2 million of funding in respect of the initial mining and exploration programme at Desa Mirah, targeting direct shipping grade hematite iron ore. Funds are to be provided by Lincoln on an as needs basis and the joint venture agreement has been framed so that proceeds of the sale of iron ore can be offset against Lincoln's contribution obligations.

Field reconnaissance, trenching and outcrop sampling by Lincoln Minerals have identified resource and exploration targets with sufficient resources to support initial mine development. High grade outcrops extend over a strike length of at least 3.5km. The iron ore is of lateritic style and forms a relatively flat-lying sheet beneath thin alluvium but cropping out along gullies and hill slopes.

To date the Company has contributed approximately US\$150,000 towards the project. Further expenditure on exploration and capital items to extend the mining process is budgeted at around US\$485,000 (or approximately AU\$647,000) before the cash flows from mining become positive.

### **Further funding for exploration opportunities in Indonesia**

Indonesian joint venture partner Samusa Corporation has identified further potential projects for exploration and possible mining of iron ore in Indonesia for joint participation between itself and Lincoln Minerals Limited. The Company has budgeted an expenditure in the next three months of around USD100,000 (AU\$133,000) to extend such interests.

### **Gum Flat Project - Scoping Study and further drilling**

On 30 April 2009 the Company announced to ASX that it had determined Inferred Resources of iron ore at Gum Flat on Southern Eyre Peninsula in South Australia. The Inferred Resources included 55.2 Mt Magnetite Banded Iron Formation (BIF) at 20.6% Davis Tube Recovery (DTR concentrate) and 1.2 Mt massive and banded Hematite BIF at 51.6% Fe (45% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off).

To further assess the benefit of the above resources the Company intends to commission scoping studies.

In addition, the Company has planned the next round of drilling at Gum Flat with the aim of extending the current resources. Planned extended and infill drilling of 9,000 metres using both RC and diamond methods is estimated to cost around \$2 million altogether. The cost will be shared 60% Lincoln Minerals Limited (\$1.2 million) and 40% Mineral Enterprises Limited and Mineral Enterprises Australia Pty Ltd (\$800,000) pursuant to the terms of the Exploration Farm-in and Joint Venture Agreement dated 24 December 2007 between the above parties.

*Information in this document that relates to exploration activity and results was compiled by Dr A John 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 document in the form and context in which it appears.*

*It is emphasized that exploration target tonnage estimates given in this document are entirely conceptual in nature. There has been insufficient drilling in the immediate areas of these targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.*

## **1 Details of the Offer**

### **1.1 Description of the Offer**

The Offer consists of a total of 25,124,073 New Shares to be offered by Lincoln Minerals by way of a pro rata non-renounceable rights issue to raise approximately \$2.009 million (before expenses of the Offer).

The Offer is explained in more detail in this Section 1.

The Offer is not underwritten. The Directors reserve the right to issue any shortfall at their discretion. Refer Section 5.3

If you are an Eligible Shareholder, you are being offered an Entitlement to acquire 1 New Share for every 3 Existing Shares held as at the Record Date.

The Issue Price per New Share is \$0.08.

Your Entitlement to New Shares is rounded up to the nearest whole number. For rounding purposes, holdings in the same name are aggregated for the calculation of Entitlements. Lincoln Minerals reserves the right to aggregate holdings where it believes holdings have been split in order to take advantage of this rounding. Lincoln Minerals also reserves the right to aggregate holdings held by associated Eligible Shareholders for the purpose of calculating Entitlements.

The Entitlements are non-renounceable, meaning you do not have the right to sell your Entitlement. You have the opportunity to subscribe for all, part or none of your Entitlement to New Shares.

### **1.2 Ranking of New Shares**

The New Shares will be fully paid and rank equally in all respects with Existing Shares.

### **1.3 Opening and Closing Dates**

The Company will accept Entitlement and Acceptance Forms from 5 June 2009 (**Opening Date**) until 5.00pm ACST on 22 June 2009 (**Closing Date**) or such later date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

### **1.4 Allotment**

Lincoln Minerals expects to allot all New Shares on 30 June 2009.

The allotment of New Shares to Applicants is expected to occur in accordance with the timetable on page 1. It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their new holding statements following the issue of New Shares to them will do so at their own risk.

## **1.5 Acceptance**

Lodgement of a completed Entitlement and Acceptance Form creates a legally binding contract between the Applicant and the Company for the number of New Shares applied for and is not revocable. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. If payment is made by BPAY® the Entitlement and Acceptance Form is not required to be completed as the payment of the application money is deemed to be acceptance by the Shareholder. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **1.6 Application monies**

Until the time of allotment of New Shares, Lincoln Minerals will hold all application monies in relation to those New Shares in a purpose specific bank account. Interest earned on any application monies (whether or not allotment takes place) will remain the property of Lincoln Minerals.

## **1.7 Foreign Shareholders**

This Offer is made only to Shareholders with a registered address in Australia or New Zealand.

Lincoln Minerals is of the view that it is unreasonable to make the Offer to other overseas Shareholders (ie. those without registered addresses in Australia or New Zealand) (**Foreign Shareholders**) having regard to:

- the number of Foreign Shareholders;
- the number and value of New Shares that would be offered to Foreign Shareholders; and
- the cost of complying with overseas legal requirements.

This Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Lincoln Minerals is not required to make offers under this Offer to Foreign Shareholders. Where this Offer has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code and/or legislation prohibits or restricts in any way the making of the offers contemplated by this Offer, this Offer is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Entitlement and Acceptance Form will be taken by Lincoln Minerals to constitute a representation that there has been no breach of such regulations.

## **1.8 Taxation**

The taxation consequences of investing in the New Shares will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation

consequences of an investment in Lincoln Minerals. If you are in doubt as to the consequences of an investment, you should consult with your taxation or other professional adviser before investing.

### **1.9 ASX official quotation of New Shares**

The Company will apply to ASX for official quotation of the New Shares. If ASX does not grant permission for official quotation of the New Shares, all Application Monies will be returned, without interest, as soon as practicable.

### **1.10 CHESS**

The Company participates in the Clearing House Electronic Sub-register System (CHESS) operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to Applicants. Instead, Applicants will receive a statement on their holdings in the Company of New Shares.

If the Applicant is broker sponsored, the ASTC will send them a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Offer Document, provide the details of a Shareholder's holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of New Shares issued to you under this Offer Document and your security reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may apply for additional statements.

### **1.11 Enquiries**

If you require advice as to whether to accept your Entitlement, you should seek professional advice from your legal, investment or other professional adviser.

## **2 Action required by Eligible Shareholders**

### **2.1 What Eligible Shareholders may do**

The number of New Shares to which Eligible Shareholders are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form. You may apply for additional New Shares by completing the appropriate box on your Entitlement Form. However, the Directors will have sole and absolute discretion to accept or reject in whole or in part any application for additional New Shares so applied for.

If you take up your full Entitlement under the Offer, you will not have your shareholding in Lincoln Minerals diluted.

As an Eligible Shareholder, you may:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse (refer Section 2.3);
- allow all your Entitlement to lapse (refer 2.3).

Non-qualifying Foreign Shareholders may not take any of the steps set out in Sections 2.2 to 2.5.

### **2.2 Taking up all of your Entitlement and applying for any additional New Shares (if any)**

If you wish to take up all of your Entitlement (and apply for any additional New Shares), complete the accompanying Entitlement and Acceptance Form for New Shares (and any additional New Shares) in accordance with the instructions set out in that form.

### **2.3 Taking up part or none of your Entitlement and allowing the balance to lapse**

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the accompanying Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with Section 2.2. If you take no further action, the balance of your Entitlement will lapse. Your Entitlement is non-renounceable, which means that Eligible Shareholders who do not wish to accept some or all of their Entitlement cannot sell or trade all or part of their Entitlement. If you do not take up your full Entitlement, your shareholding in Lincoln Minerals will be diluted with respect to your right to future earnings and net assets of Lincoln Minerals.

## **2.4 How do I accept all, or part, of my Entitlement, including application for additional New Shares.**

You may accept all or part of your Entitlement and apply for additional New Shares following the despatch of this Offer (expected to be 5 June 2009). Lincoln Minerals will accept applications until the Closing Date.

You should read this Offer in its entirety before deciding to complete and lodge your Entitlement and Acceptance Form.

### **(a) Payment by Cheque**

The relevant Entitlement and Acceptance Form must be accompanied by the Application Money which is payable by a cheque in Australian dollars drawn on an Australian branch of an Australian bank for the Issue Price of the New Shares for which application is made. All cheques must be made payable to 'Lincoln Minerals Limited – Offer Account' and crossed 'Not Negotiable'. Do not forward cash or money orders. Receipts for application monies will not be issued.

Completed Entitlement and Acceptance Forms and accompanying cheques must be returned to the following address and received no later than 5.00pm ACST on 22 June 2009.

By mail:

Lincoln Minerals Limited  
c/o Computershare Investor Services Pty Limited  
GPO Box 2987  
ADELAIDE SA 5001

By delivery:

Lincoln Minerals Limited  
c/o Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
ADELAIDE SA 5000

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required.

Your completed Entitlement and Acceptance Form together with your Application Money must be received by Computershare by no later than 5.00pm ACST 22 June 2009.

### **(b) Payment by BPAY®**

A BPAY® option is also available. If you are accepting all or part of your Entitlement and payment is being made by BPAY®, you are not required to return the Entitlement and Acceptance Form. Your BPAY® payment must be received by no later than 5.00pm ACST 22 June 2009.

## **2.5 Acceptance of applications under the Offer**

Completing and lodging an Entitlement and Acceptance Form for the Offer or making a payment by BPAY® is an offer by you to Lincoln Minerals to subscribe for the number of New Shares specified in



the Entitlement and Acceptance Form at the Issue Price on the terms and conditions set out in this Offer and the Entitlement and Acceptance Form.

An application may be accepted in respect of the full amount, or any amount greater than the full amount if additional New Shares are applied for, or any amount less than that specified in the Entitlement and Acceptance Form, without further notice to the relevant Eligible Shareholder. Acceptance of an application will give rise to a binding contract with acceptance to take place after the quotation of the New Shares on ASX.

No stamp duty, brokerage or commission is payable by applicants.

### **3 Purpose and effect of the Offer**

#### **3.1 Overview**

The Directors are proceeding with this Rights Issue for the purposes referred to in Section 3.2.

If the Rights Issue is fully subscribed:

- the New Shares issued pursuant to the Rights Issue will constitute approximately 25% of the total number of issued Shares immediately after the allotment of the New Shares; and
- the maximum total number of Shares on issue after the Issue will be 100,496,294 (subject to the issue of any further shares pursuant to the exercise of any Options prior to the Record Date).

The Rights Issue will provide Lincoln Minerals with net proceeds of up to approximately \$2,009,925 before issue expenses of \$83,600. Please refer to Section 3.3 for further information regarding the impact of the Rights Issue on the capital structure.

#### **3.2 Purpose of the Offer and use of proceeds**

The purpose of the Offer is to raise additional equity funding to enable Lincoln Minerals to meet its anticipated costs of exploration and development projects for the export of hematite and/or magnetite in Indonesia and South Australia.

The proceeds of the Offer will be predominantly used as follows:

- To fund the development of the Desa Mirah iron ore mine in Indonesia,
- To provide funding for exploration opportunities in Indonesia, and
- To provide funding for scoping and further drilling of the Gum Flat iron ore project.

#### **3.3 Impact on Lincoln Minerals capital structure**

The table in this section shows the current structure of Lincoln Minerals and the capital structure on completion of the Rights Issue:

	<b>Number of shares</b>
Existing Shares as at 22 May 2009	75,372,221
New Shares Assuming Full Subscription	25,124,073*
Total Shares Assuming Full Subscription	100,496,294*

\* subject to the exercise of any options prior to the Record Date

## **4 Risk factors**

### **4.1 Overview**

There are a number of factors, both specific to Lincoln Minerals and of a general nature, which may affect the future operating and financial performance of Lincoln Minerals and the outcome of an investment in Lincoln Minerals.

There can be no guarantees that Lincoln Minerals will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This section described certain, but not all, risks associated with an investment in Lincoln Minerals. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer or of which they are otherwise aware.

### **4.2 Specific risk factors**

#### **(a) Share Market**

Share market conditions may affect the listed Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- economic conditions and general economic outlook;
- changes in Australian and international stock markets;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuation;
- changes in investor sentiment towards particular market sectors;
- taxation, government and monetary policies;
- the demand for, and supply of capital; and
- war, terrorism or other hostilities.

#### **(b) Commodity and Currency Price Volatility**

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company, including world demand for particular commodities, forward selling by producers and the level of production costs in major commodity producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

Commodities are principally sold throughout the world in USD. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian, Indonesian and US currencies and/or adverse movements in commodity prices could have a material adverse affect on the Company's operations, financial position (including revenue and profitability) and performance.

**(c) Foreign Currency Risks**

Lincoln Minerals has entered into a Heads of Agreement with Samusa Corporation in Indonesia. All transactions pursuant to that Heads of Agreement are transacted in USD and consequently the depreciation or appreciation of the USD could have a material effect on Company's operation, financial position including revenue and profitability and performance.

**(d) Economic Factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market prices. The Company's future possible profitability and the market price of its quoted Securities can be affected by these factors, which are beyond the control of the Company and its Directors.

**(e) Government Policy**

Changes in Government, monetary policies, taxation and other laws and actions (including such matters as access to lands and infrastructure and compliance with environmental regulations) can have a significant influence on the outlook for companies and the returns to investors.

**(f) Exploration**

Exploration, by its nature, contains elements of significant risk. Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation and obtainment of necessary government, statutory and other approvals. The exploration activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, availability of the necessary drilling rigs, technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

There can be no assurance that the Company's exploration activities, or any other projects, tenements or databases that the Company may acquire in the future, will result in the discovery of any significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

**(g) Operational Risk**

Exploration activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/or other equipment.

The occurrence of any of these risks could result in legal proceedings being instituted against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources, or equipment, pollution or other environmental damage,

cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Company.

#### **(h) Tenure and Access**

There is no guarantee that current or future applications, conversions or renewals of the mineral tenements in which the Company has an interest or potential interest will be approved. Tenement applications may result in a requirement for the Company to commence negotiations with the relevant landholders and/or indigenous representative bodies to gain access to the underlying land. There is no guarantee that such negotiations will be successful.

Tenements are subject to a number of State-specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister and may trigger native title negotiation rights. The inability to meet these conditions or triggering negotiation procedures in relation to any of the tenements comprising the Company's projects could affect the standing of a tenement or restrict its ability to be renewed, thereby adversely affecting the operations, financial position and performance of the Company.

#### **(i) Environmental**

The Company's Australian projects are subject to South Australian and Commonwealth laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which compromise its environmental performance and have financial implications.

#### **(j) Native Title and Aboriginal Heritage and Sacred Sites**

These matters can affect access to exploration areas and the conduct of exploration and development activities in Australia. Details of the impact of these matters on the Company's exploration tenements is contained in the Legal Report on Tenements commencing at Page 67 of the IPO Prospectus.

#### **(k) Financing**

The future capital requirements of the Company will depend on many factors including the results of the proposed exploration programmes. An inability to obtain additional funding (if required) would have a material adverse affect on the Company's business and the price of its Securities.

#### **(l) Insurance**

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Company will have in place insurances considered appropriate for the Company's needs having regard to the cost of obtaining insurance and the Company's available funds. The Company may not be insured against all possible losses, whether

because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue and the Company's available funds.

**(m) Reliance on Strategic Partners**

The Company has existing relationships, and may develop relationships in the future, with a range of strategic partners. Should the relationships with strategic partners deteriorate, or further suitable strategic partners not be identified, there is a risk that adverse effects to the profitability and growth prospects of the Company may result.

**(n) Resource Estimates**

Resource estimates are based on knowledge, experience and industry practice. Estimates are a necessary practice, and though valid when originally calculated, may change significantly and cease to be accurate when new information becomes available through additional fieldwork and analysis. Resource estimates are by their nature imprecise and to an extent depend on interpretation, which may result in inaccuracies. This may cause changes to exploration, development and mining plans which may adversely affect the Company's operations.

**(o) Regulatory Approvals**

The Company will require government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may from time to time affect timing and scope of work to be undertaken and the cost of undertaking that work.

Any proposed tenements of the Company which may be under application, can be the subject of delays. This may require the Company to focus its exploration activities on granted tenements. Although the Company is not aware of any reason why applications will not be promptly granted (unless otherwise stated in this Offer Document), the application process is subject to the exercise of discretions and hence there is the risk of adverse outcomes.

**(p) Reliance on Key Executives**

The success of the Company is dependent upon retaining its current experienced personnel. Although key executives have fixed term employment contracts (subject to contractual or statutory termination rights), the continued involvement of certain key Directors, employees and consultants cannot be assured.

**(q) Access to Infrastructure**

The Company will require access to transportation infrastructure (road, rail and ports). Failure to obtain appropriate access or obtaining such access on prohibitive terms, will adversely affect the prospects of the Company.

## **5 Additional information**

### **5.1 Expenses of the Offer**

Expenses connected with the Offer are being borne by Lincoln Minerals. The approximate expenses of the Offer (including GST where applicable) including legal fees, share registry fees, printing fees and other general costs are estimated to be \$83,600.

### **5.2 Disclosure**

This Offer Document contains an Offer to subscribe for continuously quoted securities (as defined in the Corporations Act) of Lincoln Minerals and has been prepared in accordance with section 708AA of the Corporations Act. In broad terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a prospectus. Eligible Shareholders should therefore rely upon their own knowledge of Lincoln Minerals, refer to disclosures already made by it to ASX, and refer to their professional adviser before deciding to accept the Offer.

### **5.3 No Underwriting**

The Rights Issue is not underwritten. However, the Directors reserve the right to issue any New Shares not taken up by Eligible Shareholders at their discretion.

## 6 Glossary

**ABN** means Australian Business Number.

**ACST** means Australian Central Standard Time.

**Applicant** means an Eligible Shareholder who submits an Entitlement and Acceptance Form.

**Application Money** means the monies received from persons applying for Shares pursuant to the terms of the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means the ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)

**ASTC Settlement Rules** means the operating rules of the ASTC and, to the extent they are applicable, the operating rules of the ASX and the operating rules of the Australian Clearing House Pty Ltd.

**ASX** means the ASX Limited (ABN 98 008 624 691).

**ASX Listing Rules** means the listing rules of ASX.

**Board** means the board of directors of Lincoln Minerals Limited.

**Business Day** means a day on which ASX is open for trading.

**Company** means Lincoln Minerals Limited (ABN 50 050 117 023).

**Closing Date** means 22 June 2009.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of Lincoln Minerals Limited as set out in Section 7.

**Eligible Shareholder** means a person who is a Shareholder at 5.00pm (ACST) on the Record Date who is not a Foreign Shareholder.

**Entitlement** means the non-renounceable right of an Eligible Shareholder to subscribe for New Shares under the Offer.

**Entitlement and Acceptance Form** means the personalised form attached to or accompanying this Offer.

**Existing Shares** means Shares on issue on the Record Date for the Offer.

**Foreign Shareholder** means a Shareholder described in Section 1.7.

**GST** means goods and services tax.

**IPO Prospectus** means the Company's prospectus dated 30 January 2007.

**Issue Price** means the issue price of \$0.08 per New Share.

**Lincoln Minerals** means Lincoln Minerals Limited (ABN 50 050 117 023).

**Listing Rules** means the listing rules of the ASX.

**New Shares** means the Shares offered under this Offer.

**Non-qualifying Foreign Shareholder** means a Shareholder, whose registered address is not in Australia or New Zealand.

**Offer** means the offer of Entitlements to New Shares under this Offer.



**Offer Period** means the period starting on the dispatch of this Offer and ending at 5.00pm ACST on the Closing Date.

**Offer Document** means this document and any supplementary or replacement Offer in relation to this document.

**Option** means a right to subscribe for a Share.

**Record Date** means the date for determining Entitlements under the Offer, being 7.00pm. Sydney local time on 1 June 2009.

**Rights** means the right to subscribe for New Shares under this Offer Document.

**Rights Issue** means the issue of New Shares upon receipt of valid acceptances under this Offer.

**Securities** means Shares and Options.

**Shareholder** means a holder of Shares.

**Share Registry** means Computershare Investor Services Pty Limited.

**Shares** means ordinary shares in Lincoln Minerals Limited.

**USD** means dollars of the currency of the United States of America.

**\$** and **AU\$** means Australian dollars.

## **7 Directory**

### **Directors**

Richard V Ryan AO, Chairman  
Dr A John Parker, Managing Director  
Peter E Cox  
Robert A Althoff

### **Company Secretary**

Peter E Cox

### **Registered office**

28 Greenhill Road  
Wayville, South Australia 5034

Phone: (618) 8274 0243  
Facsimile: (618) 8274 0242

### **Auditor**

KPMG  
151 Pirie Street  
Adelaide, South Australia 5000

### **Lawyers**

Hunt & Hunt Lawyers  
12th Floor, 26 Flinders Street  
Adelaide, South Australia 5000

### **Share Registry**

Computershare Investor Services Pty Limited  
Level 5, 115 Grenfell Street  
Adelaide, South Australia 5000  
  
Phone 1300 365 998