

22 May 2009

The Manager  
ASX Announcements

Dear Sir,

## **Iron ore developer, Lincoln Minerals, announces A\$2million One-for-Three Non-renounceable Rights Issue**

**Australian iron ore developer, Lincoln Minerals Limited** ABN 50 050 117 023 (“**LML**”) has proposed a non-renounceable Rights Issue to shareholders who are registered at 1 June 2009, of approximately 25.12 million fully paid ordinary shares in the capital of the Company, at an issue price of A\$0.08 per share, to raise approximately \$2.009 million (before expenses of the Issue).

Proceeds of the Issue will be directed mainly at accelerating mining, resource definition and further regional exploration of the Company’s two lead iron ore projects – Desah Mirah in Indonesia, and Gum Flat just west of Port Lincoln on South Australia’s Eyre Peninsula.

The Rights Issue provides all shareholders with the opportunity to further participate in the growth of the Company’s primarily iron ore exploration assets. The Issue will be offered to all Eligible Shareholders on the basis of One New Share for every Three Shares held, at the price of 8 cents per share. The Offer opens on 5 June, 2009 and closes at 5.00 pm ACST on 22 June, 2009.

The Issue is not underwritten but Eligible Shareholders will have the opportunity to apply for additional New Shares. Directors reserve the right, at their discretion, to issue any New Shares not taken up by Eligible Shareholders.

### **Desa Mirah Iron Ore Mine, Indonesia**

Lincoln Minerals has a Heads of Agreement (HoA) with Indonesian mining house, Samusa Corp of Jakarta, to explore and exploit Samusa’s Desa Mirah Iron Ore Mine and surrounding exploration concession in the south-central area of the Indonesian island of Kalimantan (Borneo).

Under the HoA, Lincoln Minerals is earning a 45% interest in the mining and exploration concessions by way of a conditional initial commitment of US\$2 million. While proceeds from ore sales can be offset against Lincoln’s contribution obligations, the Company is funding initial exploration and development costs.

A small parcel of about 7,000 tonnes (t) of high grade iron ore was stockpiled during trial mining and randomly selected samples range from 63.9% to 68.7% Fe. The average grade of these run of mine (ROM) samples is:

<b>Fe%</b>	<b>SiO<sub>2</sub>%</b>	<b>Al<sub>2</sub>O<sub>3</sub>%</b>	<b>P%</b>	<b>LOI%</b>
66.2	2.02	1.31	0.04	1.85

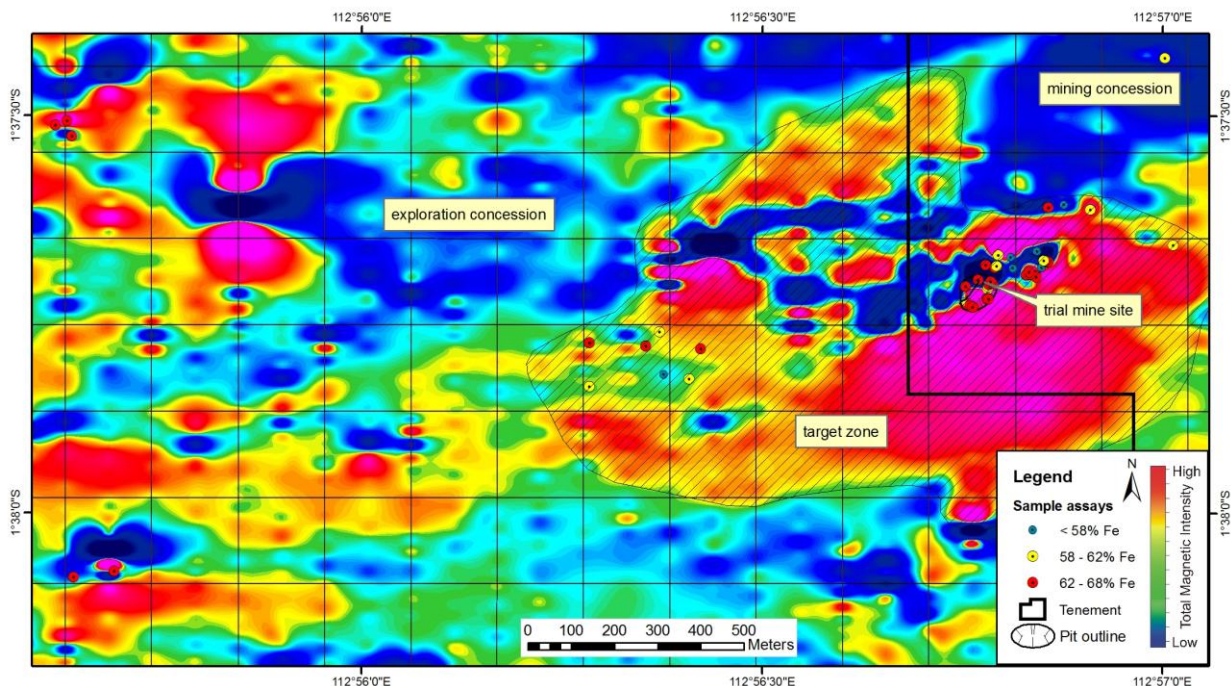
Regional field reconnaissance by Lincoln Minerals has identified high grade iron ore outcrops both within and outside the exploitation area extending over an area with a strike length of at least

3.5 km. 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.

A detailed ground magnetic survey has recently been completed to more accurately define the boundaries of the iron ore. The ore is weakly to moderately magnetic and the survey has outlined a significant iron ore exploration target. That part of the exploration target within the existing mining concession, based on a thickness of 1-2m, comprises at least 0.9 Mt to 2.6 Mt at an average grade of 60-68% Fe.

It is planned to commence a drilling program as soon as possible to define the extent, depth, thickness, grade and reserves within the mining concession.

In the meantime, mining will commence on a small scale (10,000 to 20,000 tonnes per month) immediately adjacent to the existing trial mining site where in excess of 50,000 t of high grade ore has been defined by trenching. The first shipment of iron ore from the JV's Pundu Jetty is scheduled for June 2009.



*Desa Mirah total magnetic intensity image*

## Gum Flat Iron Ore Project, South Australia

Exploration to date at Lincoln Minerals' Gum Flat iron ore project located just 20km from Port Lincoln in South Australia has identified hematite enrichment up to 60.5% Fe and magnetite banded iron formations (BIF) with up to 43.9% magnetic DTR concentrate. The magnetic DTR concentrates yield up to 71% Fe with low silica, alumina and phosphorous.

In April 2009 Lincoln Minerals announced maiden resources for Gum Flat. These included a magnetite inferred resource of 55.2 Mt at 20.6% DTR concentrate and a hematite inferred resource of 1.2 Mt at 51.6% Fe (45% Fe cutoff) or 2.5 Mt at 45.5% Fe (35% Fe cutoff).

Only half of cumulative 7km long aeromagnetic anomalies have been tested to date so there is potential to increase these resources. Based on interpretation of the aeromagnetic data, the magnetite exploration target is 125-200 Mt at 15-25% Fe and hematite exploration target is 3-10 Mt at 40-55% Fe.

Lincoln Minerals is proposing to undertake further drilling with the proceeds of the Rights Issue to identify the extent, depth, grade and inferred resource of both hematite and magnetite mineralisation at Gum Flat. Concurrently, the Company is planning to undertake scoping studies

to identify the viability and best methods for mining, beneficiation and export of iron ore from Gum Flat.

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). MEA has earned a 40% participating interest in Gum Flat by spending \$2.5 million on exploration. MEA has been continuing to fund the project on a pro-rata basis with Lincoln Minerals.

### **Cash Balance**

As at the end of April 2009 Lincoln Minerals had approximately net cash of A\$2.9 million on hand.

Yours truly,



Dr John Parker  
Managing Director, Lincoln Minerals Limited  
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*It is emphasized that exploration target tonnage estimates given in this report 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.*

*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.*