




CRITERION
 with TIM BOREHAM

Lincoln Minerals (LML) 9.2c

ONE of *Criterion's* rules of thumb he's just made up on the spot is that an explorer needs a short-term route to cash flow, as well as the big-picture vision.

A junior iron ore play, Lincoln ticks the boxes in that a first shipment of 10,000 tonnes from its Indonesian mine has just been collected by a Chinese buyer.

Lincoln's main interest is its magnetite-haematite ground on the Eyre Peninsula, Australia's home of iron ore (the stuff was mined there well before the Pilbara).

In Borneo, Lincoln has a 45 per cent interest in the Desa Mirah mine in southern Kalimantan. When we say "mine", the 68.7 per cent haematite ore is simply dug up and conveyed 70km to the nearest river, where the buyer collects it.

The venture, with Malaysian operator Samusa, is vaunted as a 1 million-2.5 million tonne deposit with initial production of 20,000 tonnes a month. That's nothing to scare the Rios of the trade, but Lincoln expects a \$US1.5m-\$US2m share of profits a year from its initial \$US2m outlay.

Despite all the talk about

mountains of stockpiled ore at Chinese ports, Lincoln chief John Parker says his buyer, a trading house, is keen to see the goods.

Lincoln is in the throes of a one-for-three rights issue to raise \$2m at 8c. Along with the Indonesian cash, These proceeds will help fund drilling efforts at Lincoln's 60 per cent-owned Gum Flat prospect in South Australia.

Lincoln cites an inferred resource of 55.2 million tonnes of magnetite, but is eyeing a 125-200mt "conceptual exploration target". The trouble is, the resource is low quality (20 per cent) and would require beneficiation. There's also a sub-target of 40-45 per cent haematite of 3 million-10 million tonnes.

Parker says a 3mt-a-year magnetite mine could be built for \$500m. The project is only 20km from Port Lincoln's deep-water port, although the tuna mafia are huffy about the town's ferrous potential. **Speculative buy.**

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