



**LINCOLN MINERALS LIMITED**

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The Manager  
ASX Announcements

Dear Sir,

**Iron Ore Projects – Update  
Gum Flat, South Australia and Desa Mirah, Indonesia**

We advise of progress in the Company's iron ore exploration and mining projects at Gum Flat 20km from Port Lincoln, South Australia and at Desa Mirah in South Central Kalimantan, Indonesia.

**Gum Flat, South Australia**

Lincoln Minerals' Gum Flat iron ore project is 20kms from Port Lincoln on southern Eyre Peninsula and is the closest iron ore deposit to existing port infrastructure in South Australia.

At Gum Flat, as previously advised in the Company's 2009 Quarterly reports, the Lincoln Minerals-Mineral Enterprises Joint Venture has a 55.2 Mt inferred magnetite resource that yields a 20.6% magnetic concentrate (Davis Tube Recoveries (DTR)), and a 1.2 Mt inferred hematite resource at 51.6% Fe (45% Fe cutoff). The exploration targets at Gum Flat (including the above resources) are 125-200 Mt @ 20-25% DTR magnetite iron formation and 3-10 Mt @ 45-55% Fe hematite iron formation with potential for some direct shipping ore (DSO).

*A detailed metallurgical study has commenced as a precursor to a scoping study and further resource definition drilling.* Perth-based iron ore specialist, Engenium Pty Ltd, has been contracted to oversee and manage the detailed metallurgical test work and to advise on potential beneficiation processes.

The Company has also been involved in ongoing discussions with three potential Chinese JV partners in relation to the Gum Flat project. Confidentiality agreements have been signed with two of these companies and small bulk ore samples prepared for analysis in China.

Meanwhile, tenders have been called for a major drilling program on the Barns Prospect within the Gum Flat project.

**Desa Mirah, Indonesia**

Desa Mirah Mine is being developed jointly by Lincoln Minerals and Samusa Corp through an Indonesian mining company, PT. Samusa Bintang Mandiri, jointly owned by Lincoln Minerals (45%) and Samusa Corp (55%).

The initial shipment of stockpiled ore at the Desa Mirah mine site and commencement of mining have been further delayed due to ongoing negotiations with the palm oil plantation owner on whose land the mine is located.

A drilling program and further trenching were undertaken within the mining exploitation concession during August 2009 to define the extent, depth, thickness and Fe grade of the resource. The exploration target for high grade lump iron ore within the immediate vicinity of the trial mine has subsequently been downgraded to 27,000-47,000 metric tonnes at 60-66% Fe. Mineralisation covers an area ca. 1 hectare at an average thickness of 0.6-1.2m.

In addition to the above resources, it is estimated that there is an additional 50,000 to 150,000 metric tonnes of iron ore (60-66% Fe) defined as an exploration target in the exploration concession west of the mining concession.

*It is planned to commence Stage 1 mining as soon as negotiations are completed with the landowners and equipment can be mobilised on site. This will be a much smaller operation than previously envisaged.*

Drilling and trenching failed to substantiate the exploration targets previously identified from interpretation of ground magnetic data. This is mainly due to identification of a deeper, lower grade magnetic source rock. Below the surface gravel, iron-rich caprock and weathered bedrock, drilling intersected magnetite- and pyrite/pyrrhotite-bearing diorite with up to 30-40% Fe associated with minor copper (up to 0.3% Cu) and trace gold based on field XRF analyses. This mineralisation is of iron-oxide-copper-gold (IOCG) style and the JV is now seeking to extend its mining rights to include all minerals. Detailed sampling and laboratory assays are pending.

In conjunction with JV partner Samusa Corp, Lincoln Minerals is evaluating several other promising iron ore, manganese and copper-gold projects in Indonesia.

Yours faithfully,



Dr A John Parker  
Managing Director, Lincoln Minerals Limited  
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*Information in this report 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 report in the form and context in which it appears.*

*It is emphasized that exploration target tonnage estimates are entirely conceptual in nature. There has been either no or 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.*

