

Quarterly Activities Report – September 2009

SUMMARY

SOUTH AUSTRALIA

Gum Flat Iron Ore

- Detailed metallurgical and scoping study in progress
- Planning finalised for resource drilling program – awaiting PIRSA work approval
- Further interest from Chinese investors at China Mining 2009

Louth Bay – White Flat Uranium and Vanadium

- Reconnaissance field mapping identified up to 1% uranium and 0.3% vanadium

INDONESIA

- Development of Desa Mirah Iron Ore Mine in south-central Kalimantan (Borneo) delayed due to landowner negotiations
- Drilling and trenching program completed at Desa Mirah
- Stage 1 Desa Mirah mine plan revised for start-up 10,000 tonnes per month mine
- Ongoing evaluation of additional projects in Kalimantan, Sulawesi and Timor

CORPORATE

- Shortfall from Rights Issue (June 2009 Quarter) taken up in July raised additional \$0.8 million
- EL 4310 granted in Uno area north of Wilcherry (SA)
- Ongoing negotiations with Centrex Metals Limited regarding Deeds of Consent and Assumption.



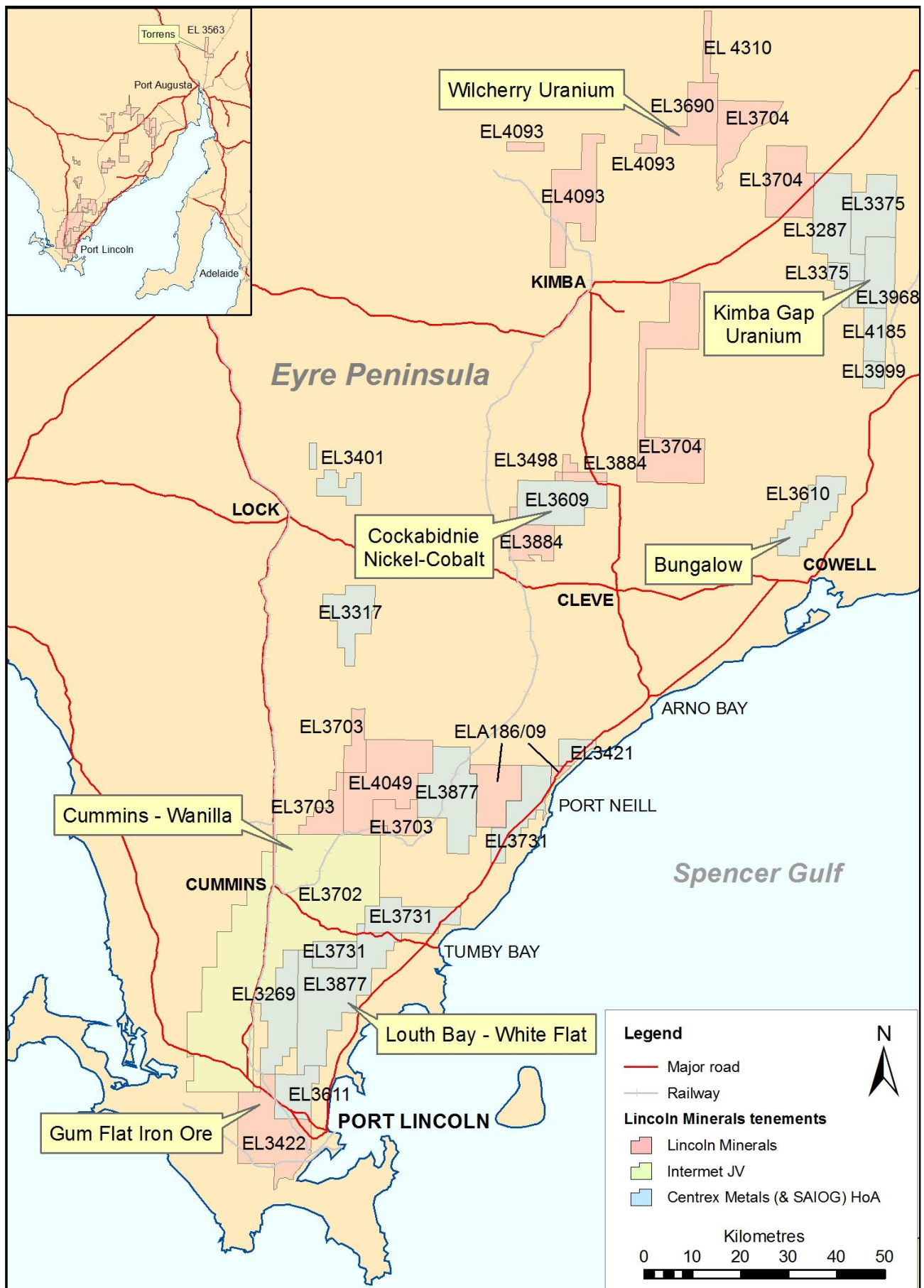


Figure 1: Location of Lincoln Minerals' tenements

INDONESIA

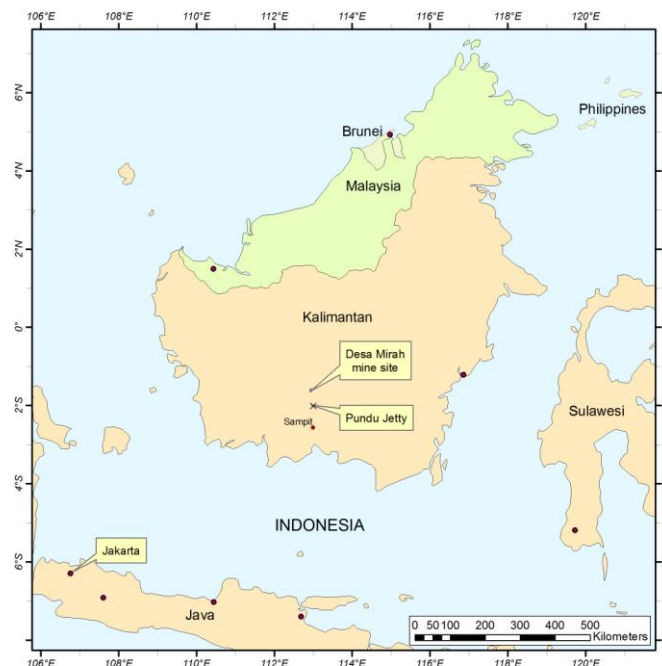
Desa Mirah Iron Ore Mine

Lincoln Minerals has a Heads of Agreement (HoA) with 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).

The mine is being developed by an Indonesian mining company, PT. Samusa Bintang Mandiri, jointly owned by Lincoln (45%) and Samusa (55%).

About 7,000-10,000 tonnes (t) of high grade iron ore has been stockpiled during trial mining and selected samples range from 63.9% to 68.7% Fe. The average grade of these run-of-mine (ROM) samples is:

Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
66.2	2.02	1.31	0.04	1.85



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

Exploration and Resource Definition

Iron ore at Desa Mirah occurs as scattered discontinuous pods, boulders and lenses of massive high grade hematite and magnetite within a relatively flat-lying zone of weathering and enrichment beneath thin alluvium but cropping out along gullies and hill slopes. Geological exploration and resource definition to date at and around the mine site includes:

- Regional field reconnaissance – high grade iron ore outcrops over an area with a strike length of at least 3.5 km;
- A detailed ground magnetic survey to outline the boundaries of the iron ore;
- Processing and interpretation of magnetic data;
- Trenching and drilling adjacent to the existing mine – mineralisation averaging 62.6% Fe extends over an area of about 10,000 square metres sufficient for Stage 1 mining;
- Revised mine planning for Stage 1 mining including development of haul roads.

The drilling and trenching programs were undertaken within the mining exploitation concession during August 2009 to define the extent, depth, thickness and Fe grade of the resource. The drilling was not sufficient to define a JORC Inferred Resource but the defined exploration target for high grade lump iron ore within the immediate vicinity of the trial mine was 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 a further 50,000 to 150,000 metric tonnes of iron ore (60-66% Fe) defined as an exploration target in the exploration concession immediately 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 identified from interpretation of ground magnetic data. This was 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, iron sand, manganese and copper-gold projects in Indonesia. These are located in Kalimantan, Sulawesi and Timor.

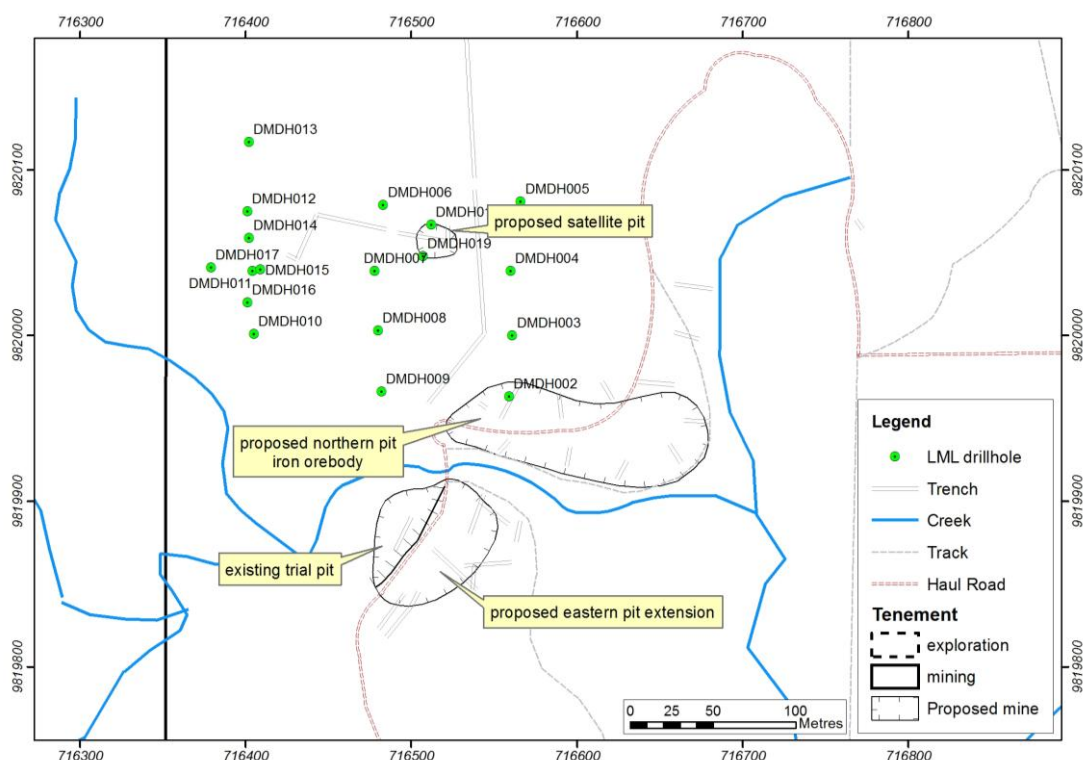


Figure 3: Desa Mirah drilling, trenching and Stage 1 mine plan

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.

SOUTH AUSTRALIA

EXPLORATION PROGRESS DURING THE QUARTER

Gum Flat Iron Ore – EL 3422

(LML 60% MEA 40%)

The Gum Flat Iron Ore Project is located on southern Eyre Peninsula within 20km of Port Lincoln.

In April 2009, Lincoln announced maiden resources for Gum Flat including:

- Total Magnetite Inferred Resource 55.2 Mt at 20.6% DTR concentrate
- Total Hematite Inferred Resource 1.2 Mt at 51.6% Fe (45% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off)

The EL is also prospective for 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). MEA has earned a 40% participating interest in EL 3422 by spending \$2.5 million on exploration. MEA is continuing to fund the project on a pro-rata basis with LML.

During the quarter, work at Gum Flat focussed on commencement of a detailed metallurgical study as a precursor to a scoping study to evaluate appropriate mining and beneficiation procedures. Perth-based iron ore specialist, Engenium Pty Ltd, was contracted to oversee and manage the detailed metallurgical test work and to advise on potential beneficiation processes. Several bulk hematite and magnetite samples were prepared for metallurgical testwork.

Also during the quarter, planning was undertaken for further resource definition drilling. This will focus on upgrading both the hematite-goethite and magnetite resources with particular emphasis on the Barns Prospect. A detailed Exploration Work Approval request was prepared and lodged with PIRSA early in the quarter.

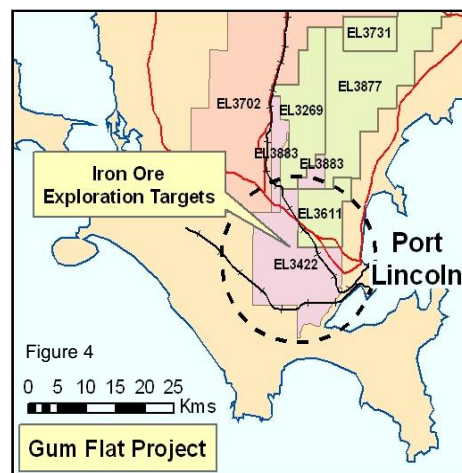
Louth Bay – White Flat Area – EL 3877

(LML has exclusive rights to all minerals except iron)

This project area is located on southern Eyre Peninsula and has been previously explored for uranium, gold, base metals, iron ore, graphite and various other minerals largely on a reconnaissance basis. It contains sporadic outcrops of Hutchison Group quartzite, marble, calcsilicate gneiss, BIF, garnet gneiss, and amphibolite. Its eastern margin is bound by a major mylonitic shear zone and a granitic gneiss complex.

Much of the region is capped by intense Tertiary weathering and lateritic ferricrete that mask basement lithologies.

Anomalous uranium, gold and base metal results have been locally recorded and the eastern region near Tumby Bay contains several historic mines. The Tumby Bay, Flinders, and Port Lincoln mines are located mainly within outcropping marble and BIF of the lower Hutchison Group immediately adjacent to and just within the Kalinjala Mylonite Zone. Each of these mines produced

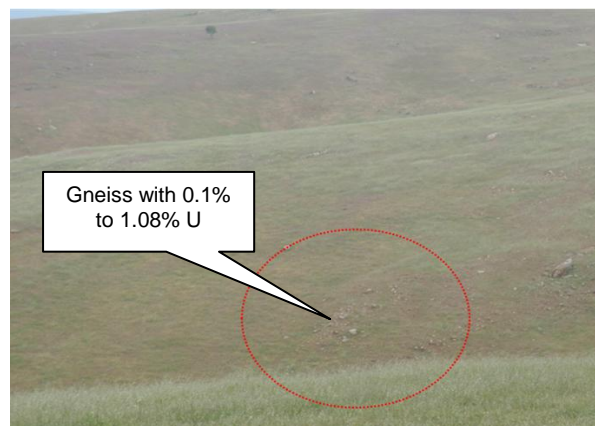


a few tonnes of mainly high-grade copper carbonate ore but copper sulphides have been recorded from deeper levels.

The uranium potential of the region is still largely untested.

During the quarter, Lincoln Minerals commenced regional reconnaissance, mapping and sampling of areas of interest surrounding the old mines noted above and also in an area of gneiss near Louth Bay where uranium anomalism had previously been identified. Preliminary mapping in this area using a field portable Niton XRF analyser identified uranium mineralisation grading up to 1.08% U over a strike length of about 300m.

Further to the west on the upper parts of the Lincoln Uplands, reconnaissance sampling of laterite in the White Flat-Todd Reservoir area has identified anomalous vanadium mineralisation ranging up to 0.3% V.



Easting	Northing	V %	Fe %	P %
576424	6184365	0.152	39	0.011
576424	6184365	0.146	43.5	0.014
584038	6187805	0.306	29.8	0.005
584440	6189040	0.129	46.4	0.011

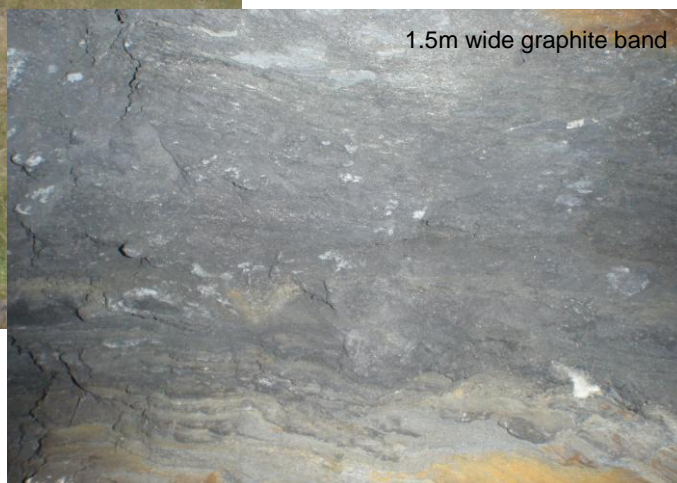
Detailed follow-up mapping of these and other prospects is in progress.

Other Projects

Due to the focus on drilling in Indonesia during the quarter, no significant exploration was undertaken on Lincoln's other South Australian tenements.



Koppio Graphite Mine where 97 tonnes of graphite was mined between 1917-1946



1.5m wide graphite band

CORPORATE

As advised in the previous quarterly activities report, the Directors exercised their right to place shares not taken up by eligible shareholders during the Rights Issue that was completed in June 2009. 10,449,785 ordinary shares were issued on 30 July 2009 at \$0.08 per share raising \$0.84m.

At 30 September 2009, the Company had approximately \$3.7m net cash available.

During the quarter, one new exploration license (EL 4310) was granted in the Uno area immediately north of LMLs' Wilcherry tenement.

Lincoln Minerals has been involved in ongoing negotiations with Centrex Metals Limited (CML) regarding CML's proposed joint ventures and assignment of interest in the iron ore rights on various Eyre Peninsula ELs to Chinese companies. LML has the rights for all metals and minerals other than iron ore on the majority of CML ELs on Eyre Peninsula. LML is required under the terms of its agreement with CML to give its approval for any transfer of interest to a third party (which shall not be unreasonably withheld) and is therefore seeking all parties to sign Deeds of Consent and Assumption to ensure that none of LML's existing rights are diminished in any way.

Board and Management

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

Securities on Issue

Shares at 30 September 2009	100,496,286
Options outstanding	
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	40,736,854

Tenements at 30 September 2009

Tenements	Exclusive Rights	Area (sq km)
9	All minerals	1,729
15	All minerals except iron ore	1,947
1	All minerals except uranium	1,000
1	License applications – all minerals	114
TOTAL		4,790

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.