

Thursday, 26 November 2009

The Manager
ASX Announcements

Dear Sir,

Expanded drilling program commences at SA's Gum Flat iron ore project to boost resource and core for testwork

A new round of drilling designed to boost initial resource estimates and provide additional core for metallurgical testwork, has commenced on Lincoln Minerals Limited's (ASX Code: LML) flagship iron ore project at Gum Flat, just 20km from Port Lincoln on South Australia's southern Eyre Peninsula.

Two drilling rigs arrived on site this week and have commenced a parallel reverse circulation (RC) and diamond core drilling program on the Barns Prospect where a small Inferred Resource of hematite Direct Shipping Ore (DSO) was previously outlined based on only one line of drill holes.

The hematite DSO Inferred Resource at Barns is 0.6 Mt @ 55.7% Fe using a 50% Fe cutoff, density of 3.3 and strike length of 100m.

Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Calcined Fe %
55.7	9.05	1.31	0.46	5.96	59.22

The initial exploration target for the new drill schedule is 500m long and is estimated to contain 2.0-3.0 Mt of hematite DSO at 55-60% Fe. However, this area is believed to be central to a much larger exploration target that extends over 3km in strike length. That target contains 125-200 Mt of both hematite and magnetite iron formation including an existing 55 Mt magnetite iron ore Inferred resource averaging 20.6% DTR (Davis Tube Recovery magnetic concentrate). The iron formation is shallow dipping (~30-35°) and about 80m thick.

The Gum Flat project is adjacent to a railway line and major highway leading to and only 20km from Port Lincoln which has received approval for export of iron ore from the Wilgerup hematite deposit on central Eyre Peninsula. That approval may open the port for Lincoln iron ore consignments since the Barns DSO hematite is very similar in composition to the Wilgerup DSO mineralisation.

The new drilling is expected to continue into the first quarter of 2010.

The Gum Flat project is operated under a joint venture with Indian iron ore company, Mineral Enterprises Limited, which, through its Australian subsidiary, has contributed in excess of A\$2.5 million in exploration expenditure to earn a 40% interest in the project.

In addition to the enhanced drilling, a metallurgical and scoping study is now in progress on Gum Flat's iron ore to generate a process flow sheet along with indicative capital and operating costs for a small iron ore mining operation.

Further inquiries:

Dr John Parker

Managing Director, Lincoln Minerals Limited

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About Lincoln Minerals

Lincoln Minerals has a portfolio of high quality iron ore, uranium, vanadium, lateritic nickel, base metal and gold exploration projects in the southern Gawler Craton, South Australia, along with a small high grade iron ore mine in southern Kalimantan, Indonesia.

Its mission is to provide **capital growth through discovery, development and mining of strategic mineral deposits**.

Since listing in March 2007, the Company has been **very active and successful**. It has identified hematite and magnetite **iron ore resources at Gum Flat** near Port Lincoln, **uranium at Wilcherry**, **lateritic nickel-cobalt at Cockabidnie** and **vanadium at Bungalow** and **White Flat-Tod River** all on eastern Eyre Peninsula close to infrastructure.

LML has maintained an aggressive corporate development program that has seen the **Company's tenement package in South Australia increase to 4,790 sq km** in November 2009.

The Company has secured a number of joint ventures allowing it to **expand and accelerate its exploration program** while still maintaining a strong cash position for future developments and potential acquisitions.

In particular, LML has established an **alliance with Indian iron ore miner Mineral Enterprises Limited** and its Australian subsidiary. This has provided valuable exploration funding along with international mining and trading expertise. Mineral Enterprises has earned a 40% participating interest in the Gum Flat project ahead of schedule. LML retains management control of all operations.

LML's current Board Members have a balanced mix of broad commercial, exploration and Australian **mining industry experience** and **financial expertise**.

Managing Director Dr John Parker, with over 30 years experience as a geologist and geophysicist, is widely regarded as one of the eminent authorities on the geology and mineralisation of the Gawler Craton. Mr Richard Ryan AO has also had a long and distinguished career in the mining industry and was formerly Chief Executive Officer of Henry Walker Eltin Group Limited (1989 - 2002) and a Director of the Minerals Council of Australia. Mr Peter Cox is a Chartered Accountant with extensive experience and knowledge of Australian corporate law having worked for a number of small mining companies. Mr Robert Althoff is a professional mechanical engineer with postgraduate studies in business management and 35 years experience in mining, transport and power station operations.

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 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.