

12 March 2010

The Manager

ASX Announcements

Dear Sir,

Lincoln may regain 100% ownership of the flagship Gum Flat Iron Ore project on SA's Eyre Peninsula

Lincoln Minerals Limited (ASX: LML) advises that it is proposing to buy back all of the 40% interest in the Gum Flat Iron Ore Project that it does not already own. This 40% stake is currently held by Indian iron ore miner, Mineral Enterprises Limited (MEL) and MEL subsidiary, Mineral Enterprises Australia Pty Ltd (MEA).

Lincoln and Mineral Enterprises have signed a Contract for Sale of Joint Venture Interest under which, subject to finance, Lincoln will re-acquire the 40% interest in the Gum Flat Iron Ore Project on Exploration Licence EL 3422 on southern Eyre Peninsula. Consideration for the transfer is \$5.7 million with a settlement date of 30 April 2010.

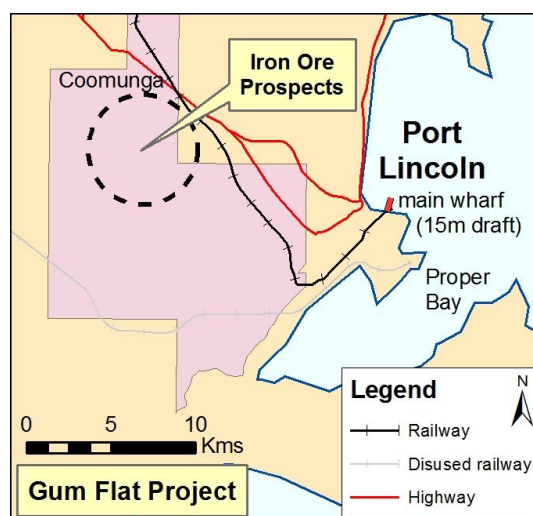
LML entered into a joint venture agreement with MEL and MEA in December 2007 and since that date MEA has earned a 40% participating interest in EL 3422 by spending in excess of \$2.5 million on exploration expenditure. However, MEL is developing a number of projects in India including a hematite beneficiation plant and a deep sea port so have agreed to sell their interest in Gum Flat to help fund those projects.

During the period of the joint venture, MEA funded air core, diamond core and reverse circulation drilling programs that led to the definition of a 55 Mt magnetite iron ore inferred resource and a 0.6 Mt hematite DSO inferred resource within a 125 Mt to 210 Mt iron ore exploration target (see details below). Their contribution in taking a greenfields iron ore prospect in 2007 to an inferred resource in April 2009 has been greatly valued.

In conjunction with this contract, LML is negotiating with several interested parties, including Chinese steel and iron ore mining companies, to provide finance through potential investment and offtake agreements for the project.

The potential resumption of full ownership by Lincoln of the Company's flagship Gum Flat iron ore project on successful completion of the proposed finance and Indian sale contracts as announced today, will enable Lincoln to maximise the potential development of its Gum Flat iron ore resources for the benefit of its shareholders.

The transactions outlined today are in addition to Lincoln earlier this year retaining 100% ownership of its other major Eyre Peninsula iron ore project - at Wilcherry (Hercules South) in the Peninsula's northern sector.



Further inquiries:

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Gum Flat Iron Ore Project

The Gum Flat Iron Ore Project is located on Exploration Licence EL 3422 on southern Eyre Peninsula (Gawler Craton, South Australia) within 20km of Port Lincoln.

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

- Total Magnetite Inferred Resource 55.2 Mt at 20.6% DTR concentrate
- Total Hematite Inferred Resource 0.6 Mt at 55.6% Fe (50% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off)

The Exploration Targets for magnetite and hematite (including the above resources) are:

- Magnetite 125-200 Mt at 20-25% Fe
- Hematite 3-14 Mt at 45-60% Fe (incl. 1-2 Mt DSO at 55-60% Fe)

Detailed metallurgical testing of the magnetite resource has shown that, based on an approximate final grind P₈₀ of 40 micron, an indicative BF concentrate grade would be:

DTR Wt %	%Fe	% SiO ₂	% Al ₂ O ₃	%CaO	%MgO	%P	%S	%Mn
28.2	66.90	4.38	0.49	0.55	0.58	0.01	0.02	0.44

Drilling at Gum Flat during the period November 2009 to February 2010 has defined extensions to both the magnetite and hematite mineralisation. Down dip from the central zone of the Barns Prospect, good magnetite mineralisation has been shown to extend to at least 325m below ground level. This is 75m deeper than previously identified. There are also additional zones of magnetite iron formation (BIF) not previously drilled.

Hematite mineralisation grading up to in excess of 60% Fe has been shown to extend over a 500m strike length. Compilation of RC drilling assay results is in progress and will be released shortly.

On the basis of ongoing good drilling results, LML is planning to undertake a scoping study within the second quarter of 2010. This will include a detailed hydrogeological survey and construction of water monitoring bores to ensure that any proposed mining will not affect groundwater in the region.

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. The approval given to Centrex Metals Limited to ship iron ore from Port Lincoln may open the door for Lincoln Minerals to also export iron ore from Port Lincoln.

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.

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.

DTR = magnetic Davis Tube Recovery DSO = Direct Shipping Ore Mt = million tonnes BF = Blast Furnace