

12 March 2010

The Manager ASX Announcements

Dear Sir,

Half Yearly Financial Report

The Directors have resolved to replace the Directors' Report lodged earlier today so as to comply with certain JORC related disclosures.

Accordingly, please find attached a replacement Directors' Report for the Half Year ended 31 December 2009.

Yours truly,



Peter Cox
Director and Company Secretary



LINCOLN MINERALS LIMITED
ABN 50 050 117 023

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The Directors present their report together with the financial report of Lincoln Minerals Limited for the half year ended 31 December 2009 together with the Auditor's review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the half year are:

<i>Name</i>	<i>Period of directorship</i>
Non-executive	
Richard V. Ryan	Appointed 10 November 2006 and Chairman from that date
Peter E. Cox	Appointed 16 October 2006
Robert A. Althoff	Appointed 5 July 2005
Executive	
Dr A John Parker	Appointed 16 October 2006 as Managing Director from that date

REVIEW OF OPERATIONS

Australian operations

During the half year the Company continued to explore its priority mineral targets with a drilling campaign commenced at Gum Flat (EL3422) in November 2009. Further exploration and sampling for uranium have been carried out at Wilcherry (EL3690) and the Centrex Metals Limited held tenement Mount Hill (EL3877).

Gum Flat

Drilling recommenced during the quarter to define additional magnetite and hematite resources. At the end of December, the following drilling had been completed:

- 1,928m reverse circulation (RC) drilling targeting hematite direct shipping ore (DSO) on the central Barns Prospect; and
- 786m diamond core drilling targeting deeper magnetite ore on the Barns Prospect but also including a metallurgical hole on the hematite DSO.

Drilling stopped over the Christmas period but recommenced the second week in January 2010 and was completed in February 2010.

Down dip from the central B1 zone of the Barns Prospect, good magnetite mineralisation has been shown to extend to at least 325m below ground level which is some 75m deeper than previously identified. There are also additional zones of magnetite iron formation (BIF).

The exploration targets for magnetite and hematite (including already defined resources as per LML's ASX release on 30 April 2009) are:

- Magnetite 125-200 Mt at 20-25% Fe
- Hematite 3-10 Mt at 45-60% Fe (incl. 1-2 Mt DSO at 55-60% Fe)

Note that exploration target tonnage estimates are entirely conceptual in nature since 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.

The EL is also prospective for polymetallic minerals including gold, uranium, base metals (copper, lead, zinc, nickel) and graphite.

A detailed metallurgical study of magnetite iron ore from the Barns Prospect was prepared during the period as a precursor to a scoping study to evaluate appropriate mining and beneficiation procedures. Several bulk hematite and magnetite samples were tested. This work generally indicated that all of the magnetite samples could reach a suitable blast furnace (BF) grade. One of the samples required a P₈₀ grind of 32 microns while the other two from the central Barns Prospect could easily make a blast furnace grade at P₈₀ 70 micron and likely make a direct reduction (DR) grade at P₈₀ of 32 micron.

If the samples are weighted as equal parts in the whole of the plant feed, then an approximate final grind P₈₀ of 40 micron would be required. An indicative BF concentrate grade would be:

% 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

Note that the CaO, MgO and Mn may not necessarily be considered deleterious.

The Company has a joint venture agreement with Indian iron ore miner, Mineral Enterprises Limited (MEL) and its subsidiary Mineral Enterprises Australia Pty Ltd (MEA). MEA earned a 40% participating interest in EL 3422 by spending \$2.5 million on exploration in the period up to April 2009 and has continued to fund its share of exploration expenditure from that date until 30 November 2009.

On 11 March 2010, the Company signed an agreement with the Mineral Enterprises Limited Group whereby the Company will acquire MEA's 40% interest in the Gum Flat project, subject to the Company raising the necessary funds for the purpose. The consideration for the transaction is \$5,700,000 and is deemed effective as of 30 November 2009 (which means that MEA has not contributed to its share of exploration costs for Gum Flat since that date). Completion date for the transaction is 30 April 2010. If the conditions of the agreement are not satisfied and the transaction is not completed, then MEA will either contribute its share of costs from 1 December 2009 or suffer dilution of interest in accordance with the terms of the Joint Venture Agreement.

In conjunction with this option, Lincoln is negotiating an investment and offtake agreement with a Chinese steel mill. A non-binding Letter of Intent has been received to finance the above purchase from MEA.

Wilcherry

The Wilcherry Project area is along strike from the Weednanna magnetite (gold) and Menninnie Dam zinc-lead-silver deposits to the northwest and has potential for iron ore, uranium, gold and/or base metal mineralisation possibly with associated hydrothermal iron oxide and/or sericite alteration.

Lincoln Minerals had a Heads of Agreement (HoA) with IronClad Mining Limited (ASX: IFE) under which IFE could earn up to 80% of the rights to explore for and mine iron ore (only) within EL 3690. EL 3690 straddles the southern extension of IFE's Hercules iron ore target.

IronClad did not meet the required expenditure commitments by 31 December 2009 to earn the Stage 2 interest in the rights for iron ore on EL 3690. Consequently LML now retains 100% of the iron ore rights.

As previously announced, the *in situ* Inferred Mineral Resource outlined by Golder Associates for that part of the Hercules target within EL 3690 is 21.7 Mt @ 33.3% Fe. LML considers the exploration target for the Hercules South deposit is 50-100 Mt @ 30-35% Fe.

Other areas

During the period, two new exploration licenses were granted on Eyre Peninsula in the Dutton Bay area (EL 4361) west of Port Neill and in the Uno area (EL 4310) immediately north of LMLs' Wilcherry tenement.

Otherwise, no significant exploration was undertaken on the Company's other South Australian tenements.

Centrex Metals Limited – rights to non-ferrous minerals

Lincoln Minerals has been involved in ongoing negotiations with Centrex Metals Limited (CXM) regarding CXM's proposed joint ventures and assignment of interest in the iron ore rights on various Eyre Peninsula ELs to Chinese companies, Wuhan Iron and Steel Group (WISCO) and the Baogang Group. Lincoln has the rights for all metals and minerals other than iron ore on the majority of CXM ELs on Eyre Peninsula. Lincoln, under the terms of its agreement with CXM, is required to give its approval for any transfer of interest in the iron ore rights to a third party. Lincoln has agreed to give its approval subject to all parties signing Deeds of Consent and Assumption to ensure that none of Lincoln's existing rights are diminished in any way. Lincoln and CXM have signed the Deeds but await signing by their joint venturers.

In addition, the Company is progressing a Coordination Agreement with CXM to clarify and set out details for co-operative mining on the CXM tenements where Lincoln has the rights for all metals and minerals other than iron ore.

Indonesian operations

In Indonesia the Company experienced difficulty at Desa Mirah where palm oil plantation owner on whose land the mine is located has refused to allow further exploration and mining activity. However, the Company remains optimistic that shipment of the stockpiled ore can be made during the next half year.

A number of projects in Indonesia and South East Asia have been offered to the Company and negotiations by way of Heads of Agreements with some of the owners of these projects have been commenced. A bilingual Heads of Agreement has been drafted by the company's legal representatives in Jakarta.

Some of the projects being considered by the Company include:

- Manganese in western Timor;
- Iron ore and iron sands in west Kalimantan and Flores;
- Mineral sands in west Kalimantan; and
- Iron ore with copper-gold in Sulawesi.

The Company is focussing on areas close to established infrastructure, including existing port facilities, and has been undertaking due diligence research and field reconnaissance on these projects.

The Company formed a new wholly-owned subsidiary during the period, Lincoln Asia-Pacific Limited to manage and operate projects in Indonesia and the greater Asia-Pacific region in the future.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditor KPMG, a copy of which is attached to and forms part of this report.

Dated at Adelaide, South Australia this 12th day of March 2010 and signed in accordance with a resolution of the Directors.

R V Ryan, Director

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.