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The Manager
ASX Announcements

Lincoln near doubles iron ore resource to 103Mt at key Gum Flat project in SA

A new estimate has near doubled to 103 million tonnes (MT), the iron ore Mineral Resources at Lincoln Minerals Limited ("LML") 100%-owned Gum Flat Iron Ore Project on southern Eyre Peninsula in South Australia.

The estimate is an 87% increase on the initial Inferred Mineral Resource of 55 Mt for the combined hematite and magnetite Gum Flat deposit, located less than 20km from the port of Port Lincoln.

The upgraded Mineral Resource figure follows four months of drilling at Gum Flat up until February this year.

Significantly, the drill results have extended the resources at least 30% deeper and identified additional zones of magnetite mineralisation along strike.

The Mineral Resource assessment also confirmed the potential for high grade magnetic blast furnace concentrates of around 67% Fe.

Scoping and groundwater studies underway

Lincoln Minerals has now engaged AMC Consultants Pty Ltd, WorleyParsons Services Pty Ltd and Aldam Geoscience Pty Ltd, to undertake a scoping study on mining, environmental, beneficiation and transport options for Gum Flat.

This study will look at mine optimisation of the hematite and magnetite resources, the capital expenditure costs and operating costs.

Groundwater monitoring wells are currently under construction to determine the quality and quantity of groundwater in the various aquifers within the Gum Flat project area.

New Gum Flat Iron Ore Resource

Key Points

- Total 103 million tonnes (Mt) Inferred and Indicated Mineral Resources

Prospect	Status	Million Tonnes (Mt)	Head Grade (% Fe)
Barns magnetite (upper >15% DTR)	Inferred	33.3	24.8
Barns magnetite (lower > 15% DTR)	Inferred	33.9	23.4
Barns magnetite (other > 15% DTR)	Inferred	21.4	24.7
Barns magnetite (upper 10-15% DTR)	Inferred	7.2	24.8
Rifle Range magnetite (>15% DTR)	Inferred	3.5	27.1
Barns hematite (>50% Fe)	Indicated	0.9	54.2
Barns hematite (45-50% Fe)	Indicated	0.9	46.9
Sheoak West hematite (>35% Fe)	Inferred	1.1	41.5
Rifle Range hematite other (>35% Fe)	Inferred	0.6	41.8
Total		**102.8**	

- Magnetite iron ore mineralisation extended 32% or 80 metres deeper, to at least 330m below ground level
- A new zone of mineralisation delineated to southwest
- Magnetic blast furnace grade concentrates average 67.1% Fe, with low silica and very low alumina and phosphorous
- Potentially self-fluxing concentrates.

Magnetite and Hematite Resources

Drilling at Gum Flat during the period November 2009 to February 2010 has defined extensions to the project's magnetite mineralisation. Down dip from the central zone of the Barns Prospect, good magnetite mineralisation extends to at least 330m below ground level. This is 80m deeper than previously identified. There are also additional zones of magnetite mineralisation southwest along strike.

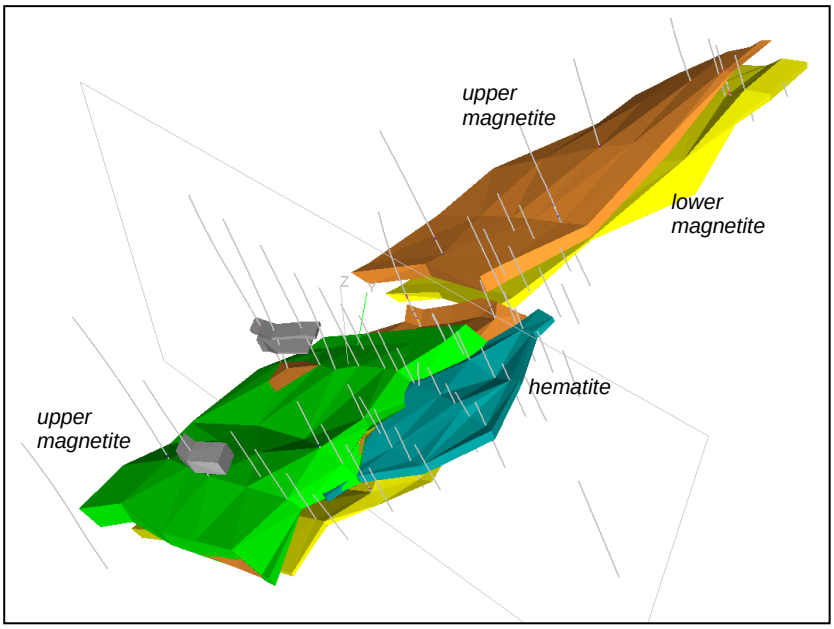


Figure 1: Oblique 3D model of Inferred Mineral Resources, Barns Prospect (looking north)

Assay data including Davis Tube magnetic separation results (DTRs) from the latest drilling program were released on 18 May 2010 and have been jointly processed by Lincoln Minerals and AMC Consultants Pty Ltd (AMC) to define a new magnetite Inferred Mineral Resource for parts of the orebody. The upper and lower magnetite bands have been extended down to 330m below ground level along the length of the main zone of mineralisation but all indications are that they continue at a ~35^0 northwesterly dip to much deeper levels.

3D modelling of the iron mineralisation was undertaken by AMC under Lincoln's guidance and grade estimates were computer generated using inverse distance squared averaging of drillhole data.

The upgraded Inferred Mineral Resources for the Barns Prospect and associated peripheral zones of mineralisation are presented below in Table 1.

Description	Million Tonnes	HFe %	DTR %	CFe %	$CSiO_2$ %	CAl_2O_3 %	CP %	CMn %	CS %	CCaO %
Barns upper magnetite (>15% DTR)	33.3	24.8	20.7	66.8	4.9	0.53	0.01	0.36	0.02	0.53
Barns lower magnetite (>15% DTR)	33.9	23.4	20.0	66.9	5.2	0.52	0.01	0.20	0.11	0.39
Barns magnetite (other >15% DTR))	21.4	24.7	23.7	67.6	4.4	0.60	0.01	0.11	0.08	0.39
Rifle Range magnetite (>15% DTR)	3.5	27.1	22.6	68.0	3.4	0.46	0.01	0.16	0.03	0.52
Total Magnetite Mineral Resource >15% DTR	**92.1**	**24.3**	**21.2**	**67.1**	**4.8**	**0.54**	**0.01**	**0.23**	**0.07**	**0.45**
Barns upper magnetite (10-15% DTR)	7.2	24.8	12.8	62.3	9.6	0.64	0.02	0.44	0.04	0.87
Total Magnetite Mineral Resource	**99.3**	**24.4**	**20.6**	**66.7**	**5.2**	**0.55**	**0.01**	**0.25**	**0.07**	**0.48**

Table 1: Inferred Magnetite Mineral Resources for the Barns Prospect (SG=3.15)

Head grade HFe = total rock XRF assay prior to magnetic separation; DTR = Davis Tube Recovery from magnetic separation; Concentrate grades CFe, $CSiO_2$ etc = XRF assay of DTR magnetic concentrate
NB Totals may not add up exactly due to rounding of individual components to appropriate significant figures.

In conjunction with 3D modelling of the magnetite resources, the previously published hematite resources at Barns, Sheoak West and Rifle Range have been slightly revised. The upgraded resources are shown below in Table 2.

Description	Million Tonnes	HFe	$HSiO_2$	HAl_2O_3	HP	HLOI	HMn	HCaO	HS	CaFe
Barns Hematite DSO >50% HFe	0.9	54.2	11.2	1.12	0.48	6.37	1.06	0.84	0.01	57.9
Barns Hematite DSO 45-50% HFe	0.9	46.9	19.8	2.10	0.41	6.79	1.28	1.09	0.02	50.3
Total Barns Hematite Mineral Resource	**1.8**	**50.5**	**15.5**	**1.62**	**0.44**	**6.58**	**1.17**	**0.97**	**0.02**	**54.1**
Sheoak West Hematite (>35% HFe)	1.1	41.5	24.1	1.57	0.41	6.50	1.25	3.32	0.06	44.4
Rifle Range Hematite other (>35% HFe)	0.6	41.8	25.4	2.98	0.32	5.94	0.87	1.41	0.01	44.5
Total Hematite Mineral Resource	**3.6**	**46.2**	**19.9**	**1.83**	**0.41**	**6.45**	**1.15**	**1.79**	**0.03**	**49.4**

Table 2: Indicated Hematite Mineral Resources for the Barns Prospect and Inferred Hematite Mineral Resources for Sheoak West and Rifle Range Prospects (SG=3.15)

Note that the CaO and Mn may not necessarily be considered deleterious; LOI = Loss on Ignition
CaFe = calcined Fe = Fe / (100-LOI) x 100 = removal of volatiles at ca. 1400^0C; DSO = Direct Shipping Ore
NB Totals may not add up exactly due to rounding of individual components to appropriate significant figures.

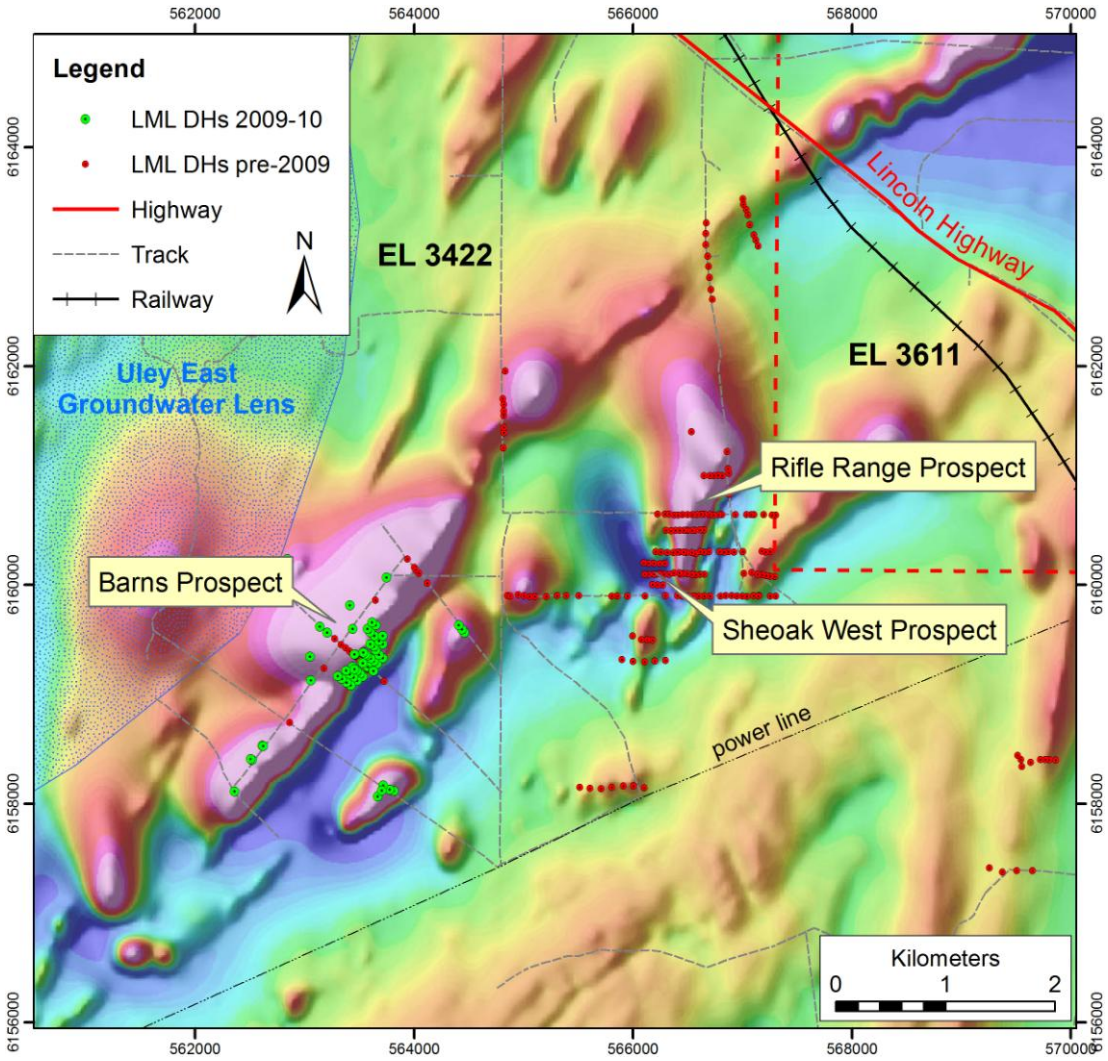


Figure 2: Total magnetic intensity map and location of prospects, Gum Flat

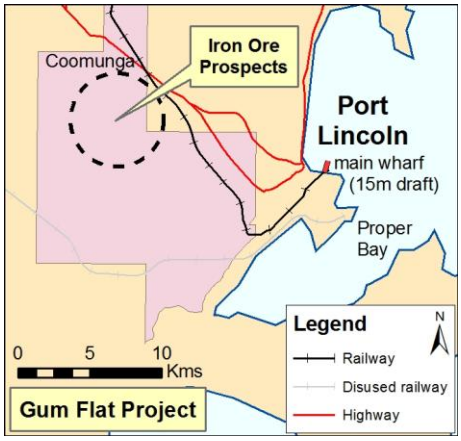
Yours truly,

Dr A John Parker
Managing Director

Information in this report that relates to exploration activity and results was compiled by Dr A John Parker and Ms Sharron Sylvester who are Members 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. Sharron Sylvester is a full time employee of AMC Consultants. Dr Parker and Ms Sylvester consent to the release of the information compiled in this report in the form and context in which it appears.

Gum Flat Iron Ore Project - SA

The Gum Flat Iron Ore Project is located on southern Eyre Peninsula (Gawler Craton, South Australia) within 20km of Port Lincoln. It is on exploration license EL 3422 in which Lincoln Minerals owns 100% of the rights to all minerals.



Potentially economic iron ore was discovered on EL 3422 near Coomunga by Lincoln Minerals in 2007. The ore is overlain by a thin cover of calcarenite and clay and comprises near surface hematite-goethite mineralisation grading down into banded magnetite iron formation (BIF).

Below the hematite-goethite, the BIF becomes progressively more magnetite rich and less oxidised. There are commonly two bands of high grade magnetite BIF which have a cumulative thickness of ~80m.

Based on drilling to date, the combined Inferred and Indicated Mineral Resource for Gum Flat is 103 Mt including:

- Total magnetite Inferred Mineral Resource 99.3 Mt at 24.4% Fe (yielding a 20.6% DTR concentrate @ 66.7% Fe)
- Barns DSO hematite Indicated Mineral Resource 0.9 Mt at 54.2% Fe (50% Fe cut-off) or 57.9% calcined Fe (CaFe)
- Total hematite Inferred and Indicated Mineral Resource 3.6 Mt at 46.2% Fe (35-45% Fe cut-off)

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

- Magnetite 150-250 Mt at 22-28% Fe
- Hematite 3-17 Mt at 45-60% Fe (incl. 2-5 Mt DSO at 50-60% Fe)

However, the total length of magnetic anomalies that are believed to represent buried iron formations, is >35 km. Much of this has not yet been drill tested.

Detailed metallurgical testing of the central Barns higher grade magnetite resource has shown that an indicative blast furnace concentrate grade would be:

DTR Wt %	%Fe	%SiO_2	%Al_2O_3	%CaO	%MgO	%P	%S	%Mn
28.2	66.90	4.38	0.49	0.55	0.58	0.01	0.02	0.44

Lincoln Minerals is currently undertaking a scoping study to determine the viability of mining both the hematite DSO and magnetite BIF. This study includes a detailed hydrogeological survey and construction of water monitoring bores to ensure that any proposed mining will not affect groundwater in the region. The project is within a prescribed wells area and also partly within two vegetation heritage agreement areas. Approvals have been given to explore within these areas but mining would be subject to separate approvals.

In addition to iron ore, the EL is prospective for polymetallic minerals including gold, uranium, base metals (copper, lead, zinc, nickel) and graphite.

Extending west from Port Lincoln with a railway line, major highway and high voltage power line running through the area, EL 3422 is ideally located with respect to infrastructure and proximity to a major shipping port. The approval given to Centrex Metals Limited in 2009 to ship iron ore from Port Lincoln may open the door for Lincoln Minerals to also export iron ore from Port Lincoln.

Lincoln Minerals has an off-take Heads of Agreement with Chinese steel mill, Jiangyin Huaxi Steel Co. Ltd, to take at least 50% of Lincoln's hematite and magnetite production from Gum Flat.

It is emphasized that Exploration Target tonnage and grade 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