

Wednesday, 17 November 2010

The Manager
ASX Announcements

Dear Sir,

Expanded drilling program commences at SA Gum Flat iron ore project to boost hematite resource

A new round of drilling designed to boost hematite iron Direct Shipping Ore (DSO) resource estimates and provide additional groundwater information, has commenced on Lincoln Minerals Limited's (ASX Code: LML) flagship iron ore project at Gum Flat, 20km from Port Lincoln on South Australia's southern Eyre Peninsula.

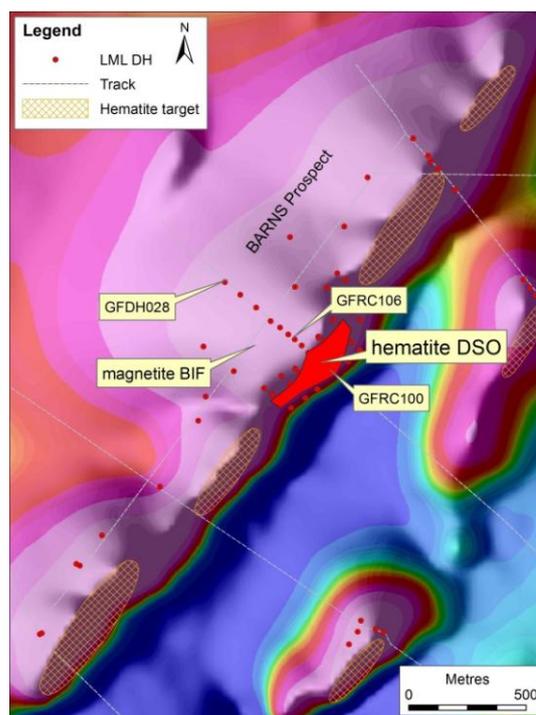
Reverse Circulation (RC) drilling is targeting the Barns Prospect where a small Indicated Resource of 1.8 Mt @ 50.5% Fe hematite iron ore including some DSO has been previously outlined.

The focus of the drilling program is to specifically locate additional hematite DSO. Exploration targets for the new drill schedule collectively total ~2.5km of strike length and are estimated to contain 3-17 Mt of hematite iron ore at 45-60% Fe including pods of DSO >55% Fe.

It is emphasized that exploration target tonnage estimates are entirely conceptual in nature since there has been insufficient drilling in the immediate areas of these targets. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

In addition to testing hematite targets, the drilling will also gather further information about groundwater in the region.

The drilling program is expected to continue into the first quarter of 2011.



Further inquiries:
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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.

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 the replacement exploration license for 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-goethite Indicated Mineral Resource 0.9 Mt at 54.2% Fe (50% Fe cut-off) or 57.9% calcined Fe (CaFe)
- Total hematite-goethite 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:

- Barns-Rifle Range area – 150-250 Mt magnetite ore @ 22-28% and 3-17 Mt hematite-goethite ore at 45-60% Fe (incl. 2-5 Mt DSO at 50-60% Fe)
- Port Lincoln-Tulka area – 200-600 Mt magnetite and hematite-goethite BIF @ 20-35% Fe also including potential for DSO.

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.

Lincoln Minerals is currently undertaking advanced flora, fauna and groundwater studies in preparation for a Mining Lease Application. 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, the Gum Flat EL is ideally located with respect to infrastructure and proximity to a major shipping port.

A Scoping Study completed in 2010 indicated that hematite DSO could be mined, crushed and shipped out of Port Lincoln for <\$20 per tonne making it potentially one of the cheapest iron ore operating costs in Australia. Capital expenditure for this phase of mining would be about \$40-50 million. Mining and export of iron ore by Lincoln Minerals is subject to a 3rd party operating ore ship loader at the port, availability of suitable finance and Government approvals.

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