

3 February 2011

The Manager
ASX Announcements

Dear Sir,

Iron ore explorer, Lincoln Minerals, announces A\$2.5million One-for-Seven Non-renounceable Rights Issue

Australian iron ore explorer, Lincoln Minerals Limited ABN 50 050 117 023 (“**LML**”) has proposed a non-renounceable Rights Issue to shareholders who are registered at 14 February 2011, of approximately 16.7 million fully paid ordinary shares in the capital of the Company, at an issue price of A\$0.15 per share, to raise approximately \$2.5 million (before expenses of the issue).

Proceeds of the Issue will be directed mainly at the Company's iron ore project at Gum Flat just west of Port Lincoln on South Australia's Eyre Peninsula.

The Company is currently drilling at Gum Flat to test extended targets within the same formation areas as those on which the Company has determined a total 103 million tonnes iron ore Inferred and Indicated. Most of this is magnetite ore but it includes 0.9 million tonnes of direct shipping hematite ore and 2.7million tonnes of lower grade hematite ore that could be beneficiated. The drilling should also provide more information on groundwater.

To date certain work has commenced on preparation of a Mining Lease Application (MLA) for the Barns Prospect at Gum Flat. This includes detailed studies on groundwater, flora and fauna in surrounding areas, preliminary mine planning and community consultation. It is planned to complete the MLA in March 2011 so that it can be lodged with the South Australian Government in April 2011. The Government assessment process is expected to take about 6 months during which time the Company intends preparing a Mining and Rehabilitation Plan, undertaking detailed studies and costing for upgrading lower grade hematite, and seeking approvals for export of iron ore from Port Lincoln.

To progress this work and maintain an active exploration program to meet statutory requirements on other tenements, the Company requires further short term funding. The exploration program is focussing on iron ore and uranium at Eurilla, iron ore, copper and base metals in the Cummins-Wanilla area, nickel-cobalt at Cockabidnie and iron ore in an exciting new area under application at Nantuma adjacent to the Warrambo-Central Eyre Iron Project.

The Rights Issue provides all shareholders with the opportunity to further participate in the growth of the Company's primarily iron ore exploration assets. The Issue will be offered to all Eligible Shareholders on the basis of One new share for every Seven shares held, at the price of 15 cents per share. The Offer opens on 18 February, 2011 and closes at 5.00 pm Australian Central Daylight Saving Time on 4 March, 2011.

The Issue is underwritten to the extent of \$2million, but Eligible Shareholders will have the opportunity to apply for additional New Shares. Directors reserve the right, at their discretion, to issue any new shares not taken up by Eligible Shareholders or the Underwriters, in accordance with ASX Listing Rules.

Cash Balance

As at the end of January 2011 Lincoln Minerals had approximate net cash of A\$1.25 million on hand.

Yours truly,



Dr John Parker
Managing Director, Lincoln Minerals Limited
Mob: 0412 517 323 Tel: (08) 8274 0243

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.