



LINCOLN MINERALS LIMITED

Pit to Port Infrastructure in SA

An Explorer's Perspective

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It is emphasized that Exploration Target tonnage and grade estimates given in this report are entirely conceptual in nature and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

LINCOLN MINERALS LIMITED

- Listed on ASX March 2007
- Market capitalisation (April 2011 @ 15 cents/share) \$20.1 million
- Cash on hand March 2011 \$2.9 million
- Offices in Adelaide and Port Lincoln – total 10 staff
- Significant assets (South Australia):
 - Gum Flat Iron Ore
 - Eurilla Iron Ore & Uranium
 - Cockabidnie Nickel-Cobalt, Base Metals, Gold
 - Bungalow & White Flat Vanadium, Base Metals, Uranium, Graphite
- Gum Flat Iron Ore Project:
 - Discovered mid-2007 by drilling aeromagnetic targets
 - Blind orebody concealed under >20m limestone cover
 - Expenditure to date: over \$7 million
 - Preparing Mining Lease Application with aim to start mining in 2012

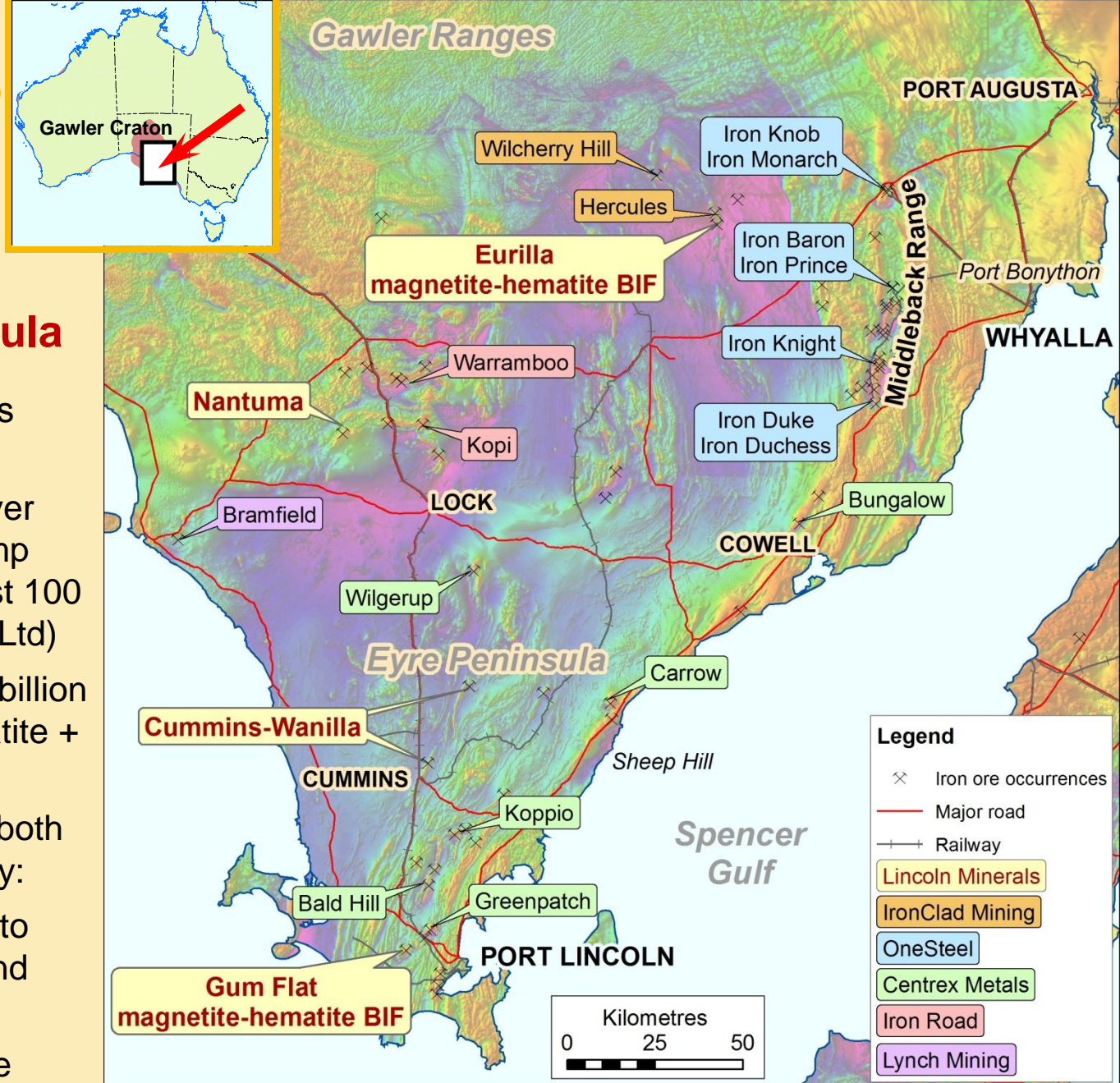


Iron Ore Potential Eastern Eyre Peninsula

- Historically one of world's major iron ore provinces
- Middleback Ranges – over 240 Mt of high-grade lump hematite mined over past 100 years (BHP & OneSteel Ltd)
- Potentially more than 10 billion tonnes of iron ore (hematite + magnetite) in the region

Critical transport issues, both logistically and commercially:

- Transport from minesite to port (road and/or rail); and
- A suitable port or ports capable of handling large modern bulk ore carriers



Port Options

In South Australia there are no ports capable of handling Cape-size ships (180,000+ tonnes)

Port Lincoln:

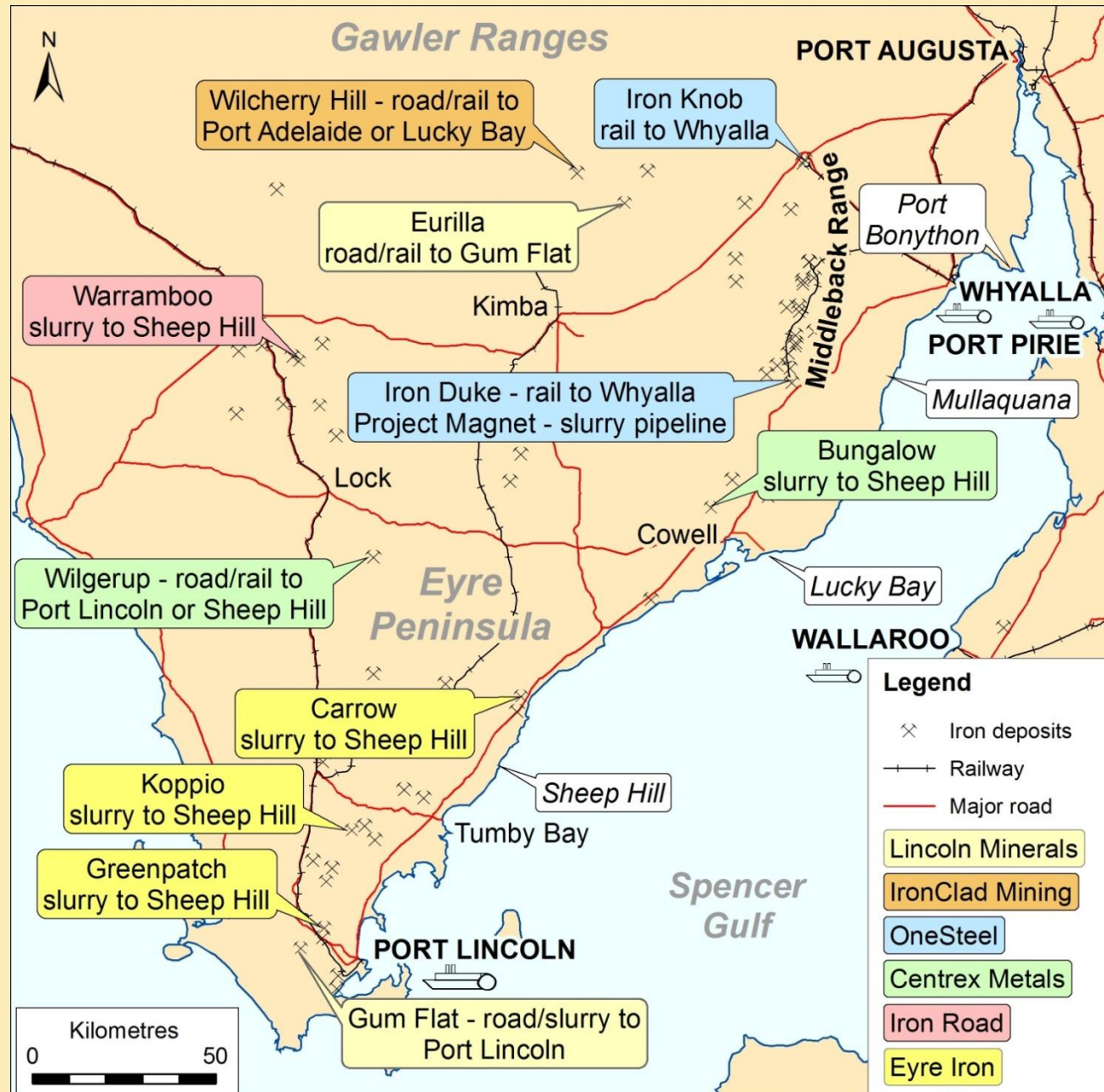
- Best port in SA
- 15m draft & can load to ~100,000 tonnes
- Proclaimed Port
- Only 15% utilised
- Road & rail access

Port Bonython & Sheep Hill:

- Planning stages for deep water port ~2014⁺
- Potential for 25⁺ Mtpa iron ore export from Sheep Hill

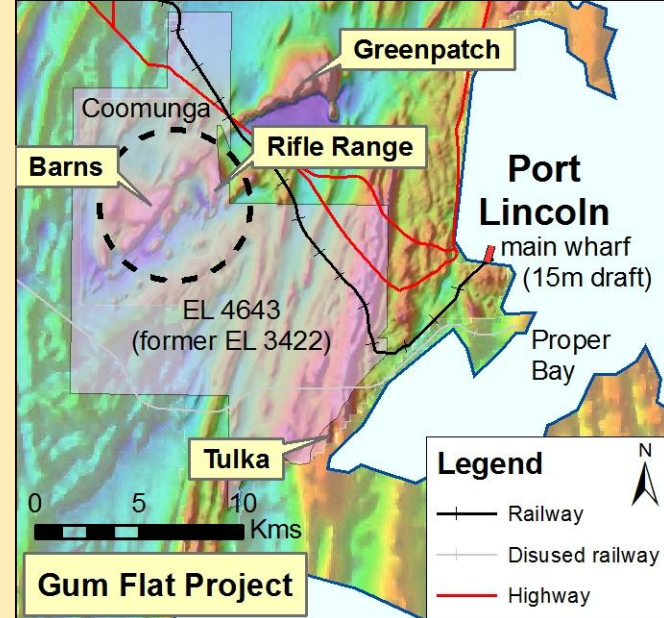
Lucky Bay:

- Barge proposal ~ 2012



Gum Flat Iron Ore Barns Prospect

- Located in scrub land **20km from Port Lincoln** (or 100km from proposed new Sheep Hill deep sea bulk commodities port)
- **103+ million tonne (Mt) iron ore resource** including:
 - Barns Indicated Hematite-Goethite Resource:
1.8 Mt at 51% Fe (54% calcined Fe)
including 0.9 Mt DSO at 54.2% Fe (58% calcined Fe)
 - Inferred Magnetite Resource: 99 Mt @ 24.4% Fe (21% DTR)
- **Scoping study** completed mid-2010
- **Potential to ship hematite DSO iron ore from Port Lincoln in 2012**
subject to sufficient reserves, appropriate port facilities, finance & getting all approvals:
 - Mining Lease & Mining Rehabilitation Plan (MARP) including all environmental approvals
 - Groundwater approvals
 - Development Application & Environmental Protection Authority (EPA) approvals
 - Port Lincoln & Lower Eyre Councils
 - Community consultation



*calcined Fe = Fe after removal of water
DTR = magnetic concentrate
DSO = Direct Shipping Ore*



Gum Flat Iron Ore Scoping Study

Development Options

- **Stage 1 – Hematite**

- Mine & export 0.5 million tonnes per annum (Mtpa) DSO (55% Fe) from Port Lincoln

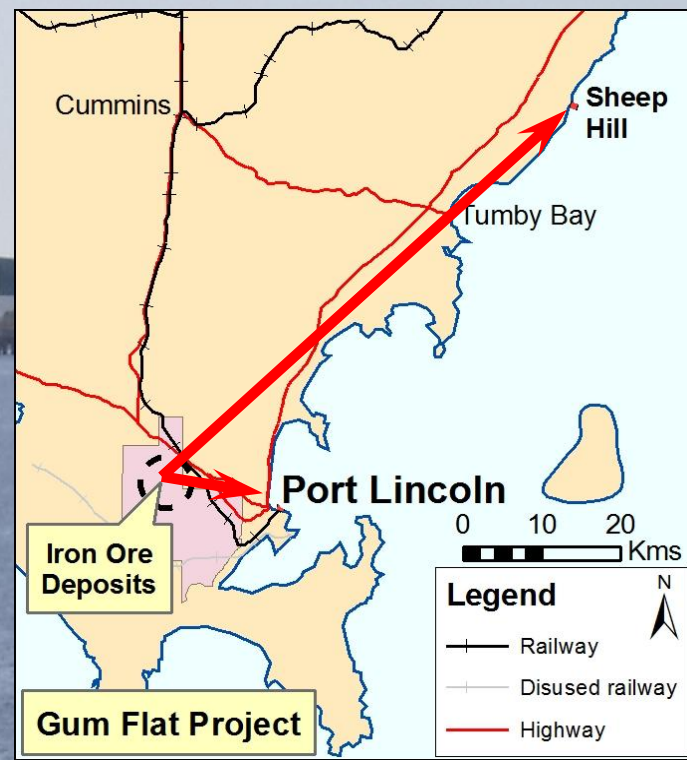
- **Stage 2 – Magnetite**

- Mine 10 Mtpa magnetite ore and process onsite to produce 2 Mtpa high grade concentrate (67% Fe) for export from Port Lincoln or Sheep Hill

- **Transport options considered**

- Road to Port Lincoln – bulk carriers or containers
- Rail to Port Lincoln
- Slurry pipeline to Port Lincoln
- Road to Sheep Hill ~115km via Cummins
- Road to Lucky Bay near Cowell ~220km

Freight OPEX (per tonne)	Road Freight	Ship Loading
Port Lincoln	\$4	\$6-7
Sheep Hill	~\$15	?
Lucky Bay	~\$25	\$12-15



Gum Flat Iron Ore

Conceptual Stage 1 Option – Hematite DSO

- Mine & export 0.5 Mtpa DSO hematite-goethite (~55% Fe) from Port Lincoln
- Road transport to Port Lincoln via B-Doubles or Road Trains (covered) – 3 trucks/hour, 12 hours a day, 5.5 days/week (1,800 t/day or 10,000 t/week)
- Truck wash at mine site
- Upgrade Duck Pond Road (~10km) & Flinders Hwy intersection (~\$2 million)
- Transport to Port Lincoln in bulk carriers or containers

NB Slurry pipeline is not an option for hematite but may be OK for Stage 2 magnetite



Gum Flat Iron Ore

Conceptual Stage 1 Ship Loading Options

Port Lincoln Wharf

Option A: construct a 70,000 tonne negatively pressurised storage shed in the wharf area at Port Lincoln & connect to third party conveyor & ship loader (~\$20-30 million)

Option B (preferred): store in covered containers adjacent to the wharf & use a container Tippler System with mist spray as in operation at Port Adelaide (~\$2-3 million incl. site prep)

1 ship every 4-6 weeks (Handymax or Panamax)



Gum Flat Iron Ore

Opex & Capex

	Stage 1 Hematite DSO	Stage 2 High Grade Magnetite Concentrate (67% Fe)		
Production	0.5 Mtpa	2 Mtpa concentrate		
Concentrate Grade	55% Fe	67% Fe		
Transport	Road to PL	Road to PL	Rail to PL	Slurry Pipeline to PL
Overburden Removal	A\$23 million			
Mine / Plant / Port Capex	A\$14 million **	A\$235 million	A\$250 million	A\$290 million
Opex	A\$37/t	A\$60-65/t _{con} (beneficiation + transport only ++)		

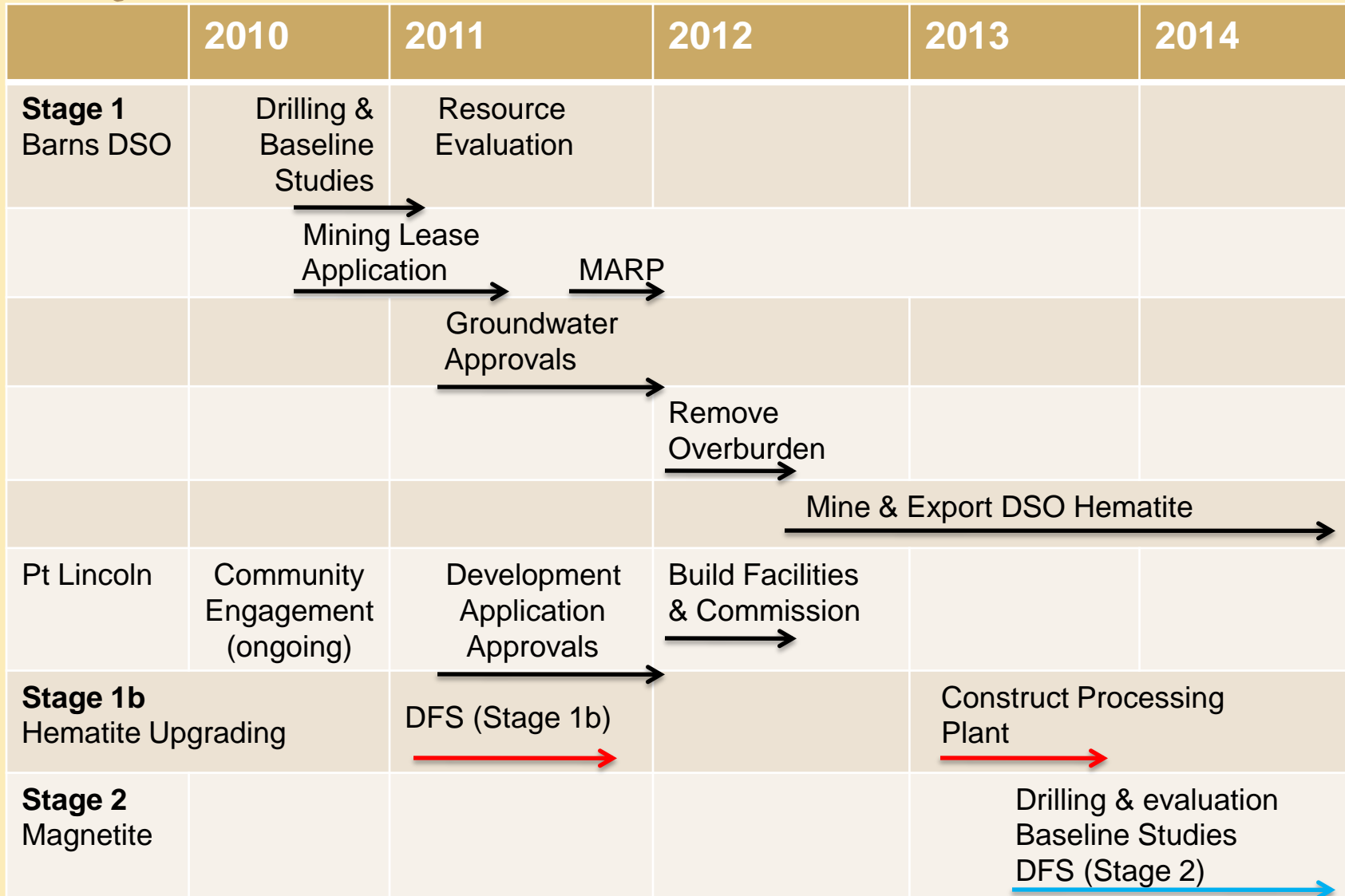
Mtpa = million tonnes per annum t_{con} = tonne concentrate DSO = Direct Shipping Ore PL = Port Lincoln

*** Stage 1 Capex based on container option (Port Lincoln Option B) & purchasing containers*

++ Mining costs for magnetite operation not yet determined

NB based on Worley Parsons Scoping Study (± 50%) & review by Golder Associates

Gum Flat Development Timeline



MARP = Mining and Rehabilitation Plan (Stage 1) DFS = Definitive Feasibility Study

Summary

Lincoln Minerals focussing on development of initial hematite-goethite DSO mine at Gum Flat within 2 years **

Gum Flat is less than 20km from Port Lincoln

Potential to be a low operating cost DSO operation (<\$40 per tonne) with relatively low capital expenditure based on container option from Port Lincoln

Container system in operation at Port Adelaide is environmentally friendly

Port Lincoln is the best port in SA & under-utilised

Long term – proposed Sheep Hill port has iron ore export potential for more than 25 Mtpa from southern & central Eyre Peninsula
Could be more with a rail link from Whyalla!!

(** subject to sufficient reserves, finance and all approvals)

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