

Wednesday, 17 August 2011

The Manager
ASX Announcements

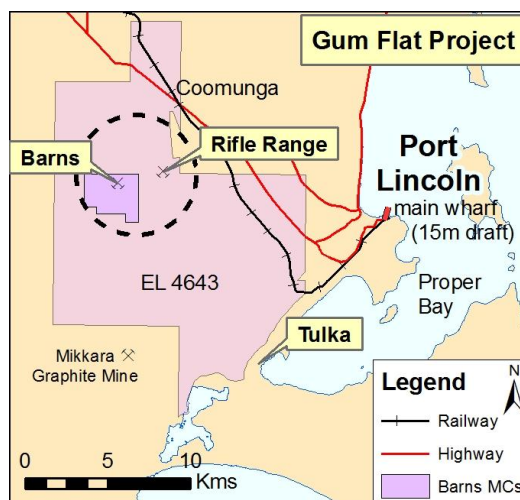
Dear Sir,

Mineral Claim pegged and drilling program completed at SA Gum Flat iron ore project

Lincoln Minerals Limited (ASX Code: LML) is pleased to advise that it has recently pegged and lodged Mineral Claims for a proposed mine at its Barns iron ore deposit within the Company's flagship Gum Flat Project 20km from Port Lincoln on South Australia's southern Eyre Peninsula.

This is a significant milestone for the Company.

Six adjoining Mineral Claims have been pegged with a collective total area of 793 hectares. Lincoln Minerals is finalising a Mining Lease Proposal for submission to the State Government to commence mining direct shipping iron ore (DSO) from the Barns deposit in mid to late 2012 subject to finance and all approvals.



The latest round of drilling was completed at the Barns deposit last weekend. It included geotechnical drill holes to aid in mine design, large diameter cored holes to further test the hematite-goethite metallurgy of DSO, and infill drilling within the immediately adjacent magnetite resource to upgrade it to an Indicated Resource category. Core from selected iron-rich intervals will be cut and assayed.

Further inquiries:

Dr John Parker

Managing Director, Lincoln Minerals Limited

Tel: (08) 8274 0243



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

Lincoln Minerals' flagship Gum Flat Iron Ore Project on EL 4643 is within 20 km of Port Lincoln, an existing port capable of handling Panamax ships up to 15m draft, and within 100km of a proposed new bulk minerals handling port planned for loading Cape-size ships at Sheep Hill.

Gum Flat contains more than 100 million tonnes of iron ore, most of it magnetite but with some hematite-goethite suitable for direct shipping. Magnetite ore needs to be processed into a high grade concentrate before it can be exported.

Subject to mineable reserve definition, mine planning, obtaining finance and getting all necessary approvals, Lincoln Minerals proposes to begin exporting DSO in 2012 via the main wharf at Port Lincoln.

The company is currently considering a two-stage development option:

- Stage 1 – mine and export up to 500,000 tonnes per annum hematite DSO via Port Lincoln including upgrade of medium grade hematite-goethite-magnetite fines
- Stage 2 – mine up to 10 Mtpa magnetite ore and process onsite to produce ~2 Mtpa high grade concentrate for export via Port Lincoln or Sheep Hill.

Based on drilling to date, the combined Inferred and Indicated Mineral Resource for the Barns and Rifle Range deposits 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)

High priority Exploration Targets on EL 4643 for magnetite and hematite (including the above resources) are:

- Barns-Rifle Range area – 150-250 Mt magnetite ore @ 22-28% and 3-10 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.

Lincoln Minerals is currently finalising preparation of a Mining Lease Proposal. 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.

Extending west from Port Lincoln with a railway line, major highway and high voltage power line running through the area, Gum Flat is ideally located with respect to infrastructure and proximity to a major shipping port. It is proposed to transport iron ore to Port Lincoln in covered containers and use a Rotainer Tippler system to empty the containers into ships' holds.

Scoping studies completed in 2010-11 indicated that hematite-goethite DSO could be mined, crushed and shipped out of Port Lincoln for <\$40 per tonne making it potentially one of the cheapest iron ore operating costs in Australia.

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

Mtpa = million tonnes per annum