

Quarterly Activities Report –June 2011

SUMMARY

Ongoing Growth

- Mining Lease Application prepared on advanced Gum Flat iron ore project in SA
- Start-up target for Stage 1 Gum Flat mine mid-2012 **
- Strong support for using covered containers for export from Port Lincoln

Gum Flat Iron Ore Project (SA's Eyre Peninsula; LML 100%)

- Planning and background studies continue for proposed Barns Stage 1 DSO iron ore mine
 - Production target 0.5 Mtpa DSO
 - Mineral Claims pegged
 - Mining Lease Application prepared and awaits submission
 - Detailed groundwater report completed
 - Noise, dust, traffic and mine closure studies completed
 - Applications lodged for mine dewatering wells
 - Discussions ongoing re transport and shipping using
 - Community consultation program ongoing
 - Geotechnical and metallurgical drilling completed for proposed pit
- Drilling program in progress for Stage 2 magnetite resource definition

Eurilla Iron Ore – Uranium Project (SA's Eyre Peninsula; LML 100%)

- PACE drilling program completed over Jungle Dam iron and uranium targets
- Up to 66% MnO and up to 61% Fe₂O₃ discovered in surface outcrops near Uno

Timor Manganese Project (Indonesia)

- Field program in progress in western Timor and Flores

FOB = Free on Board or Freight on Board DSO = Direct Shipping Ore Mtpa = million tonnes per annum

*** Potential to ship hematite DSO iron ore from Port Lincoln in 2012 is subject to port access, getting all requisite mining, infrastructure and development approvals following community engagement and obtaining suitable project finance*

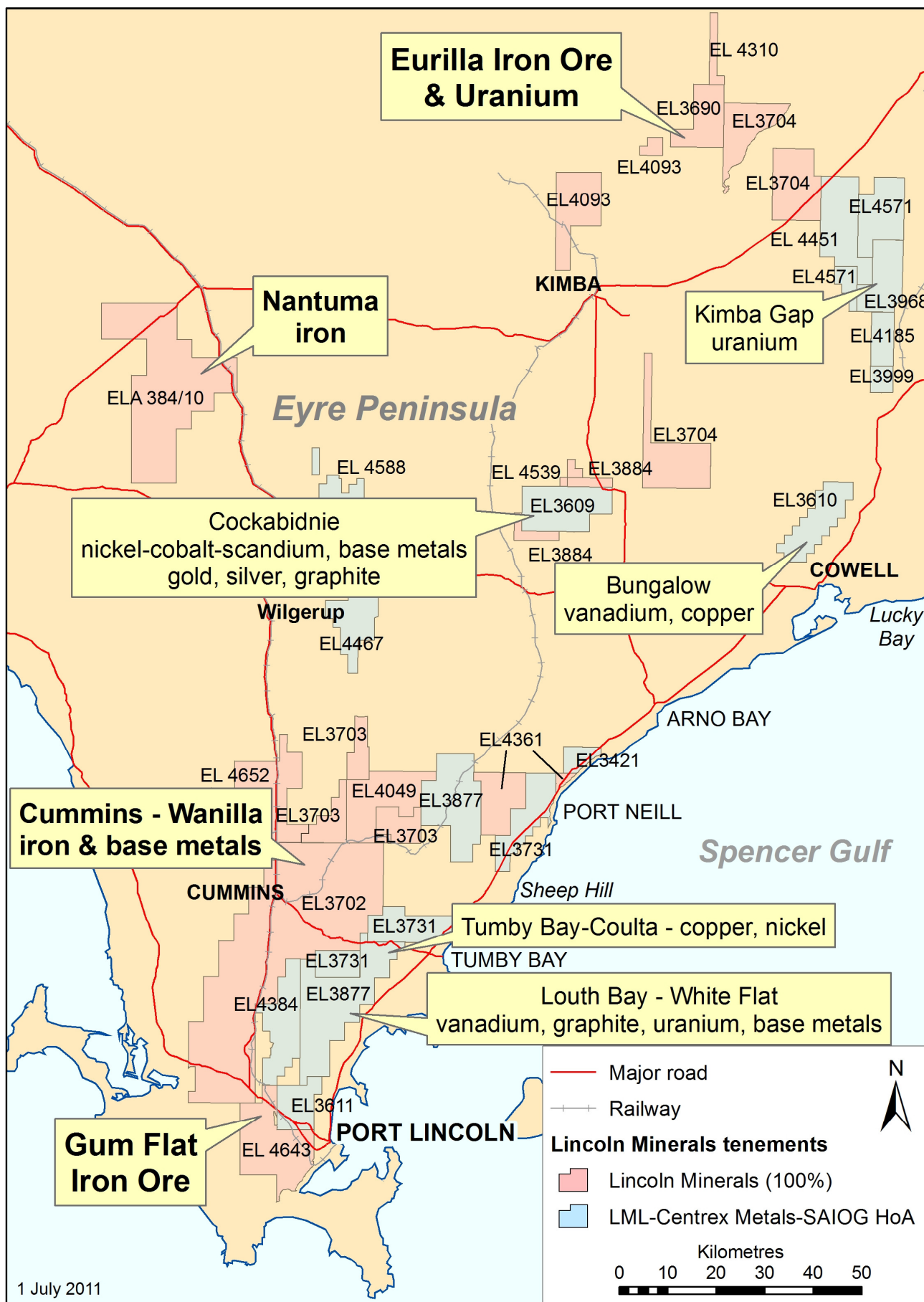


Figure 1: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements

SOUTH AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

Gum Flat Iron Ore Project – EL 4643

(LML has exclusive rights to all minerals)

Lincoln's flagship Gum Flat Iron Ore Project is located on southern Eyre Peninsula which is a major world-class iron ore province and which potentially contains more than 10 billion tonnes (Bt) of iron ore extending from the Middleback Ranges to Port Lincoln.

Gum Flat EL 4643 contains a number of priority magnetic targets including Barns, Rifle Range and the Port Lincoln-Tulka suite. All are within 20km of Port Lincoln, an existing port capable of handling Panamax ships up to 15m draft.

The Project offers significant employment and commercial opportunities for people and businesses in Port Lincoln and southern Eyre Peninsula.

More than 100 million tonnes of iron ore has been identified in the Barns-Rifle Range area, most of it magnetite but with some hematite-goethite suitable for direct shipping. The magnetite requires processing into a high grade concentrate before it can be exported.

Subject to establishing appropriate port facilities and obtaining suitable project finance and all necessary approvals, Lincoln Minerals proposes to commence exporting Direct Shipping Ore (DSO) in the latter half of 2012. It is proposed to export DSO from the main wharf at Port Lincoln using a containerised system similar to that being used at Port Adelaide in South Australia albeit with covered containers. There is good community support for this proposal.

The Company is proposing a two-stage development option:

- Stage 1 – mine and export up to 500,000 tonnes per annum DSO via Port Lincoln including upgrading ~1 Mtpa lower grade (40-55% Fe) hematite-goethite-magnetite to DSO grade
- Stage 2 – mine up to 10 Mtpa magnetite and process onsite to produce up to 2.5 Mtpa high grade concentrate for export via Port Lincoln or maybe Sheep Hill.

Planning is currently underway for Stage 1 and, following an independent review by Golder Associates Pty Ltd of the previous scoping study, capital and operating costs have been revised.

The FOB operating cost (Opex) for Stage 1 ex Port Lincoln is estimated to be about \$37 per tonne of DSO. The increased Opex (over the previously published scoping study) is mainly due to the inclusion of a crushing circuit and revised mining rates. The initial capital cost (excluding the cost of a gravity circuit) has been further reduced from the scoping study and is estimated at about \$30 million including pre-stripping of the overburden and purchase of containers.

The Gum Flat EL is also prospective for polymetallic minerals including gold, uranium, base metals (copper, lead, zinc, nickel) and graphite.

Extending west from Port Lincoln with a railway line and major highway running through the area, EL 4643 is ideally located with respect to infrastructure and proximity to a major shipping port.

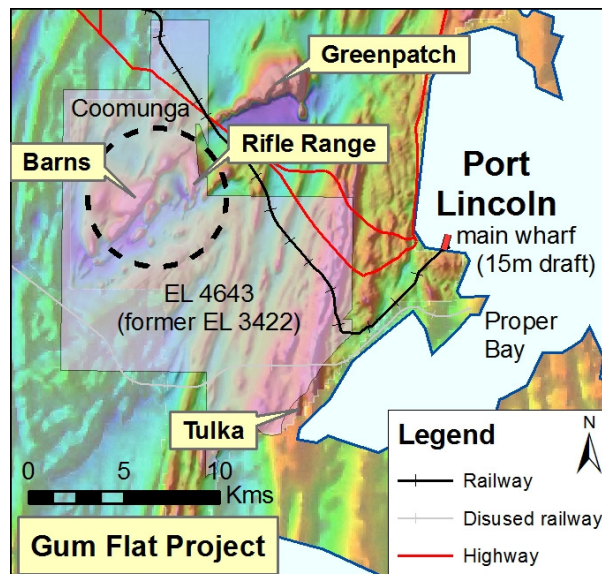


Figure 2: location of Barns, Rifle Range and Port Lincoln-Tulka aeromagnetic anomalies (shades of red)

Mineral Claim (Stage 1)

Mineral Claims for the proposed Stage 1 Barns iron ore mine have been pegged and include an area set aside for water injection wells to preserve valuable water resources excess to mine requirements.

Mining and Processing (Stage 1)

The proposed mine plan for Stage 1 mining of the Barns DSO hematite-goethite (\pm magnetite) deposit has been refined. That plan is shown below and is based on the following:

- Mine 0.5 Mtpa DSO hematite from open cut pit
- Crush, screen and transport ore by double road trains in covered containers to Port Lincoln for export in Handymax ships
- Stage 1b would involve constructing a dry magnetite/gravity concentration plant at Barns to produce a fines concentrate for export

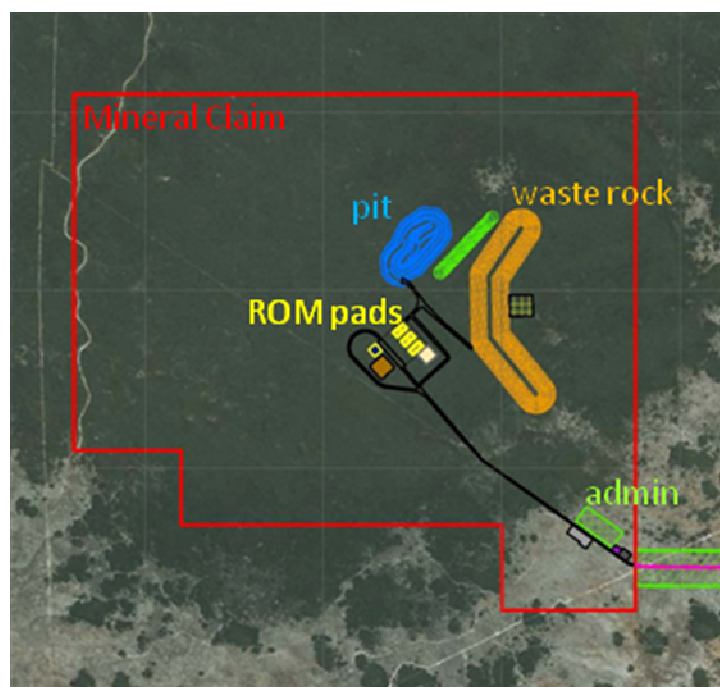


Figure 3: Proposed mine plan and site layout for Stage 1 mining of Barns DSO deposit

Transport

For Stage 1, the preferred transport option is to move DSO ore from Gum Flat to Port Lincoln via road on double road trains customised to carry 30 tonne covered containers.

Approximately 10km of Duck Pond Road would be upgraded and the intersection on Western Approach Road would be upgraded with a passing lane. Stage 1 would typically involve 2 double road trains/hour (+ return trips), 16 hours/day, 5 days/week.

The preferred storage and handling option for Port Lincoln is to use covered containers and a Rotainer system similar to that being used successfully by IMX Resources Limited at Port Adelaide. Containerised ore would be stored in the wharf precinct and loaded into ships' holds using a tippler system with mist spray to control any dust. Stage 1 production would load one Handymax ship every 4-6 weeks.

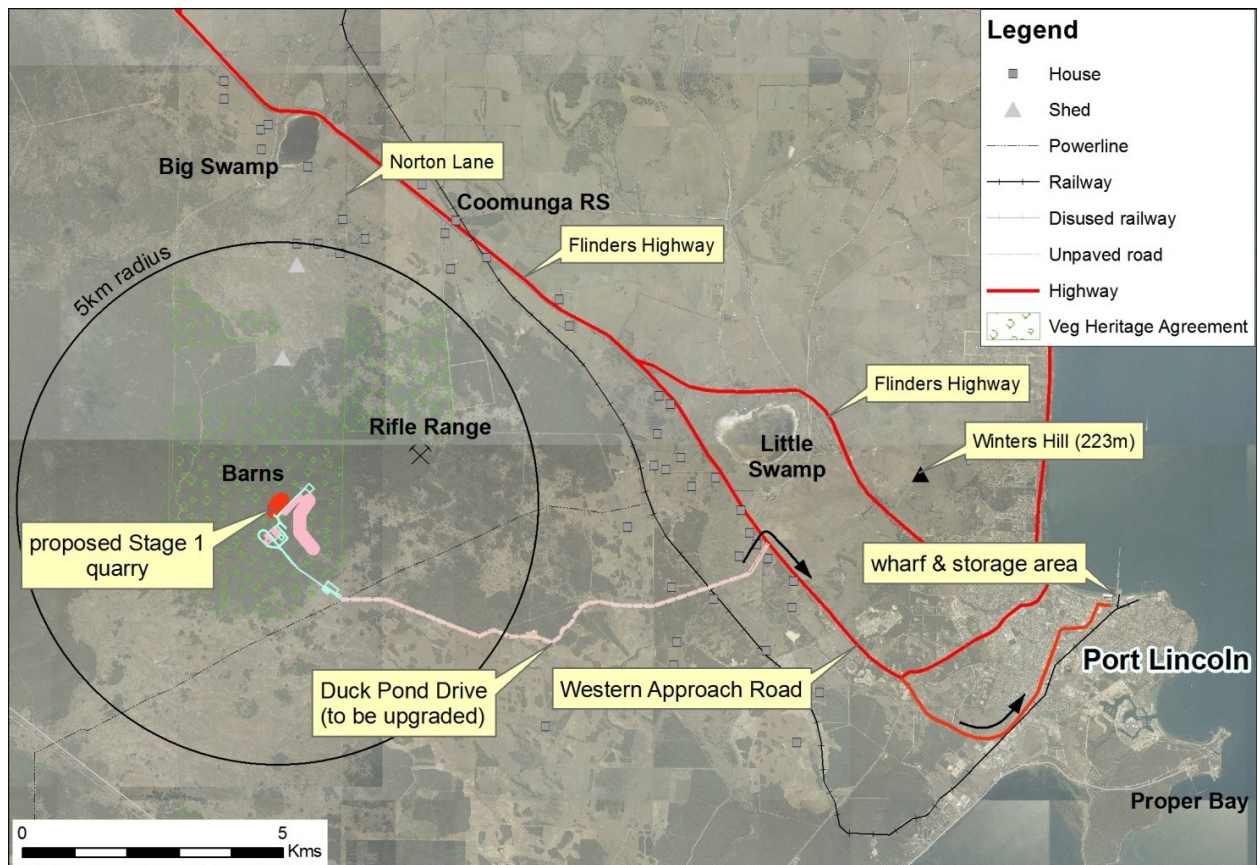


Figure 4: Conceptual transport route for Stage 1 mining of Barns DSO deposit

Drilling Programs

Geotechnical and metallurgical drilling within the proposed Barns quarry site has been completed to finalise pit wall slopes and pit design. Metallurgical tests will be undertaken to optimise the preferred processing flow sheet to upgrade 40-55% Fe ore to DSO grade (>55% Fe).

Hydrogeological Study

Groundwater is the main concern for the Barns mine plan since the proposed mine site is within a Prescribed Wells Area used for groundwater extraction by the Eyre Peninsula community.

Lincoln Minerals has devoted considerable time and resources to ensure that any proposed mining activities will not have a detrimental effect on the aquifer system.

Expanding on Lincoln's previous groundwater studies a detailed hydrogeological report has been completed and applications have been lodged with the SA Department for Water for licenses to extract water to dewater the proposed mine.

Investigations carried out to date have provided sound basic information regarding the aquifers on site, including lithology, potentiometric surface, water quality, transmissivity and the presence of hydraulic barriers. They indicate that the main calcarenite aquifer used for groundwater extraction in the Uley South Basin is dry or unsaturated in the proposed mine area and is separated from an underlying fractured bedrock aquifer system by several tens of metres of saprolite (clay). This material varies in thickness and acts as a confining layer to the basement aquifer.

Due to the presence of saprolite clay and unsaturated conditions in the Quaternary Bridgewater Formation (calcarenite), it is concluded that the basement aquifer system at the Central Barns Deposit is not hydraulically connected to the Uley East groundwater lens. It is also likely that the saprolite, if laterally extensive, will preclude hydraulic connection between the basement aquifer and the Tertiary / Quaternary aquifers of the Uley South groundwater lens.

Mining Lease Application

During the quarter, Lincoln Minerals continued preparation of a Mining Lease Application (MLA) over the Barns DSO deposit at Gum Flat.

Golder Associates Pty Ltd is preparing the MLA and has undertaken a number of ancillary studies in relation to noise, dust, traffic, transport options and mine closure. Groundwater studies were completed by Aldam Geoscience.

Community engagement is ongoing along with more detailed planning and engineering work to optimise mine development. Various meetings have been held with State and Local Government authorities and with representatives of the seafood industry.

The MLA is basically complete and is awaiting to be lodged in August 2011 subject to continuing discussions with the Primary Industries and Resources Department, SA.

Eurilla Iron Ore and Uranium Project– ELs 3690, 3704, 4093 & 4310

(LML has exclusive rights to all minerals)

The Eurilla Project area is along strike from the Wilcherry Hill (IronClad Mining) magnetite (gold), Hercules iron ore and Menninnie Dam zinc-lead-silver (Terramin) deposits to the northwest and has potential for iron ore, uranium, gold, manganese and/or base metal mineralisation possibly with associated hydrothermal iron oxide and/or sericite alteration.

The Inferred Mineral Resource for Eurilla South iron ore is 21.7 Mt @ 33.3% Fe. Based on a 1.6km strike length of high intensity aeromagnetic anomalies, Lincoln considers the combined exploration target (**) for the Eurilla South and Jungle Dam prospects is 50-100 Mt @ 30-35% Fe with potential for a small amount of direct shipping iron ore (DSO).

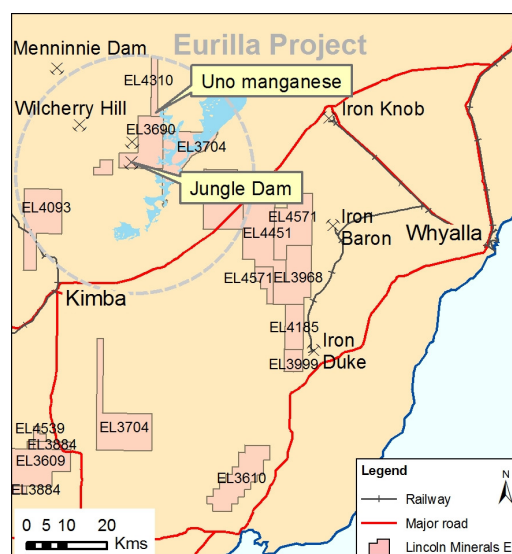


Figure 5: location of Eurilla Project

In addition to iron ore at Eurilla, Lincoln has previously identified within EL 3690, a zone of uranium mineralisation approximately 200m wide and at least 200m long open both to the north and south along strike. Drilling results from 2007 and 2008 include intervals grading up to 0.07% U accompanied by up to 0.5% base metal (Zn+Pb+Ni+Cu+Co) in a weathered cap rock overlying pyritic and graphitic units of the Middleback Subgroup.

During the quarter, Lincoln Minerals undertook a diamond core drilling program as part of the South Australian Government PACE program. Drilling focused on the Jungle Dam area to evaluate the nature and depth extent of uranium, iron and base metal mineralisation. No assay results are yet available.

On EL 4310 to the north of Jungle Dam, Lincoln Minerals has identified outcrops of high grade manganese near Uno northeast of Kimba on South Australia's northern Eyre Peninsula. Assays include:

- Up to 66% MnO and up to 61% Fe₂O₃ in surface gossans
- Associated with up to 0.1% Cu, up to 0.29% Co and up to 27g/t Ag.

The mineralisation (see Table 1 below) has been identified in selected gossanous outcrops and scree.

While these assays only represent a very early stage of exploration on this tenement, the Company is encouraged by the results. There is no indication yet of depth of mineralisation but outcrops extend over a strike length of 150m trending northwest.

SampleID	Northing	Easting	Ag ppm	Co %	Cu %	Fe2O3 %	MnO %	P2O5 %	LOI1000 %
MAR001	6376067	656802	2.8	0.073	0.043	60.5	13.65	0.912	11.85
MAR002	6376049	656792	16.6	0.128	0.106	21.7	44.3	0.424	13.1
MAR003	6376039	656792	16.3	0.127	0.11	22.1	43.5	0.425	13.1
MAR004	6376081	656774	13.5	0.176	0.108	26.1	33.8	0.47	13.3
MAR005	6376090	656787	21.2	0.076	0.077	3.32	59.9	0.17	11.25
MAR006	6376056	656746	13.2	0.135	0.062	14.2	30.9	0.213	11
MAR007	6376094	656753	8.3	0.086	0.056	48.9	24	0.745	12.95
MAR008	6376118	656751	26.9	0.136	0.047	4.19	65.6	0.142	12.1
MAR009	6376059	656736	13.8	0.289	0.084	26.5	32.4	0.405	12.95
MAR011	6376125	656742	15.7	0.168	0.065	20.9	40.9	0.213	10.95
MAR012	6376086	656695	14.7	0.162	0.118	31.9	38	0.475	13.8
MAR013	6376114	656699	12.6	0.126	0.113	31.4	36.6	0.452	13.75
MAR015	6376099	656686	11	0.109	0.062	32.7	29.8	0.159	11.25
MAR016	6376136	656682	20.4	0.126	0.098	17.4	46.6	0.372	13.15

Table 1: Assay results from surface outcrops on EL 4310

Tumby Bay-Koppio-White Flat-Greenpatch base metals – ELs 3611, 3731, 3877 and 4384

(LML has rights to all metals except iron)

Eyre Iron Pty Ltd, the JV company established between Centrex Metals Limited (CXM), the SA Iron Ore Group Pty Ltd and Wuhan Iron and Steel Group (WISCO), has completed a major drilling program of 18,065m in the southern tenements.

Under the terms of the Coordination and other agreements between the CXM group and Lincoln Minerals, the drilling and assay data will be shared with Lincoln Minerals and the Company has access to all Eyre Iron drill core for review and additional sampling. Some of this drilling has been in areas of interest to Lincoln Minerals for copper and base metal exploration.

Additional drilling (about 5,000m) is planned by Eyre Iron in the region of historical copper mines extending down to White Flat during the next quarter.

Lincoln Minerals has lodged an application for a SA Government PACE grant to undertake an airborne electromagnetic (EM) geophysical survey over the Tumby Bay mines area.

Bungalow base metals and vanadium – ELs 3610

(LML has rights to all metals except iron)

CXM and its Chinese joint venture partner, the Baogang Group, has completed a major drilling program at Bungalow near Cowell for a total of 18,992m.

Under the terms of the Coordination and other agreements between the CXM group and Lincoln Minerals, the drilling and assay data will be shared with Lincoln Minerals and the Company has access to all Bungalow drill core for review and additional sampling. This drilling is of interest to Lincoln Minerals for copper and vanadium.

Other Projects

No significant exploration was undertaken on Lincoln's other South Australian tenements during the quarter.



Lincoln Minerals has lodged an application for a SA Government PACE grant to undertake an airborne electromagnetic (EM) geophysical survey over the Campoona Syncline in the Cockabidnie area.

INDONESIA

Lincoln Asia-Pacific Limited

During the quarter, Lincoln Minerals continued to review and undertake due diligence on a number of projects in Indonesia with particular emphasis on western Timor.

Two manganese projects in the eastern region of west Timor have been relinquished due to access restrictions and lack of significant encouragement in the way of surface manganese anomalies. However, a project near Lampung in the western region has shallow surface outcrops with up to 55% Mn along a 4km long zone of mineralisation.

Field work and digging of shallow test pits has commenced in the Lampung area to map the manganese occurrences in detail and is also scheduled for an iron sand and manganese project in Flores.



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.

*** It is emphasized that exploration target tonnage 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.*

CORPORATE

At 30 June 2011, the Company had approximately \$1.9 million cash.

The Company is maintaining an ongoing lookout for other corporate opportunities in the way of potential off-take agreements for its proposed iron ore production in late 2012, direct investment agreements to fund mine and/or project development, and additional exploration or development projects. Discussions are continuing with potential Chinese investors and trading partners.

Board and Management

Richard V. Ryan AO	Chairman (Non-Executive)
Dr A John Parker	Managing Director
Peter E. Cox	Director and Company Secretary
Robert A. Althoff	Director (Non-Executive)
Eng Hoe Lim	Director (Non-Executive)

Securities on Issue

Shares at 30 June 2011	133,363,972
Options outstanding	
Exercisable at 20 cents, expiring 31 December 2011	4,350,000
Exercisable at 25 cents, expiring 31 December 2011	100,000
Exercisable at 30 cents, expiring 31 December 2011	110,000
Total Options	4,760,000

Tenements at 30 June 2011

Tenements	Exclusive Rights	Area (sq km)
11	All minerals	2,646
16	All minerals except iron ore	1,947
1	Exploration License Application	510
TOTAL		5,103

