

Quarterly Activities Report – September 2011

SUMMARY

Ongoing Growth

- Mining Lease Proposal prepared on advanced Gum Flat iron ore project in SA and ready to be lodged subject to Government acceptance
- EPBC decision that proposed Gum Flat mine is not a Commonwealth Controlled Action
- Start-up target for Stage 1 Gum Flat mine mid-late 2012 **
- Strong support for using covered containers for ore 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 and lodged
 - Mining Lease Proposal final draft prepared and awaits submission
 - Detailed groundwater report completed and applications lodged for mine dewatering
 - Discussions ongoing re transport and shipping using covered containers
 - Community consultation program ongoing

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

- PACE drilling program completed over Jungle Dam iron and uranium targets
- Up to 66% MnO and 61% Fe₂O₃ in surface gossans

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

- Exploration License offered to Lincoln Minerals

Cockabidnie Nickel-Cobalt-Base Metal Project (SA's Eyre Peninsula)

- SA Government PACE grant approved for proposed electromagnetic (EM) survey

Timor Manganese Project (Indonesia)

- Field program continuing in western Timor and Flores
- Initial sampling indicates grades of up to 59% Mn in near surface exposures

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, securing all requisite mining, infrastructure and development approvals following community engagement and obtaining suitable project finance**

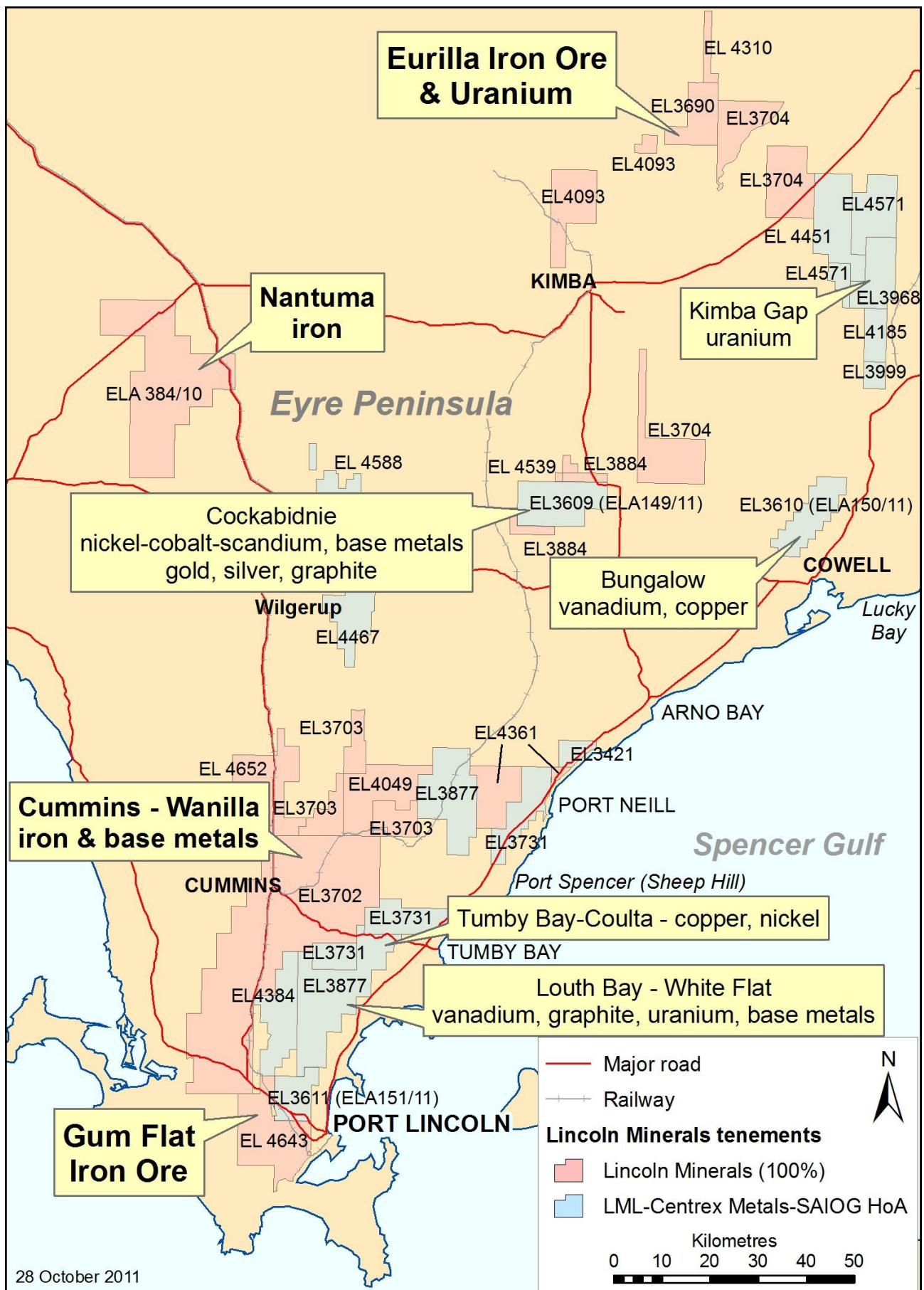


Figure 1: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements

SOUTH AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

Gum Flat Iron Ore Project – EL 4643

(LML has exclusive rights to all minerals)

Lincoln's 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 over a 3-5 year mine life
- 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 Port Spencer, subject to defining additional resources and over a mine life in the order of 20 years.

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

The Free on Board (FOB) operating cost (Opex) for Stage 1 ex Port Lincoln is estimated to be about A\$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 A\$20 million including the purchase of containers. If containers are leased, this capital cost could be reduced to less than A\$10 million.

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

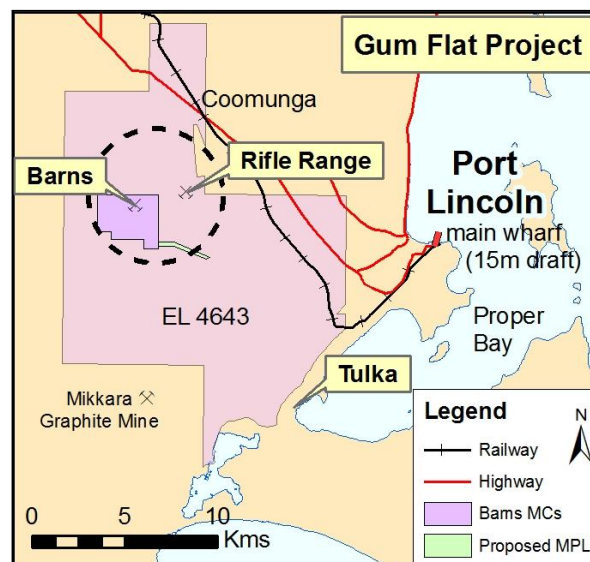


Figure 2: Location of Gum Flat
Barns' deposit mineral claims

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.

Mineral Claim (Stage 1)

Mineral Claims and a Miscellaneous Purpose Lease claim 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 operational 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 a conventional open cut pit or quarry
- 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 also for transport in covered containers to Port Lincoln for export.

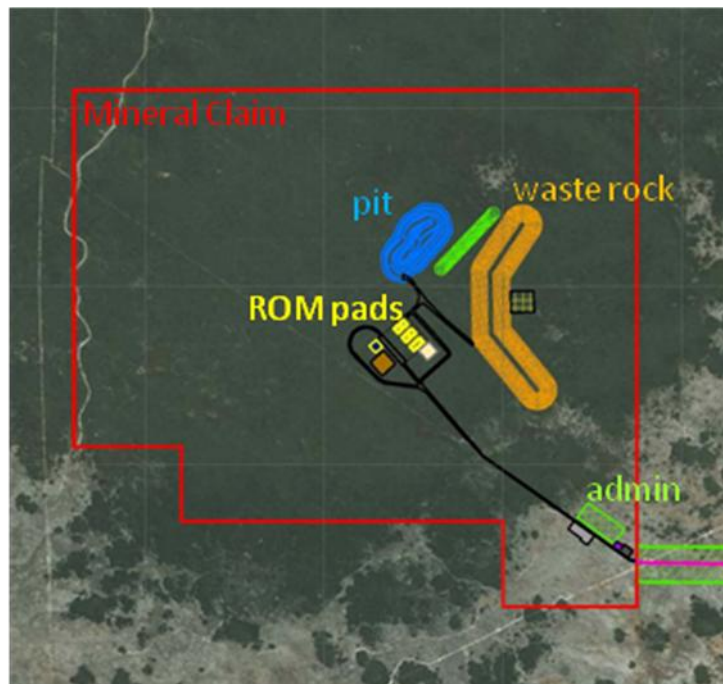


Figure 3: Proposed mine plan and site layout for Stage 1 mining of Barns DSO deposit

Transport

For Stage 1, it is proposed to transport 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/turning 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.

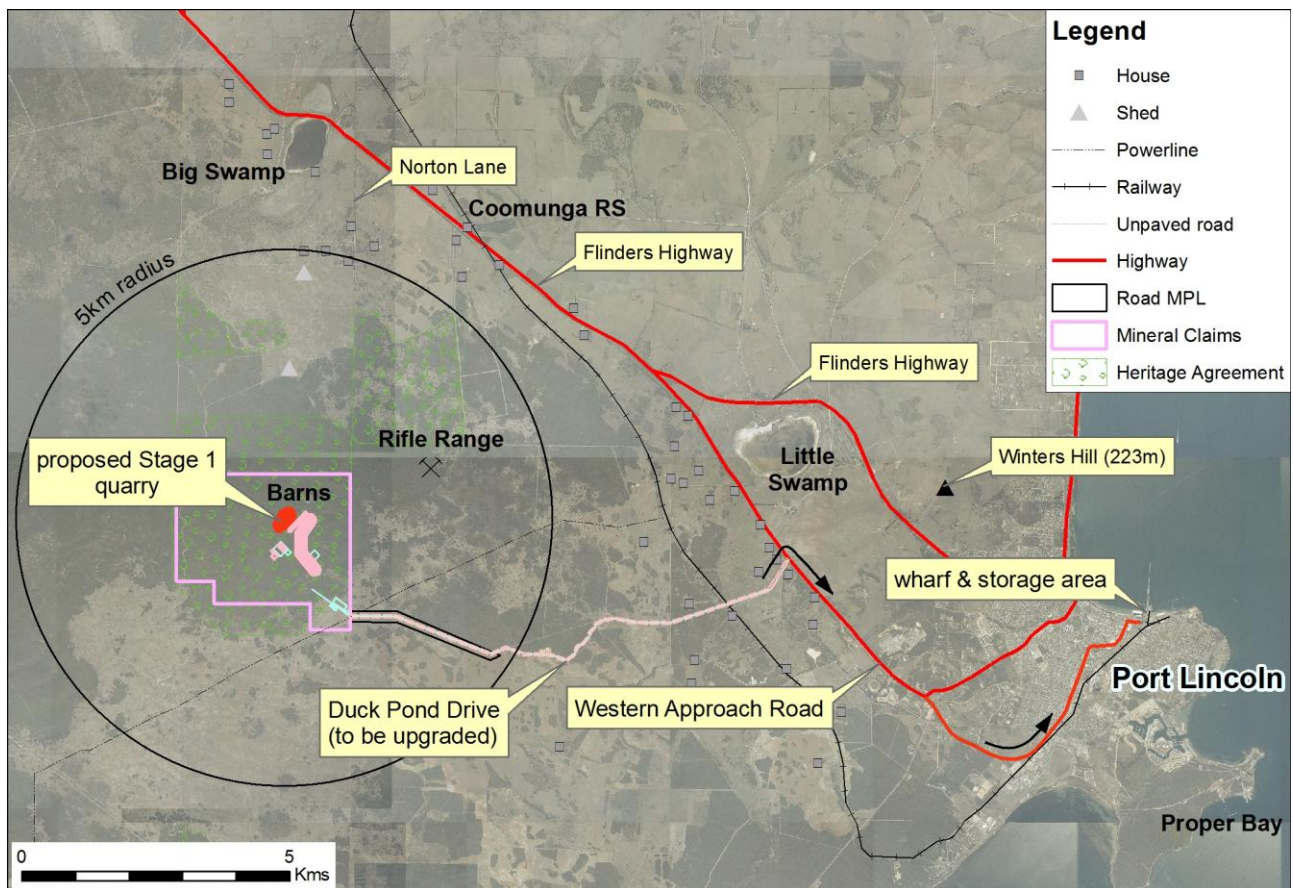


Figure 4: Conceptual transport route for Stage 1 mining of Barns DSO deposit

EPBC Referral

Lincoln Minerals has recently received the decision from the Commonwealth Department of Sustainability, Environment, Water, Population and Communities that the Company's proposed mine or quarry at its Barns iron ore deposit on South Australia's southern Eyre Peninsula is not a Controlled Action under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

The EPBC decision means that the Commonwealth Government does not have any concerns that the proposed Gum Flat mine will significantly disturb local fauna and flora and in particular any threatened or endangered species (animals, birds, plants). A Protected Matters search by our environmental consultants only identified 8 threatened species (5 plant species and 3 bird species) as potentially present in the general region but it was unlikely that they would be present in the actual proposed mine area. There are also several listed migratory birds including marine birds in the region but again it was concluded that they would unlikely be present in or disturbed by our proposed mine. The Protected Matters search also included Port Lincoln harbour and our proposed use of the port.

This means that the proposed mine at the Gum Flat Barns deposit and proposed port use do not require further assessment and approval under the Commonwealth EPBC Act.

Although this decision does not affect any requirement for State or Local Government environmental assessment and approval, it is a significant milestone for the Company in its bid to develop an iron ore mine at the Barns deposit.

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 affect 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 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.

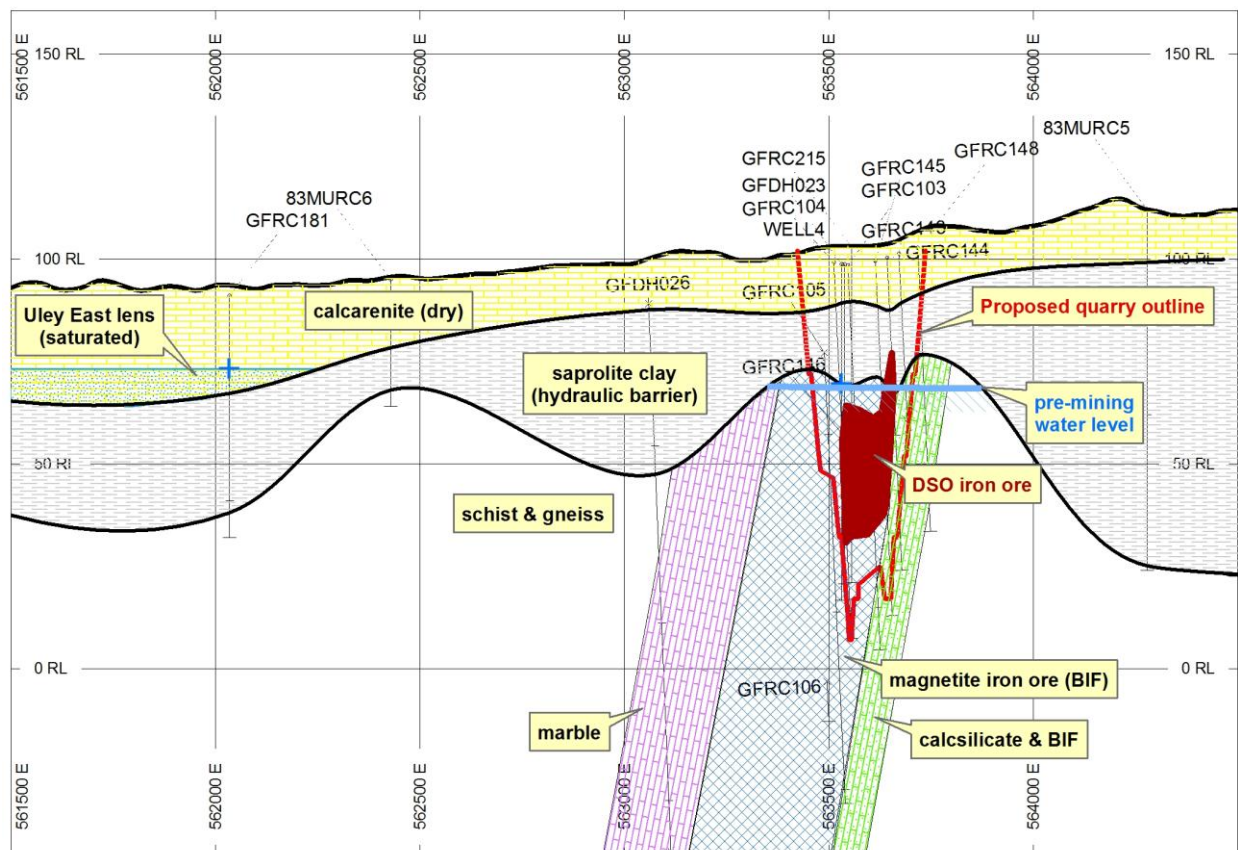


Figure 5: East-west geological section across the Barns DSO deposit (vertical exaggeration = 10:1)

Due to the presence of saprolite clay and unsaturated conditions in the Quaternary Bridgewater Formation (calcarenite) at the Central Barns Deposit, the basement aquifer system 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 completed the first draft of a Mining Lease Proposal (MLP) over the Barns DSO deposit at Gum Flat.

Golder Associates Pty Ltd prepared the MLP 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, local landholders and representatives of the seafood industry.

The MLP is ready to be lodged for review 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).

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.

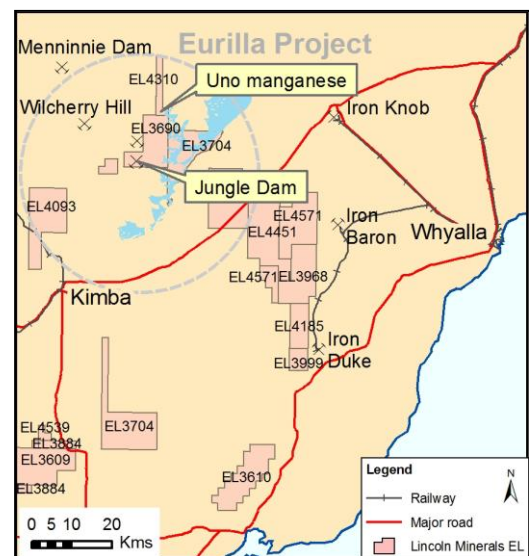


Figure 6: Location of Eurilla Project

During the previous 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.

Nantuma Iron Ore Project– ELA 384/10

(LML will have exclusive rights to all minerals upon granting of EL)

Lincoln Minerals is set to expand its iron ore footprint on South Australia's Eyre Peninsula and has been offered an exploration licence for an initial period of two years for an area, ELA 384/10, immediately west of Iron Road Limited's (IRD) Warramboe-Central Eyre Iron Project.

The Nantuma area comprises 510 square kilometres and includes the western extensions of the Warrambo and Kopi suites of magnetic anomalies.

There is a total of at least 25km of moderate to high intensity aeromagnetic anomalies within the EL being offered. This represents a significant exploration target for iron ore at potentially similar grades to what Iron Road has identified at Warrambo.

Importantly, it adds to Lincoln Minerals' iron ore footprint at a time when Eyre Peninsula – home to Australia's first iron ore mining operations – is re-emerging under modern exploration technologies and methods as an Australian iron province with substantial remaining upside.

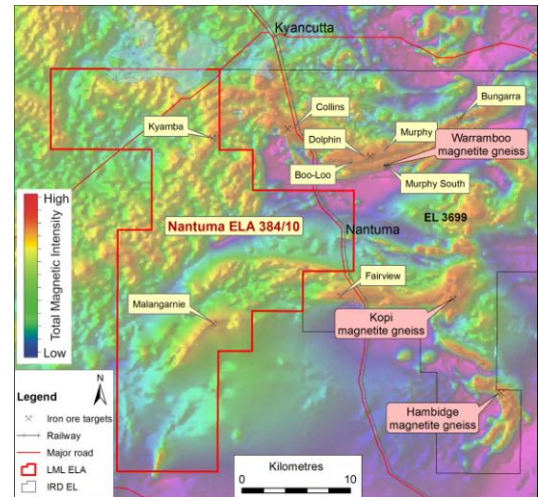


Figure 7: Location of Nantuma Project aeromagnetic anomalies

Tumby Bay-Koppio-White Flat-Greenpatch

base metals, graphite and uranium - ELs 3611 (ELA 151/11), 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 drilling programs in these 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 is planned by Eyre Iron in the region of historical copper mines extending down to White Flat.

Lincoln Minerals was unsuccessful in 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 – EL 3610 (ELA 150/11)

(LML has rights to all metals except iron)

CXM and its Chinese joint venture partner, the Baogang Group, have completed drilling programs at Bungalow near Cowell and currently have a number of rigs actively drilling iron ore targets.

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, in particular, copper and vanadium. Previous drilling has identified copper up to 0.6% Cu and vanadium up to 0.8% V₂O₅ the latter in magnetite concentrates.

Cockabidnie nickel-cobalt and base metals – EL 3609 (ELA 149/11)

(LML has rights to all metals except iron)

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

This is part of the South Australian Government's PACE 2020 Initiative. The level of funding approved is \$52,500.

Other Projects

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

SOUTH EAST ASIA

Lincoln Asia-Pacific Limited

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

A manganese project near Kupang in western Timor has shallow surface outcrops with up to 59.5% Mn along a 4km long zone of mineralisation.

Field work and digging of shallow test pits is continuing in the Kupang area to map the manganese occurrences in detail and is also scheduled for an iron sand and manganese project in Flores in the coming quarter. Lincoln's Chief Geologist is currently reviewing the projects and developing exploration strategies to target manganese deposits.



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 September 2011, the Company had approximately \$0.96 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 late in 2012, direct investment agreements to fund mine and/or project development, and additional exploration or development projects. Discussions are continuing with potential Chinese and Indian 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 September 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	4,560,000

Tenements at 30 September 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