

Quarterly Activities Report – December 2011

SUMMARY

New high grade base metal discovery at Minbrie on SA's Eyre Peninsula

- High grade copper-lead-zinc-silver mineralisation
- 29.5m interval averaging 0.76% copper, 7.37% lead, 1.88% zinc, 9.0 g/t silver and trace gold
- Copper equivalent grade of 3.05% CuEq over 29.5m interval

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

- Planning and background studies ongoing for proposed Barns Stage 1 DSO iron ore mine
 - Mining Lease Proposal completed and reviewed by SA Government
 - Revised groundwater license applications prepared for mine dewatering
 - Community consultation and discussions ongoing re mining, transport and shipping using covered containers
- Stage 2 magnetite resource modelling in progress
- Graphite – 13m interval at 12% total carbon

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

- 510 square kilometre Exploration License granted to Lincoln Minerals for initial 2 years
- Potential iron ore Exploration Target (**) of 0.7 to 1.8 billion tonnes
- Immediately adjacent to Iron Road Limited's Murphy South, Warrambo and Kopi iron projects

Uno Manganese (SA's Eyre Peninsula; LML 100%)

- Mineralised gossans mapped out over a strike length of 650m and open in multiple directions
- Up to 52% MnO and 59.9% Fe₂O₃ in surface gossans, associated with up to 0.16% Cu, 0.25% Co, 4.5 g/t Ag, 0.13% Ni and 0.1% Zn.

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

- Planning for electromagnetic (EM) survey (supported by SA Government PACE grant)

Timor Manganese (Indonesia)

- LML has decided to withdraw from Indonesia to focus on Australian projects

DSO = Direct Shipping Ore

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



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

SOUTH AUSTRALIA

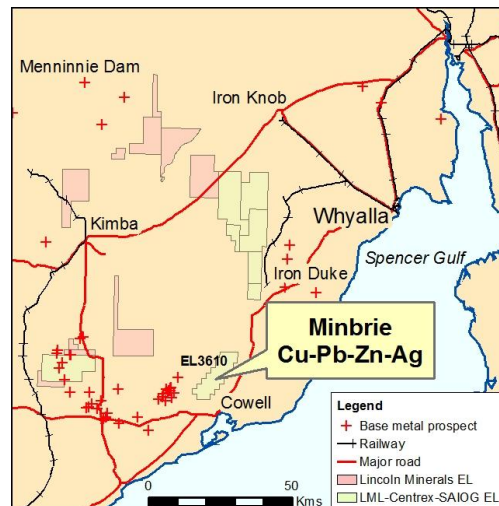
EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

Minbrie copper-lead-zinc-silver and vanadium – EL 3610 (ELA 150/11)

(LML has rights to all metals/minerals except iron)

Lincoln Minerals Limited is pleased to advise a new base metal discovery comprising intersections of significant copper-lead-zinc and silver mineralisation, from a drilling program conducted at Minbrie near Bungalow on the east coast of South Australia's Eyre Peninsula.

The new discovery was made in diamond core drillhole, BUDD192 (676974mE, 6282951mN, MGA94 Zone 53, angled -60° toward 135°) within the interval 131.1m to 160.6m (Figure 3). Laboratory assay results over that 29.5m interval define an average grade of 0.76% Cu, 7.37% Pb, 1.88% Zn, 9.0g/t Ag and trace gold to produce a 3.05% Cu equivalent with higher grade intersections outlined in the table below.



From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Copper Equivalent (%)
131.1	160.6	29.5	0.01	9.0	0.76	7.37	1.88	3.05
<i>including</i>								
139	151	12	-	13.2	1.35	12.39	2.06	4.95
145	146	1	-	36	4.8	31	3.14	13.32
156	159	3	0.09	17.0	1.74	19.37	2.03	7.08

Base metal grades range up to 4.8% Cu (145-146m), 47.1% Pb (141-142m), 5.5% Zn (133-134m) along with up to 36 g/t Ag (145-146m) and trace gold up to 0.1 g/t Au (156-157m and 158-159m).

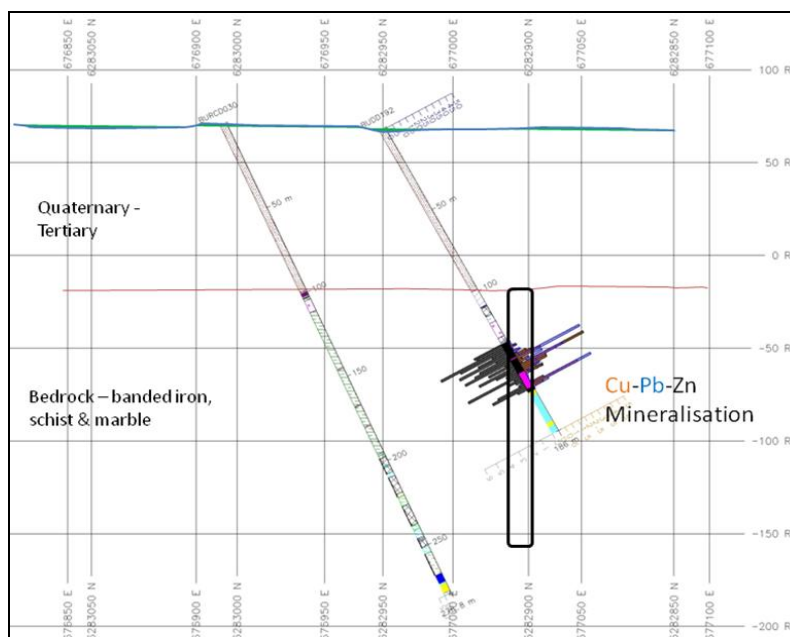


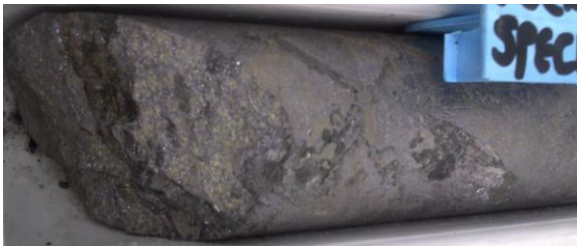
Figure 3: Geological section through BUDD192 drillhole (brown bars = copper, purple = lead, black = zinc)

The discovery of copper-lead-zinc-silver at Minbrie represents an exciting new base metal discovery on the Gawler Craton and Eyre Peninsula. Historical mining of copper, lead and silver in the hills to the west of Minbrie, occurred late in the 1800s through to about 1915 while more recently, Terramin Australia Limited has defined a 7.7 million tonne zinc-lead-silver Inferred Resource (3.1% Zn, 2.6% Pb, 27g/t Ag) at Menninnie Dam to the northwest of Minbrie on northern Eyre Peninsula. Furthermore, the high lead and close proximity of the Port Pirie lead smelter make this an attractive proposition.

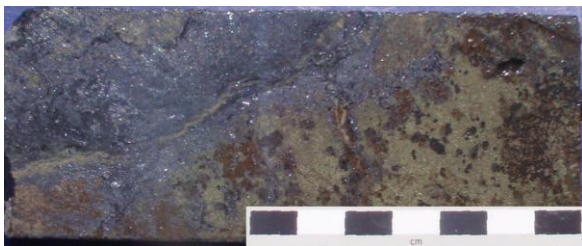
The results for Minbrie also compare favourably with copper grades at Rex Minerals' Hillside copper deposit on SA's Yorke Peninsula where an Inferred Resource of 217Mt @ 0.7% Cu, 0.2g/t Au, 12.4% iron has been defined, and Oz Minerals' Prominent Hill deposit well to the north of Eyre Peninsula which contains 272.7Mt at 0.98% Cu, 0.7g/t Au.

The drilling was undertaken by iron ore developer, Centrex Metals Limited (ASX: "CXM") and one of its Joint Venture partners on Eyre Peninsula, Baotou Iron and Steel Company, within exploration license EL 3610, 100km southwest of Whyalla and 10km north of Cowell. On this and other ELs on Eyre Peninsula under exploration by CXM and that company's wholly owned subsidiary, South Australian Iron Ore Group Limited (SAIOG), Lincoln Minerals retains 100% of the rights for all minerals and metals - other than iron. CXM and its Chinese joint venture partner have completed major drilling programs at Bungalow-Minbrie 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 are shared with Lincoln Minerals, and the Company has access to all drill core for review and additional sampling.



Visible galena (silvery-grey) and chalcopyrite (yellowish) in drillcore from Minbrie BUDD192, 157.2m



Galena (silvery-grey), chalcopyrite (yellowish) and sphalerite (reddish-brown) in drillcore from Minbrie BUDD192, 141m (bar scale in centimetres)

Drilling and assaying by the CXM group has also identified vanadium up to 0.8% V_2O_5 in magnetite concentrates.

Lincoln Minerals is very encouraged by these discoveries. While this work represents an early stage of base metal exploration on this prospect, the Company will expedite exploration strategies to define the extent of base metal mineralisation and will continue to monitor Centrex drilling and test intervals of base metal and other non-ferrous mineralisation.



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 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 potential 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 groundwater licenses, 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 potentially 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.

The Gum Flat EL is also prospective for polymetallic minerals including gold, uranium, base metals (copper, lead, zinc, nickel) and, in particular, graphite. EL 4643 is only 2 km north along strike from the world-class Uley Graphite Mine.

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.

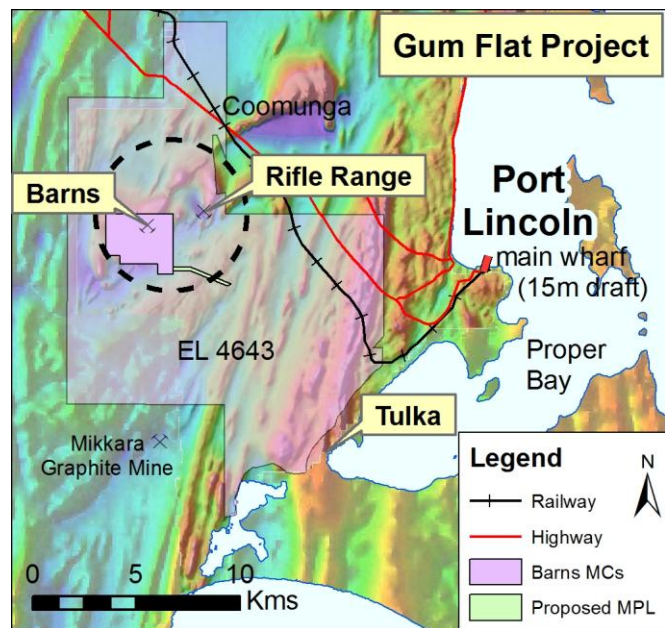


Figure 4: Location of Gum Flat Barns' deposit mineral claims and aeromagnetic targets (reddish-pink areas)

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 or unsustainable affect on the aquifer system.

A detailed hydrogeological report has been completed and reviewed by the SA Department for Water (DfW) for licenses to extract water to dewater the proposed mine and re-inject excess water back into the aquifer system. Questions raised by DfW have been addressed and compiled into a revised submission.

Investigations carried out to date have provided sound scientific 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 Lens is dry or unsaturated in the proposed mine area and is separated from the underlying fractured bedrock aquifer system by saprolite-clay. This clay material varies in thickness but acts as an effective barrier to transmission of groundwater between the basement aquifer and overlying aquifers.

Due to the presence of saprolite clay, impermeable schist and gneiss northwest of the Barns iron formation, and unsaturated conditions in the Quaternary Bridgewater Formation (calcarenite) at the Central Barns Deposit, the basement aquifer system at the proposed minesite is not hydraulically connected to the Uley East groundwater lens, the Big Swamp system or the Tertiary / Quaternary aquifers of the Uley South groundwater lens.

Mining Lease Application

During the quarter, Lincoln Minerals completed the Mining Lease Proposal (MLP) over the Barns DSO deposit at Gum Flat and submitted it to the State Government Department for Manufacturing, Industry, Trade, Resources and Energy (DMITRE) for review.

Golder Associates Pty Ltd prepared the MLP and undertook a number of ancillary studies in relation to noise, dust, traffic, transport options and mine closure. Groundwater studies were completed by Aldam Geoscience and Lisdon Associates.

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.

Nantuma iron ore – EL 4815

(LML has exclusive rights to all minerals)

Lincoln Minerals has expanded its iron ore footprint on South Australia's Eyre Peninsula with the granting on 21 December 2011 of Exploration Licence EL 4815 for an initial period of two years for an area immediately west of Iron Road Limited's (IRD) Warramboo-Central Eyre Iron Project.

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

There is a total of at least 25km of moderate to high intensity aeromagnetic anomalies within EL 4815 but, of that, only 13.5km has

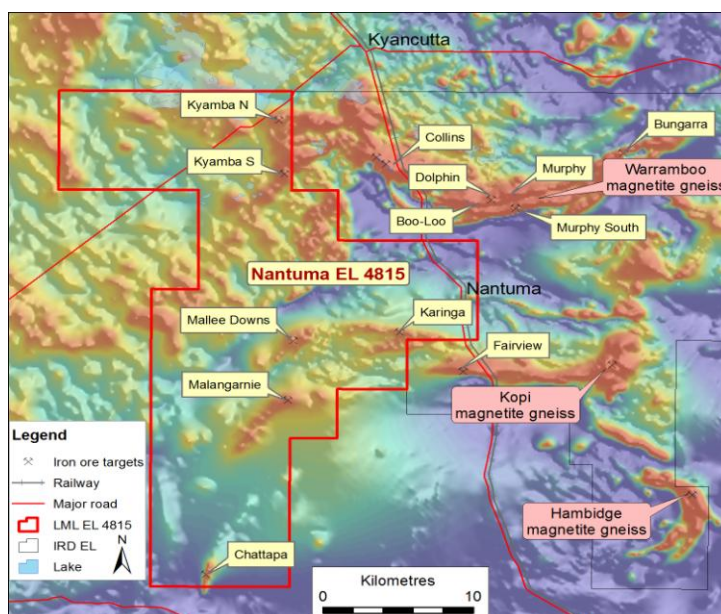


Figure 5: Location of Nantuma Project aeromagnetic anomalies and exploration targets

been included in Priority 1 exploration target estimates. No detailed magnetic modeling has been undertaken on individual magnetic anomalies but conceptual dips, apparent thicknesses and depths of cover used to determine exploration targets are shown in the following table. Mineralisation has been projected to 300m below ground level.

The potential average grade of the exploration target is estimated at 14% to 20% Fe based on Iron Road's published results for the Murphy South (16.1% Fe), Boo Loo (17.3% Fe) and Hambidge (15-18% Fe) deposits.

	Kyamba N	Kyamba S	Mallee Downs	Karinga	Malanganie	Chattapa	Total
Thickness – lower estimate	60m	60m	60m	60m	60m	60m	13.5 km
Thickness – upper estimate	150m	150m	150m	150m	150m	150m	
Vertical extent of cover below ground level	50m	50m	50m	50m	50m	50m	
Assumed dip of BIF	70 ⁰	70 ⁰	70 ⁰	70 ⁰	70 ⁰	70 ⁰	
Proposed depth below ground level	300m	300m	300m	300m	300m	300m	
Strike length (based on aeromagnetism)	1200m	2200m	1200m	3500m	3600m	1800m	
Magnetite gneiss rock density (gm/cc)	3.1	3.1	3.1	3.1	3.1	3.1	
Exploration Target – Lower Estimate	59 Mt	109 Mt	59 Mt	173 Mt	178 Mt	124 Mt	703 Mt
Exploration Target – Upper Estimate	148 Mt	272 Mt	148 Mt	433 Mt	445 Mt	371 Mt	1,819 Mt

Mt = million tonnes

It is again emphasized that information in this table relating to exploration targets should not be misconstrued as an estimate of Mineral Resources or Ore Reserves. Exploration target tonnage and grade estimates are entirely conceptual in nature. There has been insufficient or no drilling in the immediate areas of these targets and it is uncertain if exploration will result in the estimation of a Mineral Resource.

The new Nantuma exploration license further enhances Lincoln's iron ore exploration targets on the Peninsula and, 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.

Uno manganese (Eurilla Project) – EL 4310

(LML has exclusive rights to all minerals)

The Eurilla Project area (ELs 3690, 3704, 4093 and 4310) 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, silver and base metal mineralisation.

Previous work on the Eurilla Project has identified:

- 21.7 Mt @ 33.3% Fe Inferred Mineral Resource for Eurilla South iron ore
- An iron ore exploration target (**) of 50-100 Mt @ 30-35% Fe with potential for a small amount of direct shipping iron ore (DSO)
- Uranium mineralisation grading up to 0.07% U along

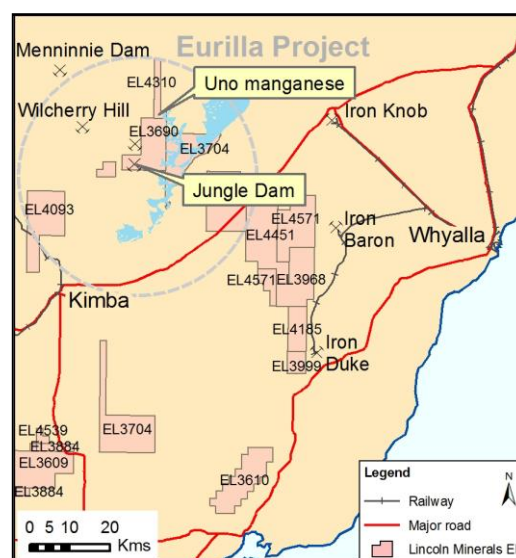


Figure 6: Location of Eurilla Project

with up to 0.5% base metal (Zn+Pb+Ni+Cu+Co) over a 5 hectare area

- Manganese mineralisation grading up to 66% MnO with associated copper, cobalt and silver.

Fieldwork completed by Lincoln Minerals in October 2011 on the Uno manganese prospect mapped manganese-iron gossans over a strike length of 650m and open in multiple directions (Figure 7).

Rock chip samples were collected at various locations along strike and along lateral extents of surface outcrop. Several small hand dug pits confirmed continuity under thin soil cover with these samples and outcrop samples submitted for laboratory analysis.

Latest assay results confirm the high grade manganese and iron potential noted above, with up to 52% MnO and 59.9% Fe₂O₃ in surface gossans, associated with up to 0.16% Cu, 0.25% Co, 4.5 g/t Ag, 0.13% Ni and 0.1% Zn (see ASX announcement, 14 December 2011). While the vertical extent of mineralisation is unknown, a hand dug hole into the middle of the prospect displayed continuity with the bottom of the hole finishing in greater than 20% grade MnO and 40% Fe₂O₃.

Although it is early stages yet in exploration at Uno, nonetheless the sampling results are sufficient for Lincoln to consider a drill program within the opening half of calendar 2012.

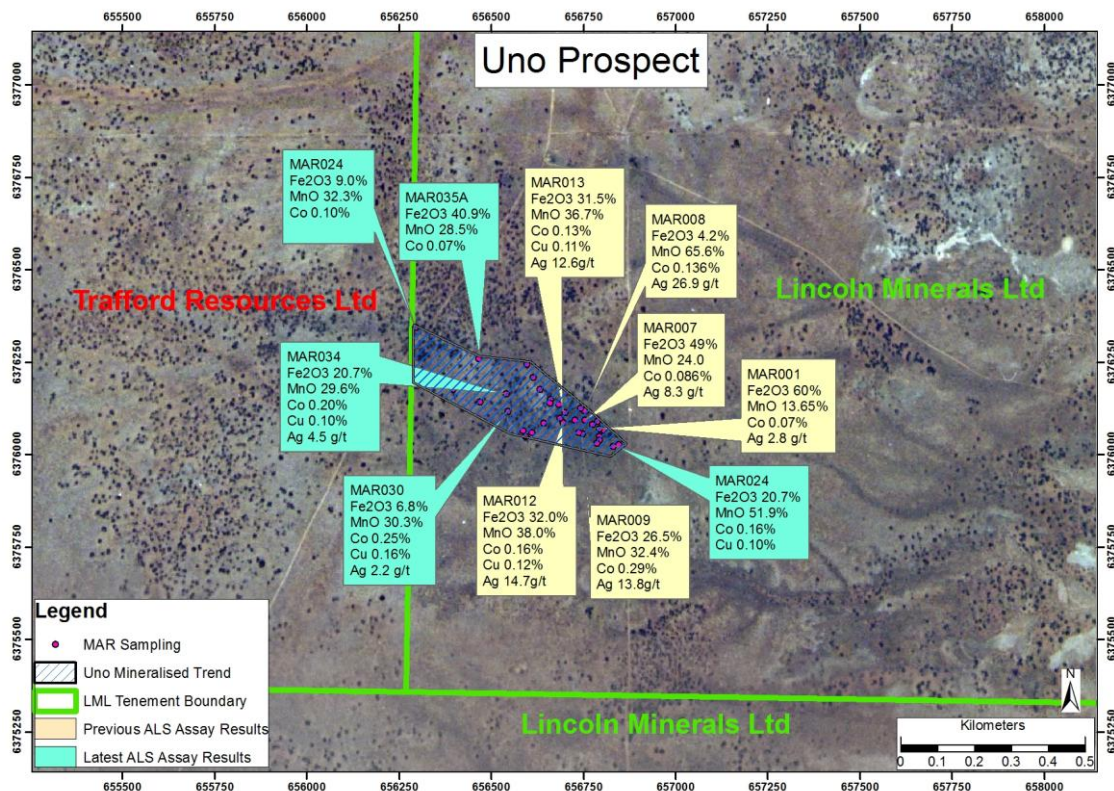


Figure 7: Extent of mineralisation at the Uno Prospect, with anomalous assay results.

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 major 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 and the Company's geologists have been maintaining an active program of reviewing drillhole data and selective drill core.

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 Tumbly Bay mines area.

Cockabidnie nickel-cobalt and base metals – ELs 3609 (ELA 149/11), 3884 and 4539

(LML has rights to all metals except iron on ELs 3609 and 3884, and rights to all metals on EL 3884)

Lincoln Minerals has recently been offered a SA Government PACE grant to undertake an airborne electromagnetic (EM) geophysical survey over the Campoonia Syncline in the Cockabidnie area.

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

Graphite – various ELs

(LML has exclusive rights to graphite on all tenements)

Graphite is a form of carbon, an excellent conductor of heat and electricity with the highest natural strength and stiffness of any material to extremely high temperatures. It is best known as the "lead" in pencils and as a dry lubricant. It is also commonly used in steelmaking, "brushes" in electrical motors etc and, in particular, in lithium-ion batteries which is a growing market.

There are 3 naturally occurring types of graphite:

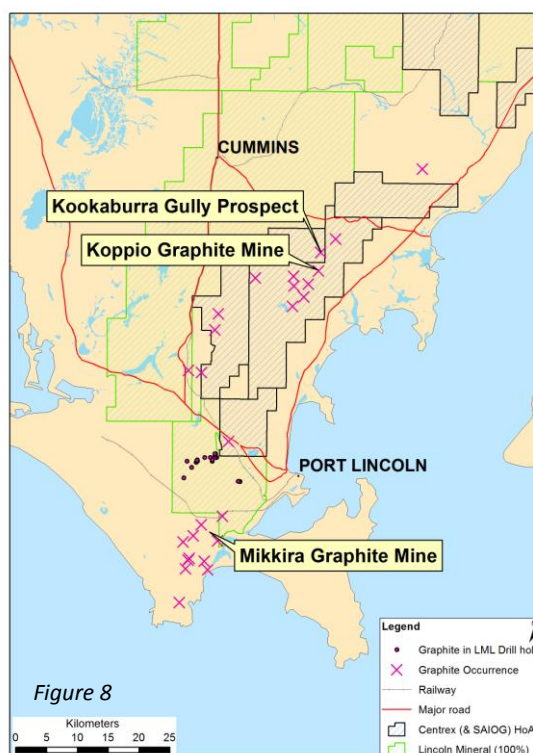
- Crystalline flake graphite (flat, plate-like particles)
- Amorphous graphite
- Lump or vein graphite (= coarse, flake graphite)

Flake graphite is most valuable with current market prices for high grade 94-97% C between US\$2,000 and US\$3,000 per tonne. Amorphous graphite sells for less than US\$1,000.

75% of world graphite is mined in China but resources (mostly amorphous) and exports from China are diminishing. China has also imposed a 20% export duty on graphite plus a 17% VAT, and instituted an export licensing system to ensure supply to China's domestic economy.

Extensive graphite resources occur on Eyre Peninsula in South Australia (Figure 8). The Uley (Mikkara) Graphite Mine (Mega Graphite Inc.) is located approximately 2 km south along strike from LML's Gum Flat EL 4643, and there are numerous occurrences and historic mines within 5km of the historic graphite mining town of Koppio, approximately 35km north of Port Lincoln on EL 3877:

- Koppio Graphite Mine – intermittently worked between 1917-1946 for a total of 97 tonnes of graphite, with a further historic "reserve" of 3,900 tonnes @ 12.2% C

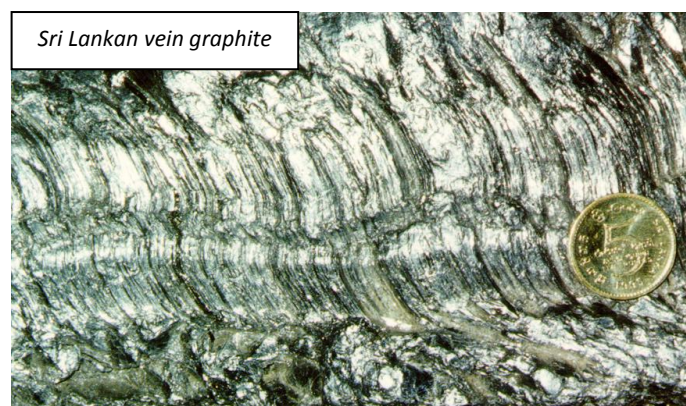


- Kookaburra Gully Prospect – identified and investigated by Pancontinental Mining during the 1980's
 - Several trenches excavated north and south of the outcropping graphitic unit
 - Inferred resource 880,000 tonnes @ average grade of 11.47% C based on trenching and depth extent of 50m within the zone of economical potential
 - Petrology - average lengths of the graphite flakes exceeds 100 micron
 - Beneficiation of the raw Kookaburra Gully graphite (500Kg @ 16% C) can produce a final product of +150 micron flake graphite at a grade of 90.5% C

Selective sampling and re-evaluation of previous LML drill cuttings, has resulted in significant intervals of graphite being identified on Lincoln Minerals wholly owned Gum Flat tenement, EL 4643. Gum Flat air-core drill hole 22 (GFAC022, 10 km north of Uley Graphite Mine) intercepted 13m of graphite at 12% total Carbon from 57m. Assaying of the other drill holes containing graphite mineralisation was not possible due to insufficient amounts of sample being available for assay.

Other Projects

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



*** 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.*



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.

Lincoln's Chief Geologist undertook a review of the projects and exploration strategies to target manganese deposits. Of particular concern was a change in the IUP boundary since Lincoln Minerals signed up for the project near Kupang. The southernmost part of the Kupang IUP that contained two significant exposures of high grade manganese was excised from the IUP without any reference to Lincoln Minerals and local villagers were exploiting the outcrops and diggings.

Although there is good potential for manganese in the Kupang area and iron sand and manganese in Flores, due to the high sovereign risks and uncertainty with regard to tenement/IUP security, it has been agreed that the Company is currently better off focusing on exploration and development of projects in South Australia.



Outcrop ES-1 near Kupang in western Timor – an area excised from the original Lincoln Minerals' IUP but now being worked by local villagers

CORPORATE

At 31 December 2011, the Company had approximately \$0.4 million cash.

In September 2011 the Directors completed an Underwriting Agreement with Tigermoth Investments Limited to support a 1 for 6 rights issue to shareholders at 8 cents per share to raise approximately \$1.8 million before costs of issue. The Agreement is effective if the Company completes an Offer Document by 31 March 2012 (or such other date as may be agreed between the Company and the Underwriter). The Underwriters may withdraw from the Agreement if either of the S&P/ASX 300 Metals and Mining Index or the S&P/ASX Small Ordinaries Index falls for three consecutive days to levels 15% below those of 12 September 2011 respectively. Nevertheless, the Directors are continuing to pursue various project and corporate finance avenues, and if successful in that context it is unlikely that the Underwriting Agreement will be actioned.

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 early in 2013, 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 potential trading partners.

Board and Management

Richard V. Ryan AO	Chairman (Non-Executive)
Dr A John Parker	Managing Director
Robert A. Althoff	Director (Non-Executive)
Eng Hoe Lim	Director (Non-Executive)
Jarek Kopias	Company Secretary
Dwayne Povey	Chief Geologist

Securities on Issue

Shares at 31 December 2011	133,363,972
Performance Rights on issue, expiring 30 June 2012	1,086,750
All outstanding Options expired during the period	

Tenements at 31 December 2011

Tenements	Exclusive Rights	Area (sq km)
12	All minerals	3,156
16	All minerals except iron ore	1,947
TOTAL		5,103

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.