

Quarterly Activities Report – March 2012

SUMMARY

Graphite Opportunities

- Numerous historic graphite mines and prospects near Port Lincoln and Cleve on SA's Eyre Peninsula
- Inferred Resources:
 - Kookaburra Gully 880,000 tonnes @ 11.5% C
 - Koppio Graphite Mine 57,000 tonnes @ 13.1% C
- Exploration Targets (**) including above resources:
 - Kookaburra Gully 900,000 to 1,800,000 tonnes @ 10-15% C
 - Koppio Graphite Mine 105,000 tonnes to 1,040,000 tonnes @ 10-15% C
- Planning in progress for electromagnetic (EM) surveys at Kookaburra Gully, Koppio and Campoona Syncline (latter supported by SA Government PACE grant)

High grade base metal discovery at Minbrie

- 29.5m interval averaging 0.76% copper, 7.37% lead, 1.88% zinc, 9.0 g/t silver and trace gold at Minbrie near Cowell on SA's Eyre Peninsula
- Copper equivalent grade of 3.05% CuEq over 29.5m interval

Gum Flat Iron Ore

- Planning and background studies ongoing for proposed Barns Stage 1 DSO iron ore mine
 - Mining Lease Proposal completed and awaiting submission
 - Groundwater license applications for mine dewatering and re-injection being assessed by SA Department for Water
 - Community consultation and discussions ongoing re mining, transport and shipping using covered containers
- Commonwealth Government EPBC support for proposed mine confirmed

Iron Ore Exploration

- Total LML iron ore exploration targets (**) on SA's Eyre Peninsula are 1.1 to 2.8 billion tonnes:
 - Gum Flat – 350 to 850 million tonnes
 - Nantuma – 0.7 to 1.8 billion tonnes
 - Eurilla – 50 to 100 million tonnes

Eurilla Project

- Extensive soil sampling survey completed targeting silver and base metals

*** 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.*

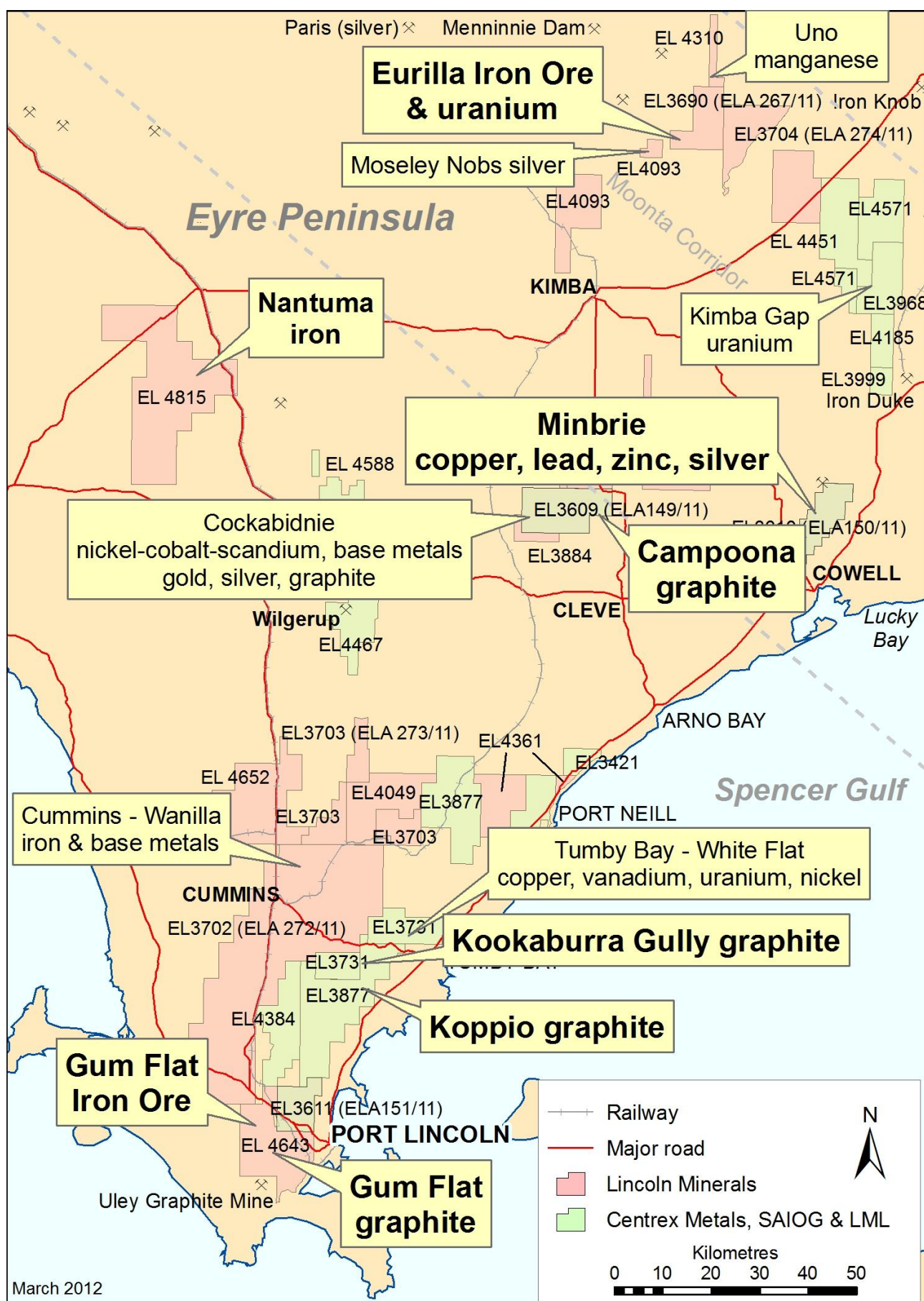


Figure 1: Location of Lincoln Minerals' Eyre Peninsula (SA) tenements

SOUTH AUSTRALIA

EXPLORATION & DEVELOPMENT PROGRESS DURING THE QUARTER

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.

Naturally occurring forms of graphite include:

- Crystalline flake or vein graphite (flat, plate-like particles >0.1 mm across)
- Amorphous graphite

Flake graphite is most valuable with current market prices for high grade 94-97% C between US\$2,000 and US\$3,500 per tonne. Amorphous graphite sells for less than US\$1,000.

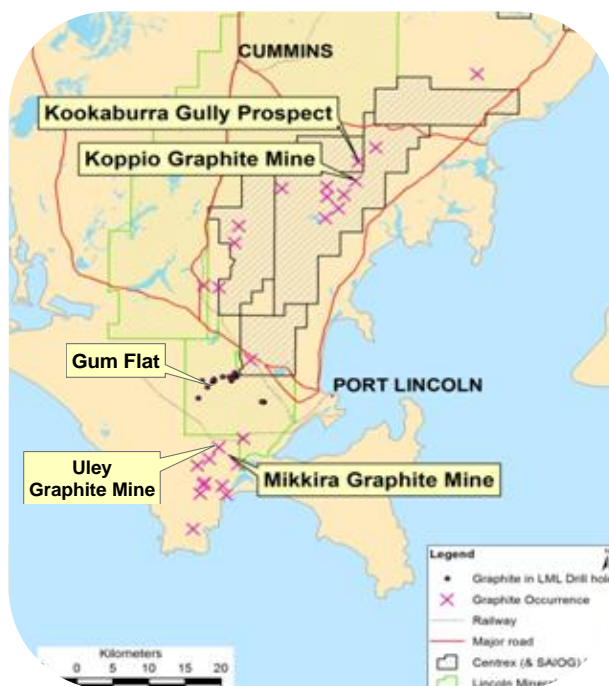
Annual graphite demand is expected to increase 50% from 1.1 Mt to 1.5 Mt by 2020 based on the steel market alone. Add to that, the demand from batteries and high-tech applications including pebble-bed nuclear reactors is forecast to increase dramatically – lithium-ion batteries are projected to more than double the demand for graphite to about 2.6 Mt by 2020. Furthermore, industry analysts predict Graphene will be a major new driver of graphite demand.

That type of demand growth would require at least 20 new mines at 50,000 tonnes per annum.

Until recently, about 75% of the world’s graphite has come from China. However, most of China’s resources are lower grade amorphous powder. China is now the biggest importer of graphite and has closed some state-owned enterprises to preserve its graphite resources. It has imposed a 20% export duty 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. The Uley (Mikkara) Graphite Mine 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 ELs 3731, 3877 and 4384 including:

- Koppio Graphite Mine – intermittently worked from early 1900’s to 1946 for a total of 97 tons of graphite
- Kookaburra Gully Prospect – identified and investigated by Pancontinental Mining during the 1980’s



Other prospects on LML’s tenements within SA’s Eyre Peninsula include:

- Campoona Syncline (Cockabidnie) – immediately adjacent to Archer Resources Limited’s (AXE) Campoona and Sugarloaf Hill graphite prospects

Quarterly Activities Report

January-March 2012

- Gum Flat – immediately along strike from Uley Graphite Mine

LML has planned aerial electromagnetic (EM) surveys over the Koppio, Kookaburra Gully and Campoona Syncline areas and is currently awaiting the availability of an aircraft and survey team. Negotiations are also in progress regarding drilling programs on these tenements/prospects.

Koppio Graphite Mine

The historic Koppio Graphite Mine located on EL 3877 was worked during the early 1900's and then again from 1941 to 1944. The mine was worked from an adit into the ore body and then by drives to the north and south over a strike length of approximately 168 feet (55m). At the adit, the ore body is about 50 feet (16.5 m) thick and subvertically dipping.

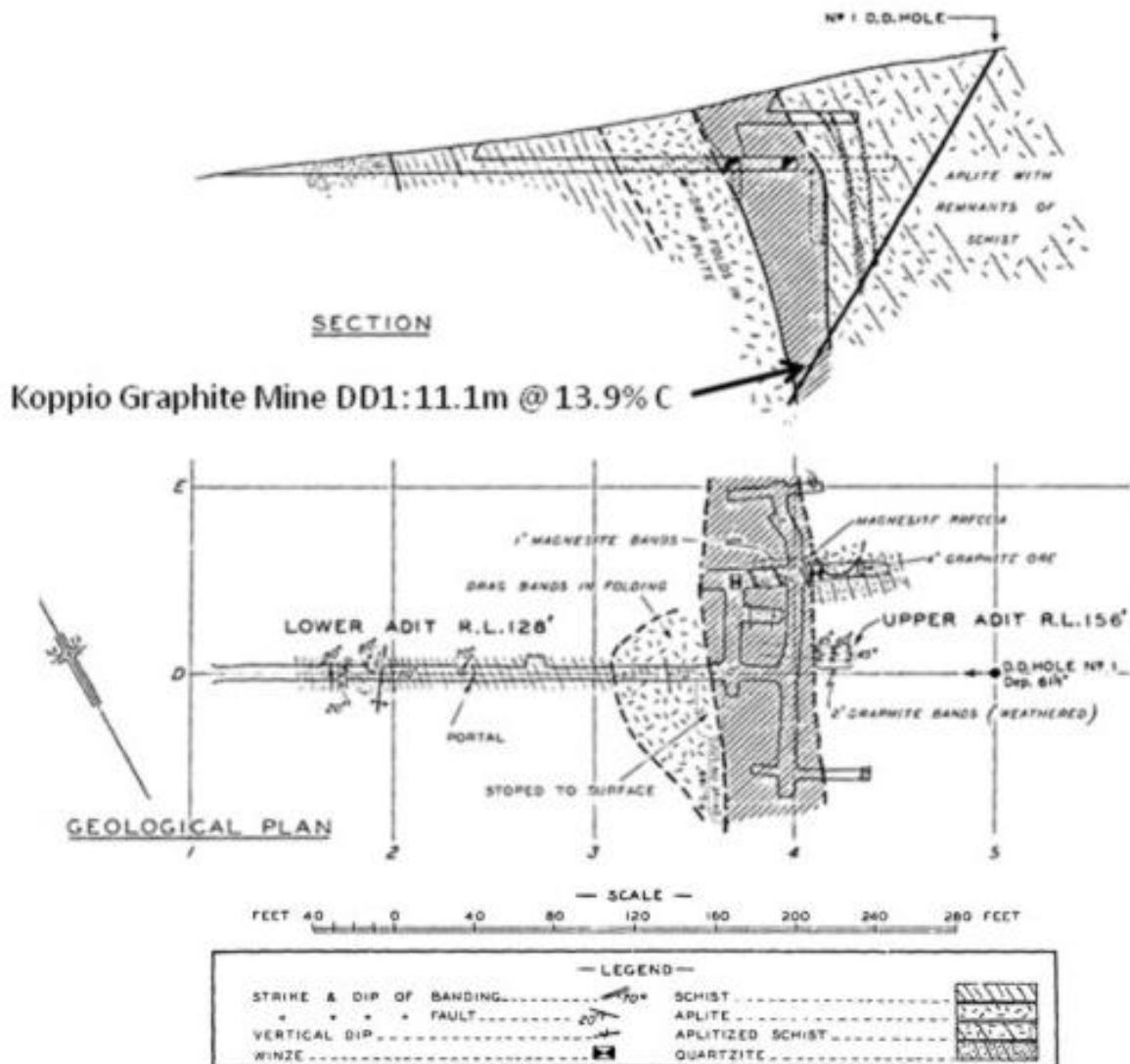


Figure 3: Koppio Graphite Mine geological plan and section through adit (1945)

Historical SA Mines Department records from 1945 (RB 21/87) describe “proved ore reserve” of 3,900 tons @ 12.2% C plus “probable ore” of 13,500 tons @ 13.2% C down to about 30m below ground level. Both estimates include a 25% reduction or allowance for waste.

Ore from the mine was processed in Port Lincoln and the product sold as coarse (+300 micron) and medium flake.

Based on Mines Department records that include a single drillhole confirming a depth extent of 50 m (Figure 3 above), LML has estimated an Inferred Resource of 57,000 tonnes at an average grade of 13.1% C (refer Table 1 below).

Table 1: Koppio Graphite Mine Inferred Resource

Inferred Resource	Tonnes (t)	Grade (%C)	
Mine	5197	12.2	Based on Mines Dept estimates (1944) including 25% "waste"
Below mine (*)	52030	13.17	Based on section through mine adit (Figure 3)
Total	57227	13.08	

** SG = 2.0 for graphitic schist*

The strike length of mine workings is approximately 55m but records and field mapping show that there are scattered outcrops and electromagnetic (EM) responses over a strike length of 500m. On this basis LML has estimated an Exploration Target (**) including the above Inferred Resource for the Koppio prospect of 105,000 to 1,040,000 tonnes at an average grade of 10-15% C (Table 2).

*Table 2: Koppio Graphite Mine Exploration Target (**)*

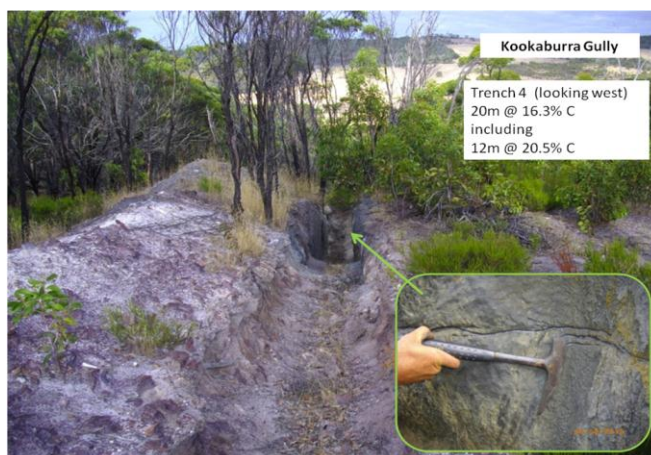
Exploration Target	Tonnes (t)
100m strike length x 50m depth extent	104,050
500m strike length x 100m depth extent	1,040,000

*** 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.*

Kookaburra Gully Prospect

The Kookaburra Gully prospect is located just north of Koppio Graphite Mine on EL 3731 and was explored during the 1980's by Pancontinental Mining Limited and included:

- Several trenches excavated north and south of outcropping graphite schist
- Inferred Resource of 880,000 tonnes at an average grade of 11.47% C based on trenching and depth extent of 50m within the zone of economical potential
- Petrology - average length of graphite flakes exceeds 0.1 mm (100 micron)
- Beneficiation tests of raw Kookaburra Gully graphite (500Kg sample at 16% C) produced a final product of +150 micron flake graphite at a grade of 90.5% C
- Based on the above resource but extending it to 100m depth, LML has estimated a conceptual Exploration Target (**) of 900,000 to 1,800,000 tonnes at 10-15% C



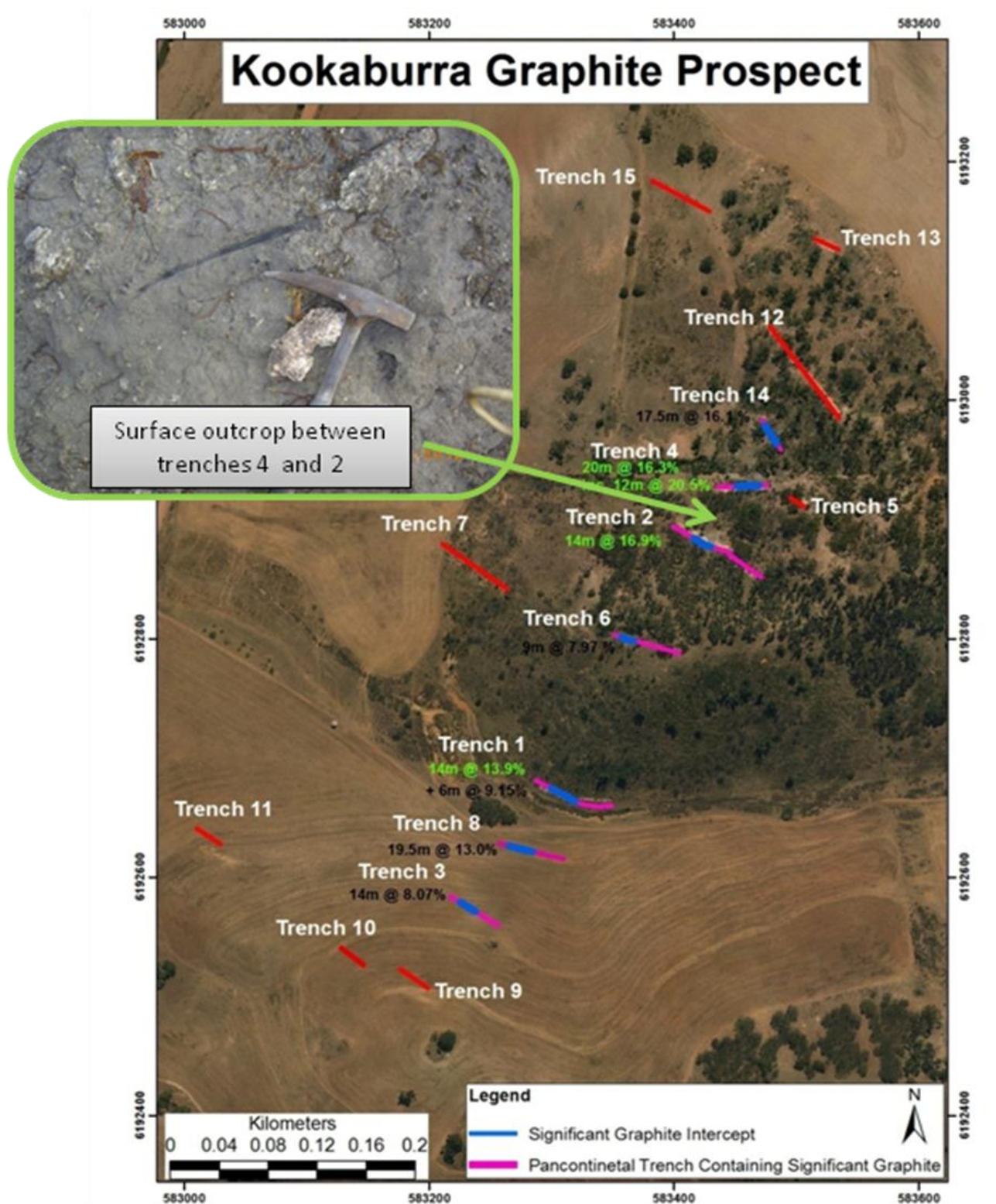


Figure 4: Kookaburra Gully graphite prospect and trenching undertaken by Pancontinental Mining (assay intervals in black are original Pancontinental Mining assays; assay intervals in green are LML assays)

LML has mapped and resampled several of the original trenches to confirm previous assays. The results to date are consistent with the original assays (Table 3 below). LML has also taken additional bulk samples for further beneficiation testwork.

Table 3: Comparison of historic Pancontinental Mining assays and those from resampling by LML

Trench No.	LML Assays		Pancontinental Assays	
	Interval (m)	C %	Interval (m)	C %
1			6	9.15
1	11	13.9	11	11.77
2	14	16.9	14.5	8.93
3			14	8.07
4	20	16.3	18	17.83
including	12	20.5		
6			9	7.97
8			19.5	13
14			17.5	16.1

Campoona Syncline (Cockabidnie)

LML's Cockabidnie Project includes ELs 3884 and 4539 and ELA 149/11 (former EL 3609) and is located on central Eyre Peninsula Immediately adjacent to Archer Resources Limited (AXE) and Monax Mining Limited (MOX) graphite prospects at Campoona, Sugarloaf Hill and Jamieson Tank (just west of Sugarloaf Hill). The Jameison Tank and Sugarloaf Hill EM anomalies extend south onto ELA 149/11.

Archer Resources has announced a number of significant graphite intersections in the Campoona area both to the northeast and southwest of the southeastern corner of ELA 149/11. The EM anomaly connecting these occurrences extends across the corner of ELA 149/11 (Figure 6).

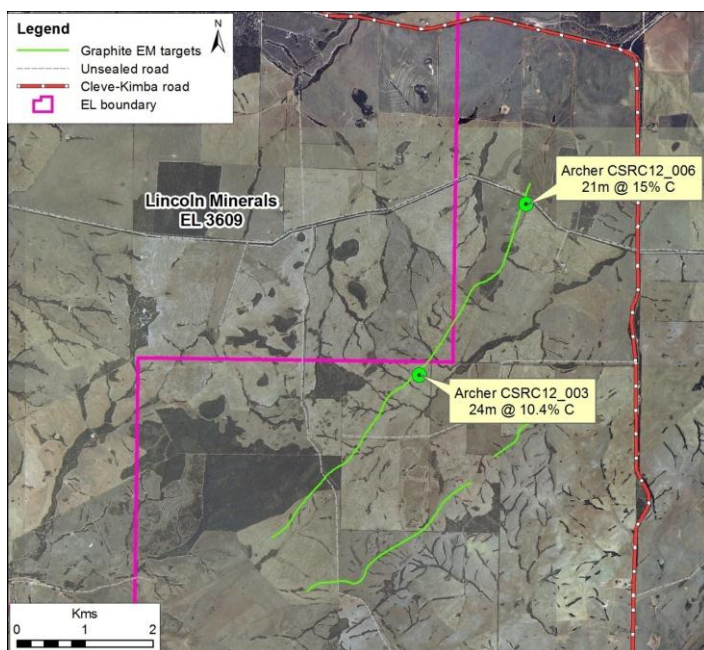
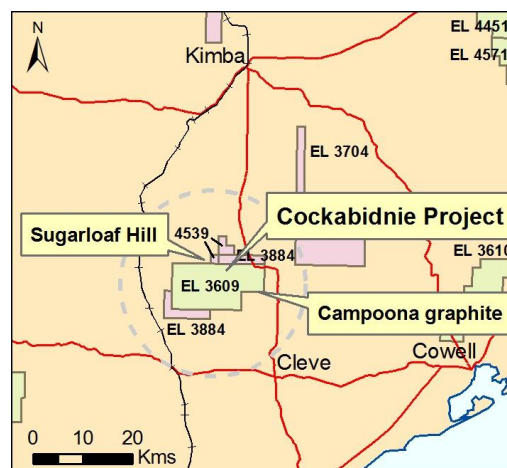


Figure 6 (left): Graphite potential in the southeast corner of ELA 149/11 (former EL 3609)

Graphite has been intersected by previous LML drilling in the Campoona Syncline midway between Archer's Campoona prospect and Sugarloaf Hill.

Lincoln Minerals has been offered a SA Government PACE grant to undertake an airborne electromagnetic (EM) geophysical survey over the Campoona Syncline and is currently awaiting availability of survey equipment. This is part of the South Australian Government's PACE 2020 Initiative.

Gum Flat

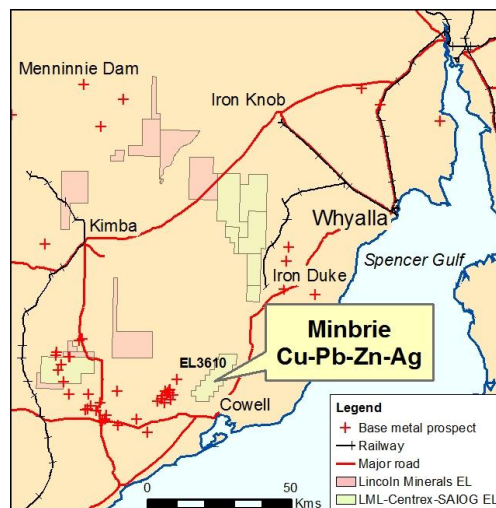
Selective sampling and re-evaluation of previous LML drill cuttings, has resulted in significant intervals of graphite being identified on Lincoln Minerals wholly owned Gum Flat tenement, EL 4643. Gum Flat air-core drill hole 22 (GFAC022, 10 km north of Uley Graphite Mine) intercepted 13m of graphite at 12% total carbon from 57m.

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

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

As announced in January 2012, Lincoln Minerals Limited has made 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. 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).



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

While this work represents an early stage of base metal exploration on this prospect, Lincoln Minerals is very encouraged by these discoveries and is planning follow-up drilling and electromagnetic surveys.

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 mid 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.

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.

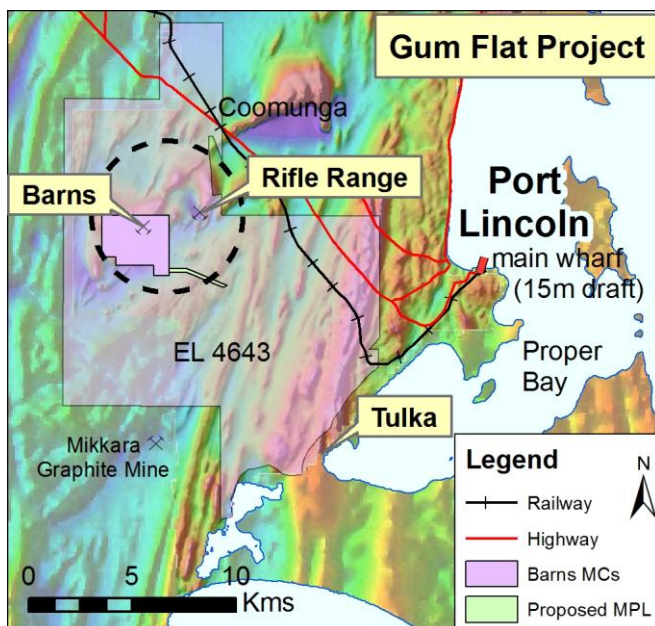


Figure 8: Location of Gum Flat Barns' deposit mineral claims and aeromagnetic targets (reddish-pink areas)

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 which was re-lodged during the Quarter. The revised submission included applications for extraction of groundwater from the proposed mine site, discharge or re-injection of groundwater excess to LML's site requirements back into the aquifer system, and drilling permits for discharge wells.

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.

EPBC Referral

In March 2012, the Federal Government Department of Sustainability, Environment, Water, Population and Communities for the second time formally backed plans by LML to develop the proposed Gum Flat Stage 1 iron ore mine. The new decision, upholds the authority's earlier decision in October last year that LML's proposed and 100%-owned Gum Flat mine does not present major environmental issues.

It also ruled that in its assessment, the proposed mine site does not present a threat to the nearby Big Swamp - which provides potential habitat to the Southern Emu Wren and other listed threatened and migratory species - from mine dewatering or reinjection of water into the local aquifer.

The Department made its ruling after the Port Lincoln Residents and Ratepayers Association requested of it a reconsideration of its 2011 declaration that the mine proposal was not a controlled action under the Environment Protection and Biodiversity Conservation Act (EPBC).

The reconsideration request was made public and comment also invited from relevant state and Commonwealth agencies.

In its latest ruling, the Department said it had carefully considered all additional information but confirmed its original decision that the mine proposal does not require further assessment and approval under the EPBC Act before it can proceed.

Mining Lease Application

LML's draft Mining Lease Application (MLA) for Stage 1 mining of the Barns DSO deposit at Gum Flat has been reviewed by the State Government Department for Manufacturing, Industry, Trade, Resources and Energy (DMITRE) but is awaiting groundwater licensing before it can be submitted.

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. A recent careers meeting in Port Lincoln showed strong support for mining in the region.

Iron Ore Exploration Targets ()**

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) Warramboe-Central Eyre Iron Project. With the granting of



the Nantuma exploration license, Lincoln Minerals now has an aggregate total of 1.1 to 2.8 billion tonnes of conceptual iron ore exploration targets on eastern Eyre Peninsula, a major world-class iron ore province extending from the Middleback Ranges to Port Lincoln (Figure 9). This is 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.

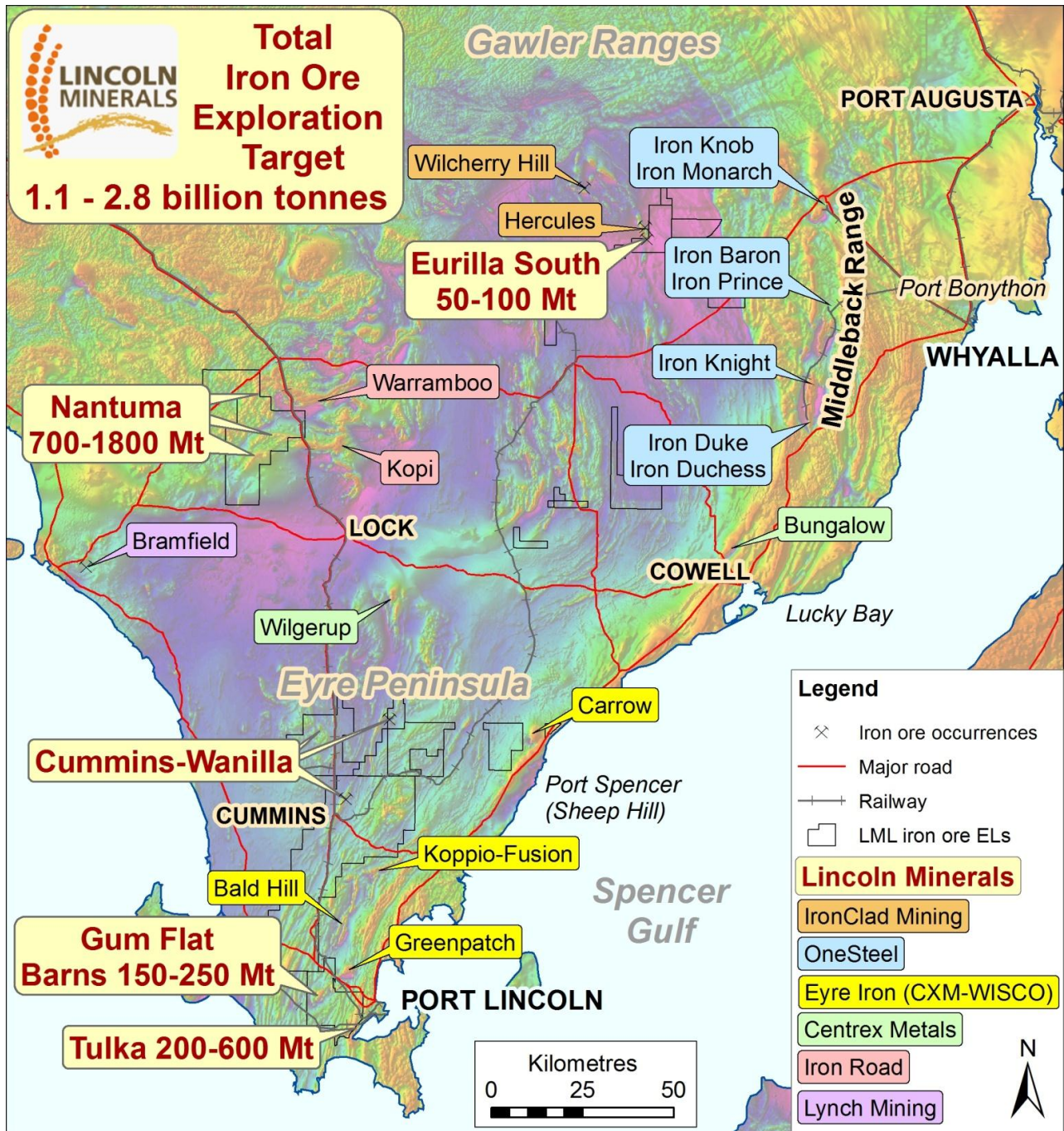


Figure 9: Location of Lincoln Minerals’ key iron ore projects and exploration targets

****** It is emphasized that exploration target tonnage 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 further exploration will result in the estimation of a Mineral Resource.

LML's iron ore exploration targets have been previously published but include:

- **Gum Flat** – Gum Flat contains more than 100 million tonnes of iron ore, most of it magnetite but with some hematite suitable for direct shipping. Magnetite needs to be processed into a high grade concentrate before it can be exported. Gum Flat resources and exploration targets include:
 - Total magnetite Inferred Resource 99 Mt at 24.4% Fe (20.6% DTR magnetite concentrate)
 - Total Inferred and Indicated hematite 3.6 Mt at 46.2% Fe including Barns hematite DSO Indicated Resource 0.9 Mt at 54.2% Fe or 58% CaFe (calcined Fe after removal of water)
 - Total high priority Exploration Targets (**) for magnetite and hematite in the Barns-Port Lincoln-Tulka area (including the above resources) 350-850 Mt @ 20-35% Fe.
- **Nantuma** – A 510 square kilometre exploration tenement immediately west of Iron Road Limited's Warrambo (Murphy South) and Kopi suites of magnetite deposits and prospects. 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 been included in Priority 1 exploration target estimates. Potential mineralisation has been projected to 300m below ground level and defines a 700 to 1,800 million tonne exploration target (**) at a potential average grade of 14% to 20% Fe.
- **Eurilla** – This is a southern extension of Ironclad's Hercules iron ore deposit and has an iron ore exploration target (**) of 50-100 Mt @ 30-35% Fe with potential for a small amount of direct shipping iron ore (DSO).

Eurilla Project – ELs 3690 (ELA 267/11), 3704 (ELA 274/11), 4093 and 4310

(LML has exclusive rights to all minerals)

The Eurilla Project area (ELs 3690 (ELA 267/11), 3704 (ELA 274/11), 4093 and 4310) is along strike from the Wilcherry Hill (IronClad Mining) magnetite (gold), Hercules iron ore, Menninnie Dam zinc-lead-silver (Terramin) and Paris silver (Investigator Resources) 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
- Uranium mineralisation grading up to 0.07% U along 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.

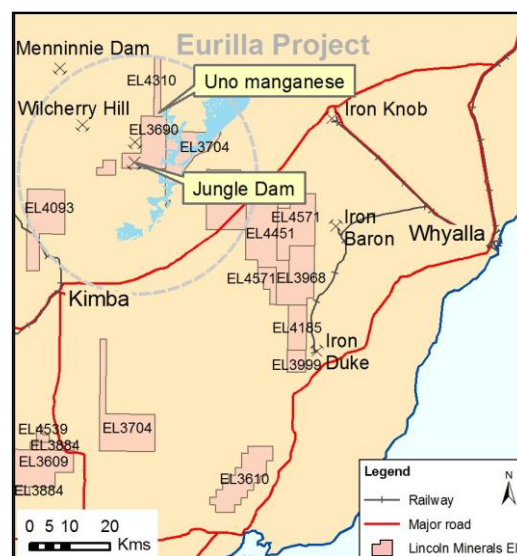


Figure 10: Location of Eurilla Project

Fieldwork completed by Lincoln Minerals during the Quarter involved an extensive close-spaced soil sampling survey over selected parts of ELs 4093, 3690 and 4310. The samples have been submitted for assay and results are awaited. Approximately 500 samples were collected during the sampling program.

Other Projects

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

CORPORATE

At 31 March 2012, the Company had approximately \$1.8 million cash.

In February 2012, Chinese investment group Poan Group Holdings Pty Limited of Hong Kong (PGH) subscribed \$1.8 million for 20,000,000 shares at 9 cents each under a Direct Investment Agreement with Lincoln Minerals Limited. The issue comprises approximately 13% of total LML shares after the placement, making PGH LML's largest shareholder. LML and PGH have agreed that the placement shares be voluntarily escrowed for a period of 12 months from the date of issue.

Lincoln Minerals welcomes the investment by Poan Group Holdings and looks forward to working with them to develop Company opportunities in iron ore, copper-lead-zinc-silver and graphite in South Australia's Eyre Peninsula. In addition, Lincoln welcomes Ms Sze Wan Chan, Chief Executive Officer of PGH, to the Board of Lincoln Minerals as a Non-Executive Director. She is a Fellow of The Hong Kong Institute of Directors but has spent years in mainland China developing business interests. She has extensive connections and significant experience in green energy, natural resources, corporate planning and investor relations.

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.

As part of ongoing tenement management, the Company has applied for renewal of former ELs 3690, 3702, 3703 and 3704 which have all reached the end of their maximum 5 year terms. Under the Mining Act, LML must apply for subsequent replacement ELs for these areas and, in so doing, must also consider area reductions. LML has applied for ELs 3690, 3702 and 3703 to be replaced in their entirety but has opted to reduce EL 3704 by about 157 square kilometres which represents a reduction of about 40% in area.

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)
Ms Sze Wan Chan	Director (Non-Executive)
Jarek Kopias	Company Secretary
Dwayne Povey	Chief Geologist

Securities on Issue

Shares at 31 March 2012	153,363,972
Performance Rights on issue, expiring 30 June 2012	1,086,750
All outstanding Options expired during the period	

Tenements at 31 March 2012

Tenements	Exclusive Rights	Area (sq km)
12	All minerals	2,997
16	All minerals except iron ore	1,947
	TOTAL	4,944

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.

