

Wednesday, 24 November 2010

The Manager

ASX Announcements

## **Chairman's Address**

### **Lincoln Minerals Limited Annual General Meeting**

**11.00am, 24 November 2010**

***It is with great pleasure that I, on behalf of the Board of Directors, welcome you to Lincoln Minerals Limited's 2010 Annual General Meeting.***

This has been another successful year in the progress of your Company.

During 2009 and 2010, Lincoln Minerals has continued to make progress on a number of its projects with particular emphasis on its flagship Gum Flat iron ore project on South Australia's Eyre Peninsula and which it now owns 100%.

The Gum Flat iron ore project 20km from Port Lincoln on southern Eyre Peninsula had been operating under a Joint Venture Agreement (JVA) with Indian iron ore mining company Mineral Enterprises Limited and its subsidiary Mineral Enterprises Australia Pty Ltd. However, in May 2010 Lincoln bought back the 40% interest in the project earned by them to regain 100% ownership of the project.

Earlier in 2010, Lincoln retained 100% ownership of iron ore rights at Eurilla (formerly Wilcherry) on Eyre Peninsula after IronClad Mining Limited withdrew from a JV with Lincoln. Eurilla has a 22 Mt inferred resource at 33% Fe.

At Gum Flat, another Reverse Circulation (RC) and diamond core drilling program was completed in February 2010 which enabled the Company to expand its JORC-compliant inferred magnetite and hematite iron ore resources to a total of 103 million tonnes. This was an important milestone for the project.

Metallurgical and scoping studies were undertaken on Gum Flat during 2010 to examine the feasibility and costs to produce a magnetite iron ore concentrate and/or hematite direct shipping (DSO) iron ore. Subject to adequate reserves being identified, obtaining the prerequisite regulatory approvals and appropriate ship loading infrastructure at Port Lincoln, DSO hematite could be potentially mined and exported for what appears to be an initial indicative cost of less than \$20 per tonne Freight on Board (FOB). Export of high grade magnetite iron ore would be more expensive due to high electricity costs of processing.

Baseline environmental and groundwater studies are continuing at Gum Flat and drilling has recently re-commenced with the objective of defining further iron ore resources and preparing a Mining Lease Application.

Although a decision to mine has not yet been made, the Company has recently signed a contract to purchase the Barns property on which the Gum Flat iron ore resources are located. This will give Lincoln Minerals freehold title to the land and facilitate any future development.

Further details of the Gum Flat project will be given by Managing Director Dr John Parker in his following presentation.

In regard to other projects, no recent work has been undertaken at Cummins, Cockabidnie and Eurilla but these remain priority projects for the future. A drilling program is scheduled to commence at Eurilla in December 2010 to further explore iron ore and uranium targets.

Lincoln Minerals has maintained its extensive tenement holdings on Eyre Peninsula close to infrastructure and within the world class Gawler Craton mineral province. The Company has significant vanadium, uranium, nickel-cobalt and gold-base metal prospects at White Flat, Bungalow, Eurilla, Kimba Gap and Cockabidnie. This area will continue to be a focus of the Company's ongoing exploration program.

In February 2009, Lincoln Minerals agreed to invest in a Joint Venture to develop a small iron ore mine at Desa Mirah in south-central Kalimantan, Indonesia. An exploration and resource definition program was undertaken at Desa Mirah but the project failed to realise any production due mainly to landowner difficulties and the small resource size. However, it opened up doors to other prospects in Indonesia and the Company is now examining manganese and iron projects on the islands of Flores and western Timor.

In Timor, recent reconnaissance exploration has identified up to 55% manganese spread along a 4km zone of mineralisation which whilst very small in area is promising.

In early 2010, Lincoln Minerals completed a successful Share Placement to a subsidiary of the Chinese Jiangyin Huaxi Steel group to raise a total of \$8.25 million before expenses. The funds were used to buy back the interest held by Mineral Enterprises Limited in the Gum Flat project and for scoping studies, resource definition and further exploration at Gum Flat. Lincoln Minerals and Jiangyin Huaxi Steel are currently negotiating a proposed offtake agreement for iron ore from Gum Flat.

Lincoln Minerals has worked with the South Australian Chamber of Mines and Energy and others in relation to preparing a response to the proposed Mineral Resources Rent Tax (MRRT) which could affect the Company if it progresses to an iron ore miner. Lincoln Minerals is also a founding member of the Eyre Peninsula Mining Alliance that was formed this year to communicate more effectively with the broader community and highlight issues facing the member companies in regard to infrastructure.

In making preparations for and undertaking its exploration program, we appreciate the significant contribution made by the local communities including traditional inhabitants, farmers and pastoralists both in Australia and in Indonesia. We have made good progress in our investigations and I look forward to the Company moving towards developing its first iron ore mining operation and successful delineation of further economic mineral deposits.

Finally, I would like to thank all our staff and my fellow directors for their support and enthusiasm during the year. We also welcome Mr Eng Hoe Lim who joined the Board of Directors during the year.

Richard Ryan AO

Chairman

24 November 2010