

Quarterly Activities Report – June 2009

HIGHLIGHTS

\$2.09 million Rights Issue successfully completed

RIGHTS ISSUE

- 1 for 3 non-renounceable rights issue closed on Monday 22 June 2009 and raised \$1.2 million
- Shortfall taken up in July raised an additional \$0.8 million
- Total funds raised \$2.01 million

INDONESIA

- Development of Desa Mirah Iron Ore Mine in south-central Kalimantan (Borneo) in progress
- JV company formed between Lincoln Minerals (45%) and Jakarta-based mining house, Samusa Corporation (55%)
- High grade (up to 68.7% Fe) direct shipping (DSO) iron ore extends over a strike length of at least 3.5 kilometres
- Stage 1 mine plan established for start-up 250,000 tpa mine
- Mine haul road constructed and engineering report received for upgrade of main roads
- First truckloads of ore delivered to Pundu Jetty stockpile but shipments deferred until road upgraded and landowner negotiations completed
- Based on ground magnetic survey, 0.9 Mt – 2.6 Mt exploration target within mining concession
- Diamond core drill rig custom built for Lincoln Minerals and resource definition drilling commenced July 2009

SOUTH AUSTRALIA

Gum Flat Iron Ore

- Maiden resources announced April 2009:
 - Total Magnetite Inferred Resource 55.2 Mt at 20.6% DTR concentrate
 - Total Hematite Inferred Resource 1.2 Mt at 51.6% Fe (45% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off)
- Hematite enrichment up to 60.5% Fe
- Magnetite exploration target 125-200 Mt @ 20-25% DTR concentrate
- Indian JV partner, Mineral Enterprises group, keen to continue funding JV on pro-rata basis
- Ongoing interest from Chinese investors

Cummins-Wanilla Iron Ore

- Reconnaissance drilling completed but no significant iron ore identified

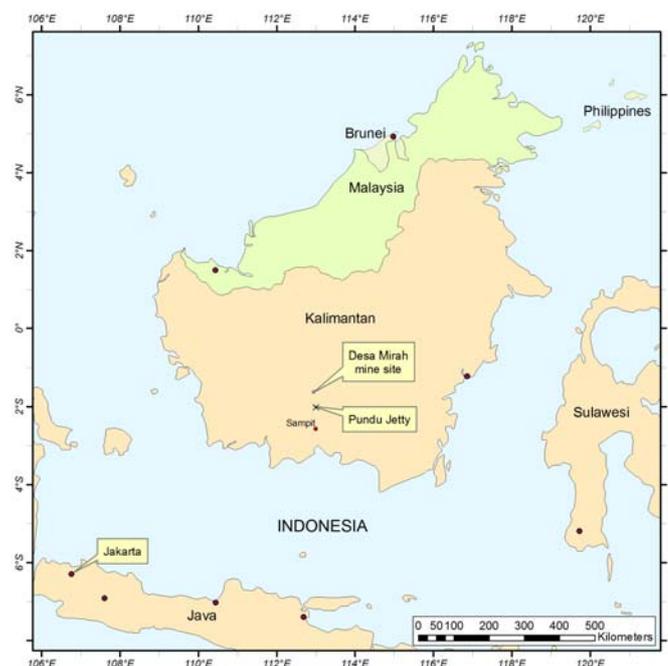
INDONESIA

Mine Background

Lincoln Minerals has a Heads of Agreement (HoA) with Indonesian mining house, Samusa Corp of Jakarta, to explore and exploit Samusa's Desa Mirah iron ore mine and surrounding exploration concession in the south-central area of the Indonesian island of Kalimantan (Borneo).

The mine is being developed by an Indonesian mining company, PT. Samusa Bintang Mandiri, jointly owned by Lincoln (45%) and Samusa (55%).

About 7,000-10,000 tonnes (t) of high grade iron ore has been stockpiled during trial mining and selected samples range from 63.9% to 68.7% Fe. The average grade of these run-of-mine (ROM) samples is:



Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
66.2	2.02	1.31	0.04	1.85

The initial shipment of stockpiled ore at the Desa Mirah mine site and commencement of mining have been delayed due to ongoing negotiations with the palm oil plantation owner on whose land the mine is located.

Outcrop mapping, trenching and the magnetic survey have defined sufficient resources to enable Stage 1 mining to commence as soon as negotiations are completed with the landowners and equipment can be mobilised on site.

A small parcel of ore was transported from the mine to the jetty at Pundu in June 2009 but trucking was discontinued partly due to the state of the connecting road between the mine and the jetty where the ore will be loaded onto barges for shipment. Following advice from an independent civil engineering consultant, sections of the road including some bridges are currently being upgraded or reconstructed.

Exploration and Resource Definition

Iron ore at Desa Mirah is of lateritic style, and forms a relatively flat-lying sheet beneath thin alluvium but cropping out along gullies and hill slopes. Geological exploration and resource definition to date at and around the mine site includes:

- Regional field reconnaissance – high grade iron ore outcrops over an area with a strike length of at least 3.5 km;
- Trenching adjacent to the existing mine – mineralisation averaging 62.6% Fe extends over an area of at least 10,000 square metres sufficient for Stage 1 mining;

Fe%	SiO ₂ %	Al ₂ O ₃ %	P ₂ O ₅ %	LOI%
62.6	4.35	3.16	0.03	2.47



- A detailed ground magnetic survey to outline the boundaries of the iron ore;
- Processing and interpretation of magnetic data;
- Mine planning for Stage 1 mining including development of haul roads.

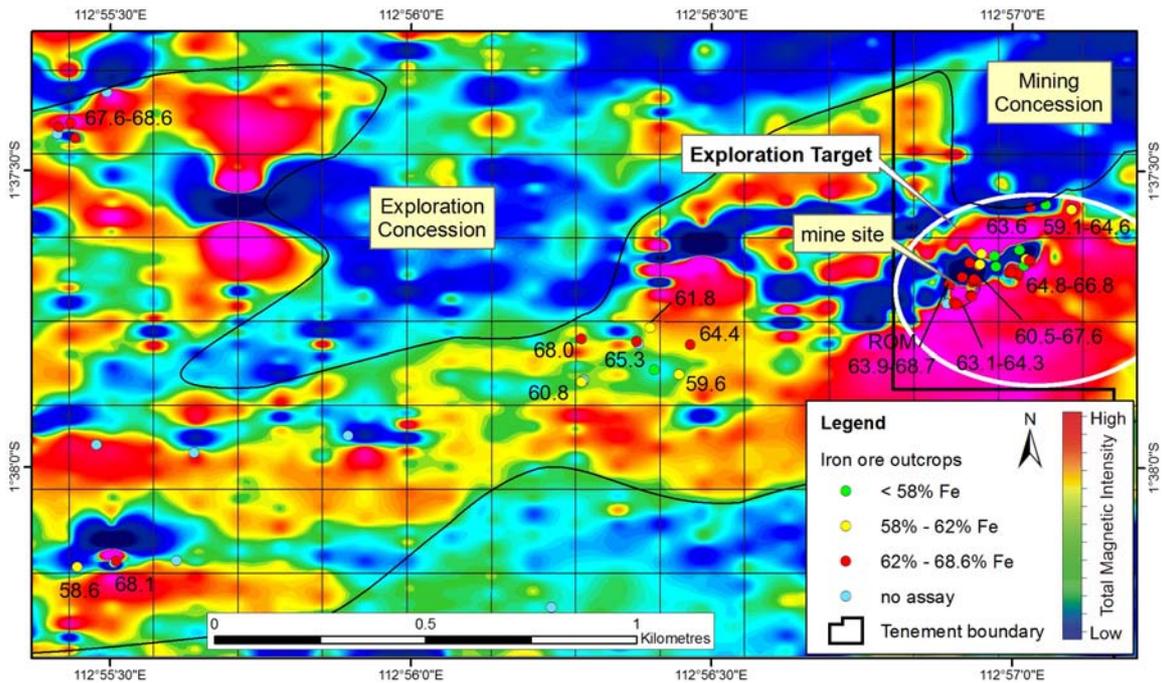


Figure 3: Location of iron ore outcrops and iron assays (% Fe) within the Desa Mirah mine and exploration areas. Background image is ground magnetic TMI.

Outcrop mapping, ground magnetics and trenching have defined sufficient resources to enable Stage 1 mining to commence. Furthermore, they outline a preliminary iron ore exploration target within the immediate mine area of 0.9-2.6 Mt with a potential grade of 60-68% Fe. NB It is emphasized that this exploration target tonnage estimate is entirely conceptual in nature. It is uncertain if drilling will result in the estimation of a Mineral Resource.

The Company has commissioned the successful construction in Jakarta of a small diamond core drill rig which has been transported to the mine area, precipitating a drill program to define the extent, depth, thickness and Fe grade of the resource within the mining or exploitation concession.



The initial drilling campaign will focus on the area close to the existing mine site and stockpile. Drilling commenced on 29 July 2009.



SOUTH AUSTRALIA EXPLORATION PROGRESS DURING THE QUARTER

Gum Flat Iron Ore – EL 3422

(LML 60% MEA 40%)

The Gum Flat Iron Ore Project is located on southern Eyre Peninsula within 20km of Port Lincoln.

In April 2009, Lincoln announced maiden resources for Gum Flat including:

- Total Magnetite Inferred Resource 55.2 Mt at 20.6% DTR concentrate
- Total Hematite Inferred Resource 1.2 Mt at 51.6% Fe (45% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off)

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

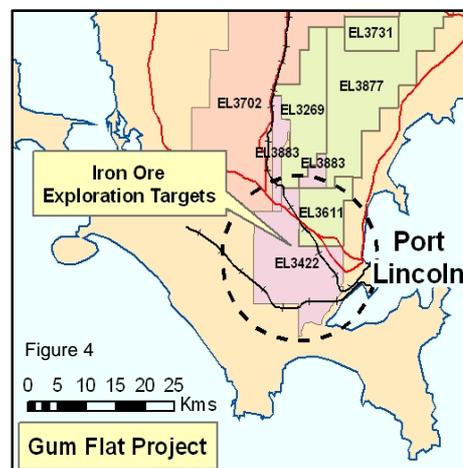
Extending west from Port Lincoln with a railway line and major highway running through the area, EL3422 is ideally located with respect to infrastructure and proximity to a major shipping port.

Lincoln Minerals has a joint venture agreement with Indian iron ore mining company Mineral Enterprises Limited (MEL) and its subsidiary Mineral Enterprises Australia Pty Ltd (MEA). MEA has earned a 40% participating interest in EL 3422 by spending \$2.5 million on exploration. MEA is continuing to fund the project on a pro-rata basis with LML.

During the quarter, work on Gum Flat focussed on estimation of inferred magnetite and hematite mineral resources for the Barns, Rifle Range and Sheoak West exploration targets. Planning also began for a detailed metallurgical study as a precursor to a scoping study and further resource definition drilling.

Key points of the resource estimation are:

- Hematite enrichment up to 60.5% Fe (GFRC103 - 18m @ 58.2% Fe)
- Up to 43.9% magnetic DTR concentrate
- DTR concentrates with up to 71% Fe and low silica, alumina and phosphorous
- Only half of the cumulative 7km long aeromagnetic anomalies tested so far
- Magnetite Exploration Target 125-200 Mt at 15-25% Fe
- Hematite Exploration Target 3-10 Mt at 40-55% Fe



Deposit	Ore Style	Status	Size (Mt)	DTR%	Con Fe%	BIF (Head) Fe%
Barns	Magnetite (>10% DTR)	Inferred	49.8 Mt	20.2%	65.0%	
	Magnetite	Expl Target	100-150 Mt	15-25%		
	Hematite (>35% Fe)	Inferred	1.3 Mt			47.1%
	Hematite (>45% Fe)	Inferred	0.9 Mt			52.7%
	Hematite	Expl Target	2-7 Mt			45-55%

Deposit	Ore Style	Status	Size (Mt)	DTR%	Con Fe%	BIF (Head Fe%)
Rifle Range	Magnetite (>10% DTR)	Inferred	5.4 Mt	22.6%	68.2%	
	Magnetite	Expl Target	5-12 Mt	20-25%		
Sheoak West	Hematite (>35% Fe)	Inferred	1.2 Mt			43.8%
	Hematite (>45% Fe)	Inferred	0.3 Mt			48.3%
	Hematite	Expl Target	1-3 Mt			40-55%
Other	Magnetite	Expl Target	20-40 Mt	15-25%		

DTR = Davis Tube Recovery from magnetic separation; Head grade = total rock XRF assay prior to magnetic separation; Con grade = XRF assay of DTR magnetic concentrate; Cut-off grade = 10% DTR.
 ** refer to ASX Gum Flat announcement 30 April 2009 for further details

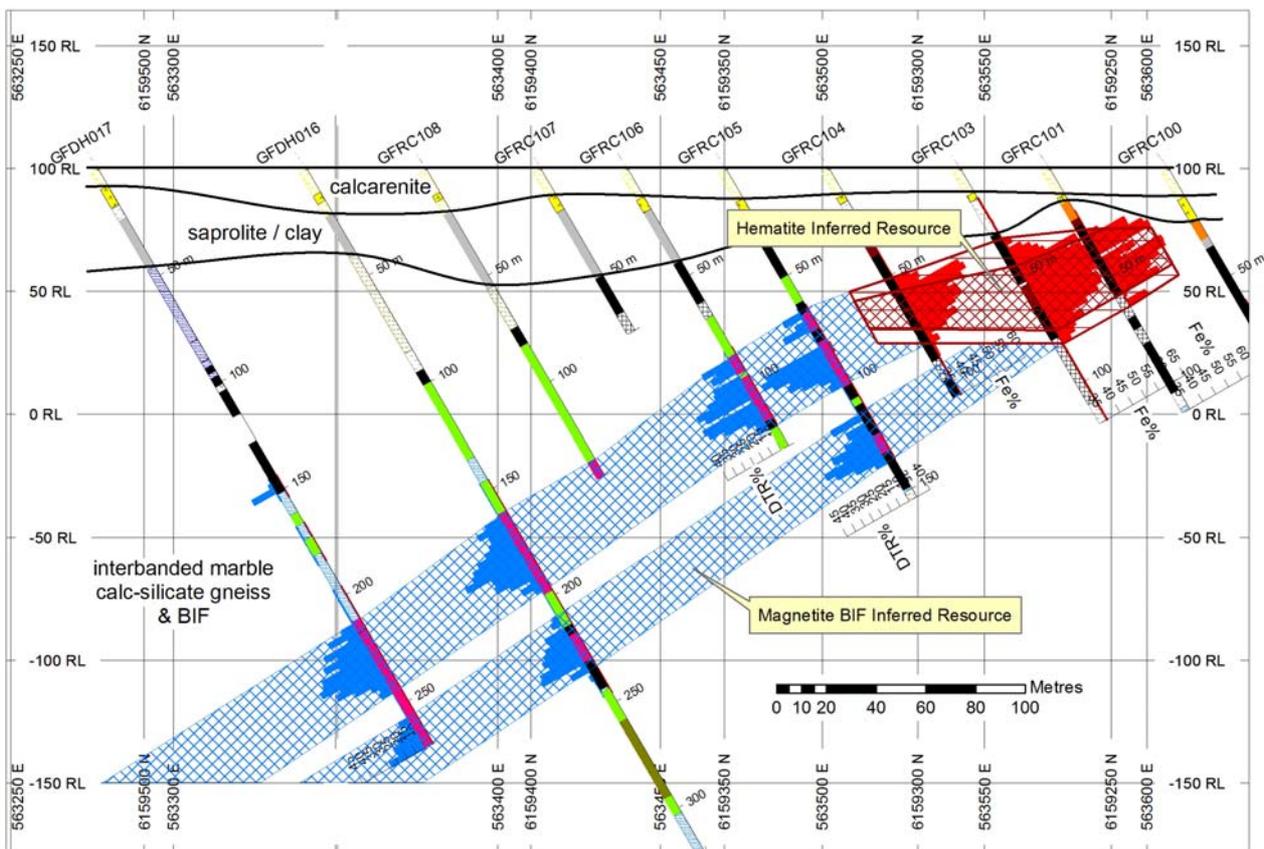


Figure 5: Southeast-northwest RC and diamond drill section across the Barns Prospect

Cummins-Wanilla Iron Ore – ELs 3702, 3703 and 4049

(LML has exclusive rights for all minerals on ELs 3703 and 4049, and along with JV partner MEA is earning an 80% interest for all minerals except uranium on EL 3702)

The Cummins-Wanilla project area is located on southern Eyre Peninsula and is prospective for a large range of polymetallic minerals including iron ore.

A reconnaissance aircore and slimhole RC drilling program was completed in April 2009. A total of 39 drillholes (1,689m) were drilled targeting gravity anomalies but no significant hematite iron ore



was intersected. Most holes drilled into gravity anomalies intersected intermediate to mafic rocks (often with garnet, some possibly pyrope). Trace to minor (<0.2%) copper, lead and/or zinc was recorded by preliminary in-field XRF measurements. Drilling on EL 3702 was jointly funded by LML and Indian JV partner, Mineral Enterprises Australia Pty Ltd.

Expenditure on EL 3702 has satisfied the minimum Stage 1 (First Earn-in Period) commitments for the JV with International Metals Pty Ltd (a subsidiary of Hillgrove Resources Limited).

Cockabidnie Nickel – ELs 3498, 3609 and 3884

(LML has exclusive rights to all minerals except iron on ELs 3498 and 3609 and exclusive rights to all minerals on EL 3884)

The Cockabidnie Project is located on central Eyre Peninsula near Cleve and is prospective for a range of minerals including gold, uranium, and base metals (copper, lead, zinc, nickel, cobalt).

Lateritic nickel-cobalt mineralisation has been discovered by LML on EL 3609 and aircore drilling programs in 2007 and 2008 outlined lateritic nickel-cobalt mineralisation grading up to 1.15% Ni (with 0.045% Co, 0.037% Cu and 0.18% Zn; CBAC182, 25-26m) and 0.33% Co (with 0.21% Ni and 0.07% Cu; CBAC185, 30-31m). There are significant intervals of mineralisation up to 30m wide (CBAC185, 20-50m @ 0.13% Co, 0.18% Ni and 0.05% Cu).

A scoping study is in progress to investigate the nickel-cobalt mineralogy and potential for heap leaching. Further tests are being undertaken on bulk samples collected during the 2008 aircore drilling program but tests to date have given poor results in regard to agglomeration and heap leaching.

Wilcherry Uranium- ELs 3690, 3704 and 4093

(LML has exclusive rights to all minerals subject to IFE farm-out for iron on EL 3690)

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

Lincoln Minerals has a Heads of Agreement (HoA) with IronClad Mining Limited (ASX: IFE) under which IFE can earn up to 80% of the rights to explore for and mine iron ore (only) within EL 3690. EL 3690 straddles the southern extension of IFE's Hercules iron ore target. As announced by LML in January 2009, the *in situ* Inferred Mineral Resource outlined by Golder Associates for that part of the Hercules target, Domains 1 to 4, within EL 3690 is 21.7 Mt @ 33.3% Fe. This includes 0.2 Mt containing 17.5% Mn + 29.2% Fe.

Jungle Dam Uranium Prospect

Lincoln has 100% rights for uranium and base metals.

Aircore and slimline RC drilling in October 2007, RC drilling in July 2008, and further aircore drilling in October 2008 outlined a significant new uranium discovery including intervals grading 0.05-0.07% U accompanied by 0.1-0.5% base metal (Zn+Pb+Ni+Cu+Co).

The uranium intersections are in saprolitic clay associated with pyritic and graphitic units adjacent to uraniumiferous calcrete, soil and red mallee vegetation anomalies with up to 17ppm U in calcrete. Uranium anomalism in red mallee vegetation samples indicates that the mineralisation extends for at least 1km to the north.

A regional vegetation sampling survey was undertaken across the entire EL during the quarter to delineate the extent of this anomalism. Results are pending.



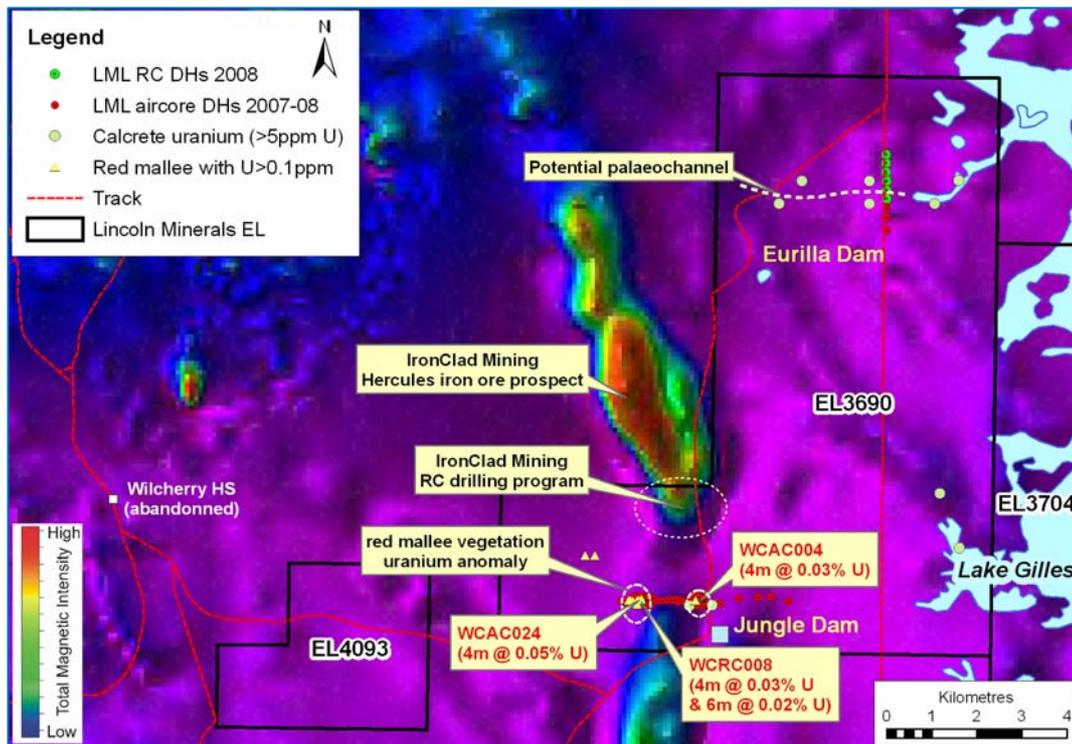


Figure 6: Calcrete / vegetation surface geochemical anomalies and LML drillholes, Wilcherry

A scoping study has been undertaken on selected mineralised samples to determine detailed uranium and base metal mineralogy along with leaching characteristics.

The results of quantitative XRD analysis showed that the test samples were dominated by kaolinite with varying amounts of goethite, halite, quartz and minor to trace mica and sulphides. Because of the high clay content, the samples were not conducive to heap leaching so bench-scale agitated acid and carbonate leach tests were undertaken. After 12 hours, 24% of the uranium was dissolved by the carbonate leaching solution whereas 37% of the uranium was dissolved by sulphuric acid (with low acid consumption).

Tumby Bay, Koppio and Mount Hill – ELs 3269, 3731, 3877, 3885 and 4049

(LML has exclusive rights to all minerals except iron on ELs 3269, 3731 and 3877 and exclusive rights to all minerals on ELs 3885 and 4049)

The base of the Blue Range Beds and immediately underlying Hutchison Group metamorphic basement are the targets for unconformity-style uranium and for base metal mineralisation in this project area.

No work was undertaken by Lincoln Minerals on these ELs during the quarter.

Stony Hill – ELs 3125, 3287, 3375, 3968, 3999 and part 3704

(LML has exclusive rights to all minerals except iron)

The Stony Hill project is located in northeastern Eyre Peninsula, immediately west of the Middleback Ranges within the Middleback Subdomain. It contains scattered banded iron formation (BIF), marble and calcsilicate gneiss similar to that of the Menninnie Dam lead-zinc-silver deposit surrounded by Lincoln Complex granite gneiss. BIF, marble and gneiss are overlain by extensive sand and sandy clay with local playa lakes.

Significant uranium anomalism with a high uranium/thorium ratio has been identified in lakes near Kimba Gap.

Based on successful reconnaissance vegetation sampling on EL 3968 in the Kimba Gap area, a potential uraniferous palaeodrainage channel has been identified. Further regional vegetation sampling was undertaken during the quarter to delineate the extent of this anomalism. Results are pending.

Torrens Project – EL 3563

(LML has exclusive rights to all minerals)

The Torrens Project (EL 3563) is focussed on copper targets within the Olympic Dam structural province and Torrens Hinge Zone. It is located southeast of Lake Torrens approximately 50km north of Port Augusta.

Interpretation of detailed gravity and ground magnetic data supported by drilling of a deep drillhole during the 2008 December quarter has identified relatively shallow, early Adelaidean Beda Volcanics thrust from east to west over younger Adelaidean sediments in what has been interpreted as a “thrust anticline”. This structure could be the focus for potential sediment-hosted copper (Zambian Copper Belt or Kupferschiefer style).

Drilling over the thrust-anticline target was completed with the assistance of a SA Government Program for Accelerated Exploration (PACE) grant of \$100,000. A detailed report on the drilling was completed during the quarter.



CORPORATE

At 30 June 2009, the Company had approximately \$3.5m net cash available. Since that date, the Directors have exercised their right to place shares not taken up by eligible shareholders during the Rights Issue. A further 10,449,785 shares were issued on 30 July 2009 at \$0.08 per share raising \$0.84m.

During the quarter two exploration licenses (ELs 3883 and 3885) were relinquished due to their small size and PIRSA requirements for a 10% reduction in the area of the southern Eyre amalgamated area. A larger EL application was lodged over the Dutton River area which is prospective for uranium and base metals.

Board and Management

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

Securities on Issue

Shares at 31 July 2009	100,496,286
Options outstanding	
Exercisable at 30 cents, expiring 30 June 2010	35,776,854
Exercisable at 20 cents, expiring 31 December 2011	4,550,000
Exercisable at 25 cents, expiring 31 December 2011	300,000
Exercisable at 30 cents, expiring 31 December 2011	110,000
Total Options	40,736,854

Tenements at 30 June 2009

Tenements	Exclusive Rights	Area (sq km)
8	All minerals	1,703
15	All minerals except iron ore	1,947
1	All minerals except uranium	1,000
2	License applications – all minerals	140
	TOTAL	4,790

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.

