

INDONESIA
Desa Mirah Iron Ore
SOUTH AUSTRALIA
Gum Flat Iron Ore
Wilcherry Uranium
Cockabidnie Nickel-Cobalt,
Base Metals and Gold
Cummins-Wanilla Iron Ore
and Base Metals

LINCOLN MINERALS LIMITED

ABN 50 050 117 023



A N N U A L R E P O R T 2 0 0 9

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ASX codes

LML
LMLO

HIGHLIGHTS FOR 2009 FINANCIAL YEAR

INDONESIA

Desa Mirah Iron Ore Mine, south-central Kalimantan (Borneo)

- JV between Lincoln Minerals (45%) and Samusa Corp (55%)
- 7,000–10,000 tonne stockpile ready for shipment as soon as landowner agreement reached
- High grade (up to 68.7% Fe) direct shipping (DSO) iron ore
- Stage 1 mine plan established for small start-up mining operation

SOUTH AUSTRALIA

Gum Flat Iron Ore

- JV between Lincoln Minerals (60%) and Indian Mineral Enterprises group (40%)
- Mineral Enterprises' interest earned by funding \$2.5 million of exploration expenditure
 - Maiden resources announced April 2009:
 - 55.2 Mt Magnetite Inferred Resource at 20.6% DTR concentrate
- 1.2 Mt Hematite Inferred Resource at 51.6% Fe (45% Fe cut-off) or 2.5 Mt at 45.5% Fe (35% Fe cut-off) with some DSO
- Hematite enrichment up to 60.5% Fe and 3–10 Mt hematite exploration target at 45–60% Fe
- 125–200 Mt magnetite exploration target @ 20–25% DTR concentrate
- Detailed metallurgical and scoping study commenced
- Within 20km of existing infrastructure including an open-access port
- Ongoing interest from Asian investors

Wilcherry Uranium

- Uranium up to 0.05%–0.07% U + 0.1%–0.5% base metal
- 250m wide zone of mineralisation open to north and south along strike
- 35–40% of uranium extractable by agitated leach with low acid consumption
- JV with IronClad Mining Limited for iron ore
- In situ Inferred Resource of 21.7 Mt @ 33.3% Fe

Cockabidnie Nickel-Cobalt, Base Metals and Gold

- Lateritic nickel-cobalt up to 1.15% Ni and 0.33% Co in Campoona Syncline
- Extensive base metal anomalism up to 2.4% lead+zinc (+ minor gold and silver)

Cummins-Wanilla Iron Ore and Base Metals

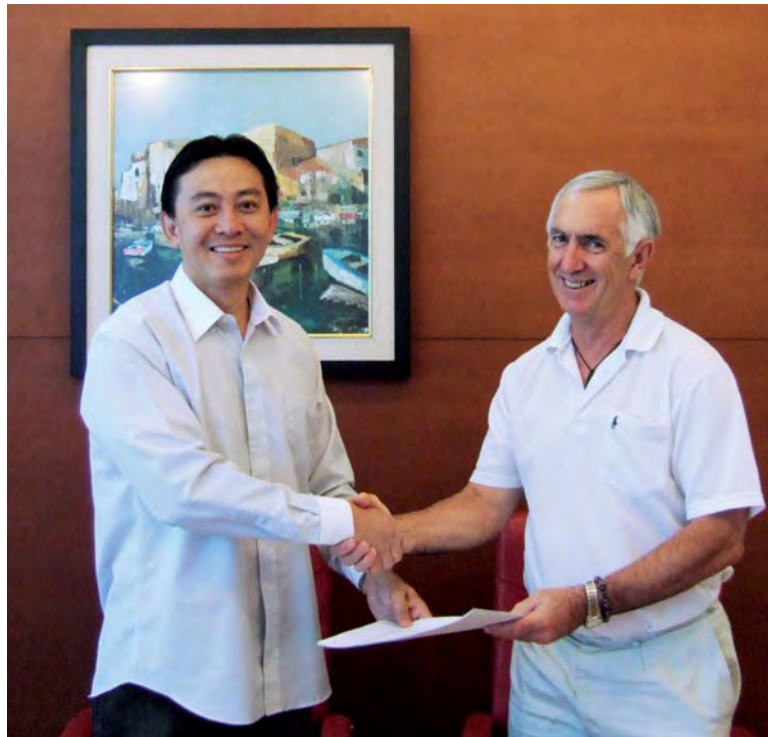
- JV with International Metals Pty Ltd and Mineral Enterprises group

CORPORATE

- Exploration Licenses in South Australia total 4,790 km²
- Successfully raised \$2.1 million in Rights Issue

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CHAIRMAN'S REPORT

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

Since listing on the ASX on 9th March 2007, Lincoln Minerals has made further developments on a number of its projects and in April 2009 announced an Inferred Resource for its flagship Gum Flat iron ore project.

In February 2009, the Company agreed to invest in a Joint Venture to develop a small iron ore mine in south-central Kalimantan, Indonesia. Although that project has yet to realise any production, it has the potential to generate a small income for the Company in the short term and has opened up doors to other prospects in Indonesia.

The Gum Flat iron ore project 20km from Port Lincoln on southern Eyre Peninsula has 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. They have now contributed in excess of \$2.5 million in exploration expenditure to earn a 40% interest in the project.

The JVA with the Mineral Enterprises group has enabled the Company to fast-track exploration at Gum Flat. A major RC and diamond core drilling program was completed in January 2009

which enabled the Company to define a 55 million tonne JORC-compliant inferred magnetite iron ore resource for the Gum Flat project. This was an important milestone for the project.

A metallurgical and scoping study is now in progress on Gum Flat to examine the feasibility and cost to produce a magnetite iron ore concentrate with a hematite iron ore by-product. Drilling will commence shortly and continue throughout the remainder of 2009 with the objective of defining further iron ore resources at Gum Flat.

During 2008-2009, the Company has also had continued success with its exploration program on other projects in South Australia. Further uranium (+ base metals) has been outlined at Wilcherry near Kimba on north-eastern Eyre Peninsula and the area of uranium anomalism near Kimba Gap adjacent to the Middleback Ranges has been extended. No recent work has been undertaken on the Company's nickel-cobalt and gold-base metal prospects at Cockabidnie but these remain interesting projects for the future.

Lincoln Minerals has maintained its extensive tenement holdings on Eyre Peninsula close to infrastructure and within the

world class Gawler Craton mineral province. This area contains high priority iron ore, uranium and base metal targets and will continue to be a focus of the Company's ongoing exploration program.

In mid-2009, Lincoln Minerals completed a successful Rights Issue to raise funds for mine development, resource definition and further regional exploration of the Company's two lead iron ore projects. Funds raised from the Issue before expenses totalled \$2.01 million.

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 its first 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.

Yours sincerely,



Chairman



2. REVIEW OF OPERATIONS



2.1 STRATEGY AND OBJECTIVES

Lincoln Minerals' mission is to provide capital growth through exploration, discovery, development and mining of economic mineral deposits.

The strategy is to focus on highly endowed, world class metallogenic provinces close to established infrastructure. The Company will continue to divest in or generate new projects to maximise exploration and development opportunities for its investors.

Lincoln Minerals has several iron ore, uranium, copper, gold, zinc-lead-silver, manganese and nickel-cobalt exploration projects on Eyre Peninsula. These are located southwest of the world's largest lead smelter in Port Pirie and west or south of existing and historically important iron ore mines of the Middleback Ranges where over 200 Mt of hematite iron ore has been mined since 1900 and where mining of magnetite iron ore has recently begun. There are extensive iron ore deposits on Eyre Peninsula.

Eyre Peninsula is part of the highly endowed, world class, Gawler Craton mineral province that not only hosts iron ore mines of the Middleback Ranges but also the Olympic Dam and Prominent Hill iron oxide copper gold uranium (IOCGU) mines.

In addition, Lincoln Minerals has formed a joint venture in Indonesia to develop a small iron ore mine and where the Company sees other ongoing opportunities not only in iron ore but also in manganese, copper and gold.

Lincoln Minerals' exploration methodology is based on application of both proven and innovative exploration techniques while ensuring a systematic approach to effective target testing. The Company utilizes sophisticated exploration techniques, in particular advanced geophysical, remote sensing and geochemical techniques including innovative vegetation sampling to detect concealed mineralisation. These techniques are combined with computerised geographic information system (GIS) and modelling software to interpret data for exploration, target generation and mine planning. This is followed up by systematic drilling along with state-of-the-art field and laboratory sample analysis to test targets and define resources.

In South Australia, the Company is focusing on areas close to existing infrastructure that includes rail networks, established highways suitable for bulk haulage, existing power and water services and established or proposed bulk handling ports.



2. REVIEW OF OPERATIONS



2.2 PORT INFRASTRUCTURE OPTIONS

During 2009 there has been continuing media and community attention focused on potential port infrastructure options for Eyre Peninsula.

The Company believes that the long term viability of mining operations on southern Eyre Peninsula will depend on low operating costs. Being very close to a port capable of loading bulk ore carriers is essential.

Lincoln Minerals has been interested in examining port facilities at Port Lincoln since that port is only 20km from Gum Flat. Although it is the deepest water port in SA and very much under-utilized, there has been community opposition to Centrex Metals Limited (CXM) exporting iron ore from Port Lincoln.

In early October 2009, CXM announced that approval had been received regarding their Development Application to export hematite through the Port Lincoln main wharf. While there were several conditions attached to this approval, the port is to be a multi-user facility and other users would be subject to the same process and regulations as Centrex. The initial is only for ten years and only for ore from CXM's Wilgerup Mine.

The CXM application was submitted in February 2009 pursuant to the provisions of Section 49 of the *Development Act 1993*, as a public infrastructure project sponsored by the Department of Transport, Energy and Infrastructure through the Office of Major Projects and Infrastructure. As such, the approval of this project should significantly benefit

Lincoln Minerals.

Lincoln Minerals has also lent its support to a proposal by CXM to establish a new deep-water port at Sheep Hill on southern Eyre Peninsula between Tumby Bay and Port Neill. Deep water comes in close to the coast in this area and it is claimed by CXM that Cape-sized ships could be loaded from a relatively short jetty and wharf about 450m long.

Although not as close to Gum Flat as Port Lincoln, this alternative, if developed as an independently operated multi-user port, would benefit Lincoln's long-term potential iron ore operations at Gum Flat. Gum Flat is about 75km from the proposed port site. Planning and development of a new port would take 4-5 years.



2. REVIEW OF OPERATIONS

2.3 PROJECT PORTFOLIO

The Company holds exploration rights to lease holdings totalling 4,790 km².

Lincoln Minerals has exclusive rights to all minerals including iron ore on leases totalling 1,729 km², subject to joint venture farm-in rights described below.

Lincoln Minerals is also joint operator with Centrex Metals Limited (and its 100% owned subsidiary, South Australian Iron Ore Group Pty Ltd (SAIOG)), on leases totalling 1,947 km² with exclusive rights to all minerals excluding iron ore, and has a joint venture with International Metals Pty Ltd (a subsidiary of InterMet Resources Limited and Hillgrove) on one lease totalling 1,000 km² to earn 80% of the rights for all minerals except uranium.

Current Exploration License applications total 114 km².



Tenements	Exclusive Rights	Area(sq km)
9	All minerals	1,729
15	All minerals except iron ore	1,947
1	All minerals except uranium	1,000
1	License application – all minerals	114
	TOTAL	4,790



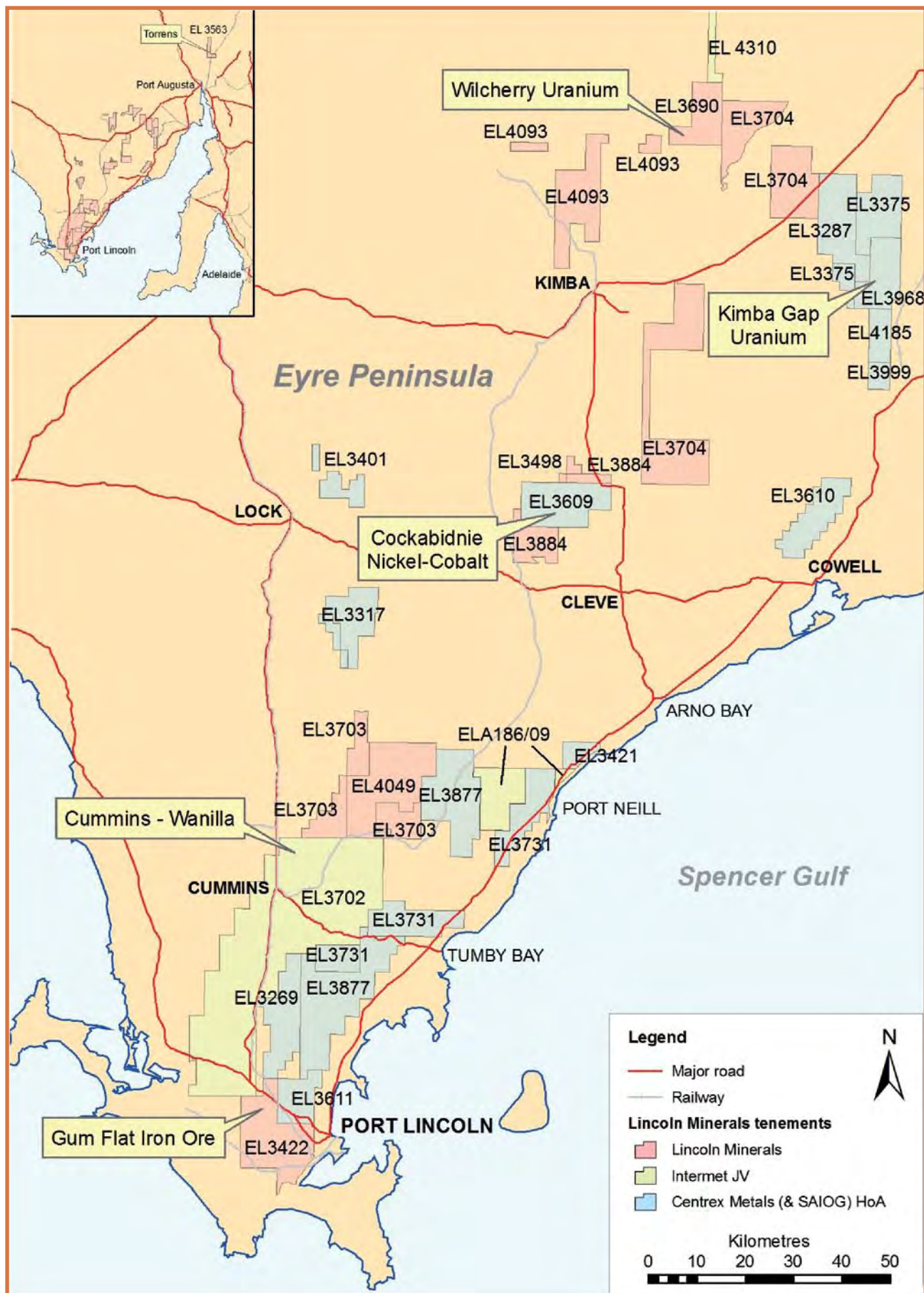


Figure 1: Location of Lincoln Minerals' tenements and project areas

2. REVIEW OF OPERATIONS continued

Lincoln Minerals Limited tenement summary (as at 30 September 2009)

Tenement	Granted	Expiry	Area (km ²)	Expenditure Commitment	Locality	Licensee	Operator **
LINCOLN MINERALS HAS OWNERSHIP OF ALL MINERAL RIGHTS *							
EL 3422 *	27/09/05	26/09/10	208	\$50,000	Gum Flat	LML	LML
EL 3563	05/06/06	04/06/10	183	\$50,000	Kallioota (Lake Torrens)	LML	LML
EL 3690 *	30/01/07	29/01/11	98	\$40,000	Wilcherry (Lake Gilles)	LML	LML
EL 3703	13/02/07	12/02/10	163	\$45,000	Cummins	LML	LML
EL 3704	13/02/07	12/02/09	526	\$80,000	Lake Gilles (Stony Hill West)	LML	LML
EL 3884	06/08/07	05/08/09	89	\$40,000	Campoona	LML	LML
EL 4049	25/02/08	24/02/10	237	\$55,000	Tarlinga	LML	LML
EL 4093	03/03/08	02/03/09	199	\$50,000	Moseley Nobs	LML	LML
EL 4310	29/09/09	28/09/10	26	\$35,000	Uno	LML	LML
ELA 186/09			114		Dutton River	LML	LML
LINCOLN MINERALS HAS OWNERSHIP OF ALL MINERAL RIGHTS EXCLUDING IRON ORE **							
EL 3498	18/01/06	17/01/10	11	\$30,000	Cockabidnie North	LML	LML jointly with CXM
EL 3375	08/07/05	07/07/09	150	\$45,000	Gilles Downs	CXM	LML jointly with CXM
EL 3401	19/08/05	18/08/09	73	\$40,000	Lock	CXM	LML jointly with CXM
EL 3610	31/05/01	13/08/10	117	\$40,000	Minbrie	CXM	LML jointly with CXM
EL 3609	31/05/01	13/08/10	154	\$45,000	Cockabidnie	CXM	LML jointly with CXM
EL 3317	10/03/05	09/03/10	104	\$40,000	Tooligie Hill (Wilgerup)	CXM	LML jointly with CXM
EL 3421	16/09/05	15/09/09	31	\$35,000	Dutton Bay	CXM	LML jointly with CXM
EL 3269	27/10/04	26/10/09	141	\$45,000	Vanilla	CXM	LML jointly with CXM
EL 3611	31/05/01	13/08/09	79	\$40,000	Greenpatch	CXM	LML jointly with CXM
EL 3287	02/12/04	01/12/09	155	\$45,000	Stony Hill	SAIOG	LML jointly with CXM
EL 3968 (former EL 3018)	05/11/07	04/11/09	106	\$40,000	Kimba Gap	SAIOG	LML jointly with CXM
EL 4185 (former EL 3125)	18/09/08	17/09/09	52	\$35,000	Ironstone Hill	SAIOG	LML jointly with CXM
EL 3999 (former EL 3048)	12/12/07	11/12/09	26	\$35,000	Pondooma	SAIOG	LML jointly with CXM
EL 3731 (former EL 2887)	12/04/07	11/04/10	272	\$60,000	Tumby Bay (Carrow)	SAIOG	LML jointly with CXM
EL 3877 (former EL 2905)	06/08/07	05/08/09	476	\$75,000	Mount Hill (Tod River)	SAIOG	LML jointly with CXM
LINCOLN MINERALS IS EARNING 80% RIGHTS FOR ALL MINERALS EXCLUDING URANIUM *							
EL 3702 *	13/02/07	12/02/10	1000	\$130,000	Vanilla	International Metals Pty Ltd	LML jointly with ITT

* Subject to joint venture farm-in rights described next page.

** On Centrex Metals Limited (CXM) and South Australian Iron Ore Group Pty Ltd (SAIOG) tenements, Lincoln Minerals (LML) is operator of its own projects independently of Centrex Metals iron ore exploration. On CXM and SAIOG tenements, the expenditure commitment is shared between CXM and LML.

2.4 JOINT VENTURES

INDONESIA - Desa Mirah Iron Ore Mine

*JH*Heads of Agreement with Samusa Corp

In February 2009, Lincoln Minerals established a Heads of Agreement (HoA) with Indonesian mining house, Samusa Corp, to establish a new iron ore joint venture 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 jointly by Lincoln Minerals and Samusa Corp through an Indonesian mining company, PT. Samusa Bintang Mandiri, jointly owned by Lincoln Minerals (45%) and Samusa Corp (55%).

The essence of the HoA provides that Lincoln Minerals will contribute US\$2.0 million of funding in respect of the initial mining and exploration program at Desa Mirah, targeting direct shipping hematite-magnetite iron ore (DSO). Funds will be provided by Lincoln on an "as needs" basis but the joint venture arrangement has been framed so that proceeds of the sale of ore can be offset against Lincoln's contribution obligations.

If it is determined within 12 months from the date of the HoA that the mining concession contains less than 250,000t of iron ore (with an average grade of at least 63% Fe), then Lincoln's obligations shall cease and it may surrender its 45% interest.

Lincoln Minerals has separately loaned US\$50,000 to Samusa to enable mining operations to commence immediately and to enable the existing ore stockpile (7,000-10,000t) to be transported

from the mine and loaded onto barges. The loan by Lincoln will be repaid by Samusa from proceeds from the sale of the ore stockpile.

SOUTH AUSTRALIA

Gum Flat - EL 3422

Joint Venture with diversified Indian iron ore and metals miner, Mineral Enterprises Limited and its subsidiary Mineral Enterprises Australia Pty Ltd.

In December 2007, Lincoln Minerals concluded a Joint Venture Agreement with Mineral Enterprises Limited ("MEL") of Bangalore, India and Mineral Enterprises Australia Pty Ltd ("MEA") in respect of LML's 100% owned EL3422 (Gum Flat) tenement near Port Lincoln on the southern Gawler Craton, South Australia.

MEA has contributed over \$2,500,000 of funding in respect of the initial drilling programs at Gum Flat thereby earning 40% equity in the project. This was achieved following completion of drilling programs in 2007, 2008 and early 2009.

MEA has elected to continue with the next stage of exploration at Gum Flat and will jointly fund the project on a pro-rata basis.



MEA is a subsidiary of MEL, a diverse Bangalore based corporation with interests in mining, power, infrastructure and bio-diesel. MEL has been extracting iron ore and manganese ore for over four decades and has substantial iron ore reserves in the Chitradurga and Turnkur Districts of southern India.

2. REVIEW OF OPERATIONS continued

Wanilla - EL 3702

Joint Venture between Lincoln Minerals, Mineral Enterprises Australia Pty Ltd and International Metals Pty Ltd.

Lincoln Minerals has a Joint Venture Agreement with International Metals Pty Ltd (ITM) a subsidiary of InterMet Resources Limited, and Mineral Enterprises Australia Pty Ltd in respect of ITM's EL 3702 (Wanilla) tenement near Port Lincoln.

EL 3702 is 1000 km² in area and has considerable potential for iron ore in addition to base metals and gold. It links LML's Gum Flat (EL 3422) and Cummins (EL 3703) tenements on which LML is actively exploring for iron ore.

Under the joint venture, Lincoln Minerals and MEA can jointly earn up to an 80% interest in EL 3702 by expending \$2 million on exploration by 31 December 2012 as per the following table.

The joint venture includes all minerals except uranium.

Wanilla Joint Venture between Lincoln Minerals, ITM and MEA



	DATE	FUNDING		PARTICIPATING INTEREST		
		MEA	LML	MEA	LML	ITM
STAGE 1	30 June 2009	\$125,000	\$125,000	0%	0%	100%
STAGE 2	31 Dec 2010	\$375,000	\$375,000	25%	25%	50%
STAGE 3	31 Dec 2012	\$500,000	\$500,000	40%	40%	20%

The Stage 1 milestone was met in early 2009 following a drilling program to test selected iron ore targets.

Wilcherry - EL 3690

Heads of Agreement with iron ore explorer IronClad Mining Limited.

In early February 2008, Lincoln Minerals signed a Heads of Agreement (HoA) with IronClad Mining Limited (IFE) under which IFE can earn up to 80% of the rights to explore for and mine iron ore within EL 3690. LML retains the sole rights to explore for and mine all minerals and substances excluding iron ore.

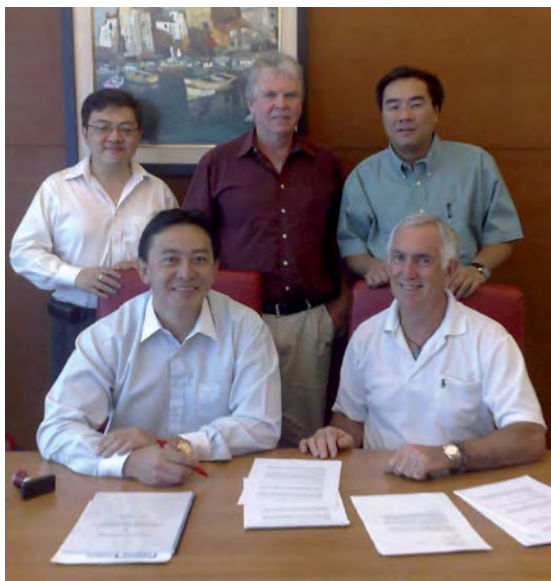
EL 3690 lies immediately to the south and east of IFE's Hercules iron ore target and covers the extension of the BIF sequence, including the interpreted synclinal fold axis structure.

Under the terms of the HoA, IFE has reached its

first milestone by funding \$100,000 of exploration expenditure and can earn 50% equity in the iron rights on EL 3690 by funding further expenditure to the value of \$400,000 by 31 December 2009. IFE has currently spent a total of about \$230,000 to the end July 2009.

IFE has the option to fund additional expenditure to the value of \$500,000 by 31 December 2011 to earn a further 30% equity in the iron ore rights contained within EL 3690. IFE is to manage iron ore exploration, development and operations activities.

The tip of the aeromagnetic anomaly defining IronClad's Hercules iron ore target extends onto LML's EL 3690 and IFE has defined an *in situ* Inferred Resource of 21.7 Mt @ 33.3% Fe for that part of the Hercules target within EL 3690. This includes a small resource containing 17.5% Mn + 29.2% Fe.



2.5 Mine Development and Exploration - Indonesia

(LML 45% Samusa Corp 55%)

The Desa Mirah Iron Ore Mine is being developed by an Indonesian mining company, PT. Samusa Bintang Mandiri, jointly owned by Lincoln (45%) and Samusa Corp (55%). Lincoln Minerals is the Project Manager for mining and exploration.

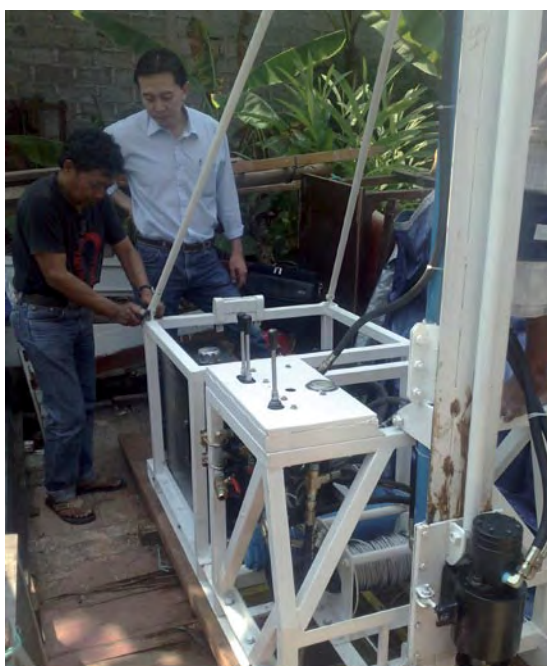
The JV has exclusive rights to mine and sell iron ore from two areas in south central Kalimantan: a 4,911 hectare exploration area (Exploration No. 188.4 / 320-SK / Distambe / 2006) that includes a 200 hectare exploitation (mining) area (Exploitation No. 238 Tahun 2008) upon which trial mining operations have already been undertaken.

About 7,000-10,000 tonnes (t) of high grade iron ore was 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%	SiO2%	Al2O3%	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 was delayed due to ongoing negotiations with the palm oil plantation owner on whose land the mine is located.

A small parcel of ore was transported from the mine to the jetty at Pundu in June 2009 but trucking was discontinued due to landowner negotiations and the state of the connecting road between the



2. REVIEW OF OPERATIONS continued

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 have been upgraded or reconstructed but further work is still required.

Outcrop mapping, drilling, trenching and the magnetic survey have defined a small resource for potential mining as soon as negotiations are completed with the landowners and equipment can be mobilised on site.

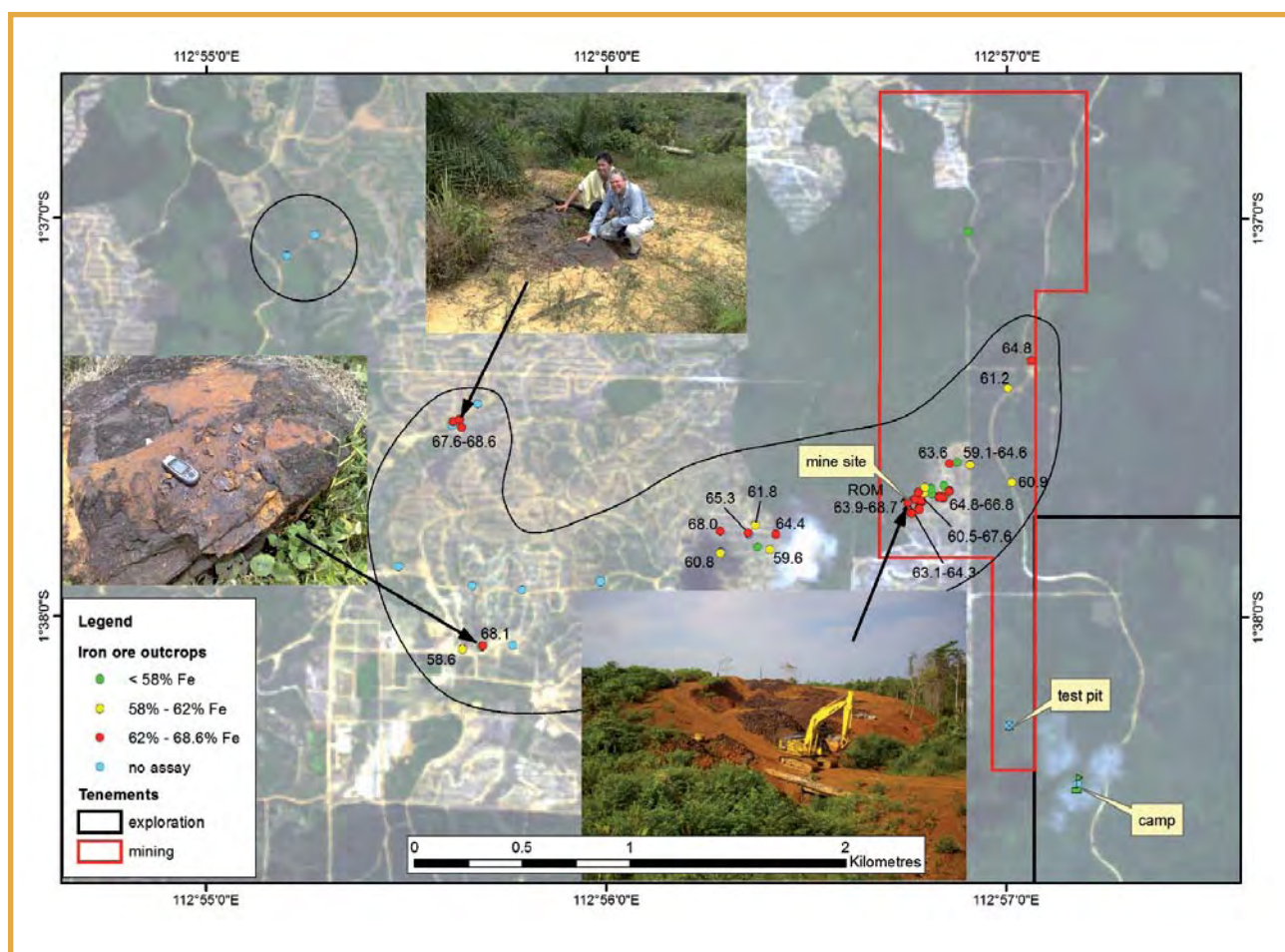
Exploration and Resource Definition

Iron ore at Desa Mirah occurs as scattered discontinuous pods, boulders and lenses of massive high grade hematite and magnetite within a relatively flat-lying zone of weathering and enrichment 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;

- A detailed ground magnetic survey to outline the boundaries of the iron ore;
- Processing and interpretation of magnetic data;
- Trenching and drilling adjacent to the existing mine – mineralisation averaging 62.6% Fe extends over an area of about 10,000 square metres sufficient for Stage 1 mining;
- Mine planning for Stage 1 mining including development of haul roads.

The drilling and trenching programs were undertaken within the mining exploitation concession during August 2009 to define the extent, depth, thickness and Fe grade of the resource. The drilling was not sufficient to define a JORC inferred resource but the defined exploration target for high grade lump iron ore within the immediate vicinity of the trial mine was to 27,000–47,000 metric tonnes at 60–66% Fe. Mineralisation covers an area ca. 1 hectare at an average thickness of 0.6 1.2m.



2. REVIEW OF OPERATIONS continued

In addition to the above resources, it is estimated that there is an additional 50,000 to 150,000 metric tonnes of iron ore (60–66% Fe) defined as an exploration target in the exploration concession immediately west of the mining concession.

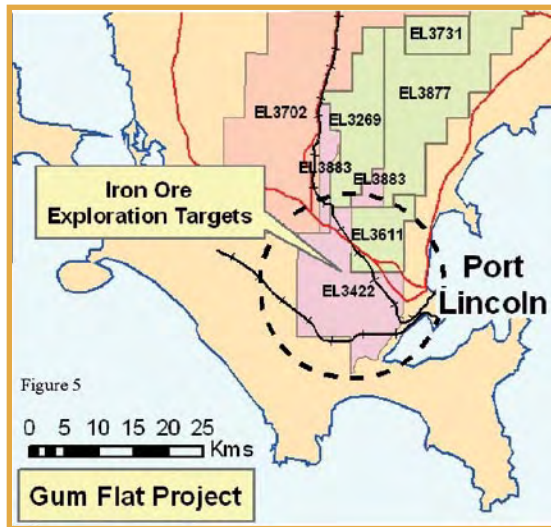
It is planned to commence Stage 1 mining as soon as negotiations are completed with the landowners and equipment can be mobilised on site. This will be a much smaller operation than previously envisaged.

Drilling and trenching failed to substantiate the exploration targets identified from interpretation of ground magnetic data. This was mainly due to identification of a deeper, lower grade magnetic source rock. Below the surface gravel, iron-rich caprock and weathered bedrock, drilling intersected magnetite- and pyrite/pyrrhotite-bearing diorite with up to 30–40% Fe associated with minor copper (up to 0.3% Cu) and trace gold based on field XRF analyses. This mineralisation is of iron-oxide-copper-gold (IOCG) style and the JV is now seeking to extend its mining rights to include all minerals. Detailed sampling and laboratory assays are pending.

In conjunction with JV partner Samusa Corp, Lincoln Minerals is evaluating several other promising iron ore, manganese and copper-gold projects in Indonesia.



2. REVIEW OF OPERATIONS continued



2.6 Exploration – South Australia

Gum Flat Iron Ore - EL 3422

(LML 60% MEA 40%)

The Gum Flat Iron Ore Project is located on southern Eyre Peninsula within 20 km 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) with some DSO

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, EL 3422 is ideally located with respect to infrastructure and proximity to a major shipping port.

During the year, work on Gum Flat focussed on drilling and estimation of inferred magnetite and hematite mineral resources for the Barns, Rifle Range and Sheoak West exploration targets. A detailed metallurgical study has commenced as a precursor to a mining and beneficiation scoping study and further resource definition drilling.

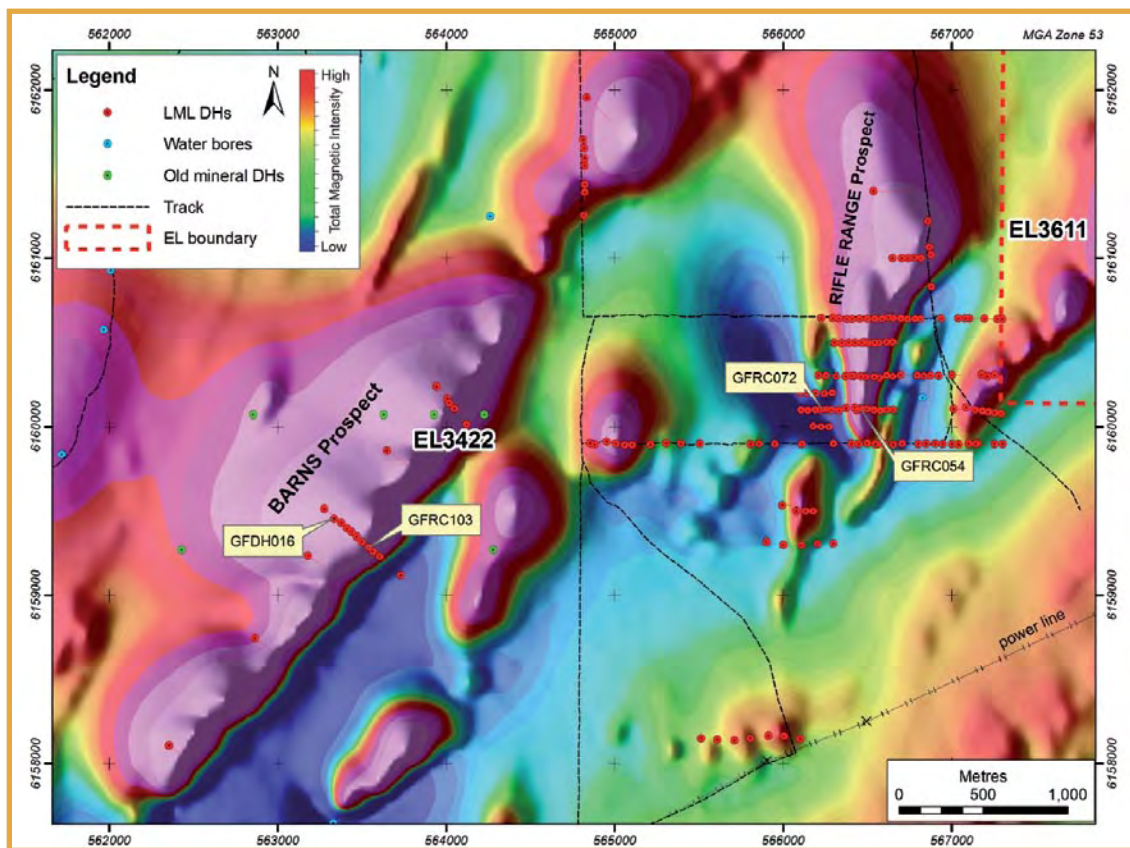


Figure 6: Location of Gum Flat drill holes with respect to aeromagnetic anomalies

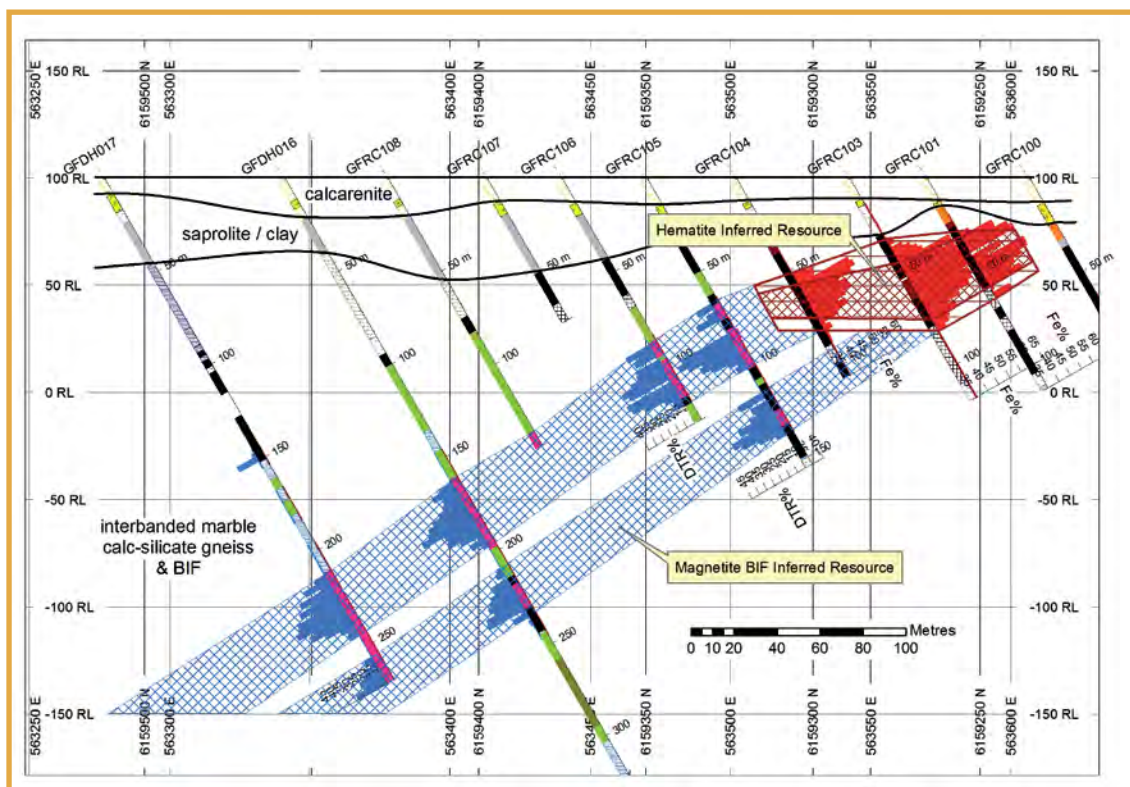


Figure 7: Southeast-northwest RC and diamond drill section across the Barns Prospect

Perth-based iron ore specialist, Engenium Pty Ltd, has been contracted to oversee and manage the detailed metallurgical test work and to advise on potential beneficiation processes.

A total of 15 diamond core drill holes (4,375.6m) and 118 reverse circulation (RC) drill holes (11,139.5m) were drilled during the year.

Key points of the resource estimation were:

- Hematite enrichment up to 60.5% Fe (GFR0103 - 18 m @ 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 7 km 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
- Maiden resource estimation:
 - 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) including pods of DSO

Barns Prospect - Hematite and Magnetite

Drilling across the high priority Barns exploration target (Figure 6) has confirmed the geophysical exploration model of a shallowly west-dipping high grade hematite-goethite-magnetite BIF sequence approximately 80 m thick (Figure 7).

The upper levels of this BIF sequence are oxidised and enriched to hematite and goethite down to approximately 60 m vertical depth. Iron (Fe) enrichment grades up to 60.5% Fe (GFR0103 58 60m) within a short interval of potential direct shipping hematite-goethite ore (DSO):



2. REVIEW OF OPERATIONS continued

Drillhole	From	To	Interval	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	CaO%	LOI%
GFRC103	50	68	18	58.18	5.16	1.37	0.48	1.07	0.85	6.32

Drillholes GFRC101 to GFRC104 along the SE-NW oriented Section centred on 6159375N (Figures 6 & 7) collectively define an enriched hematite-goethite resource with an average grade of 47.13% Fe including a higher grade core @ 52.69% Fe. The strike extent of this mineralisation is not known but based on a 200 m strike extent (viz. 100 m either side of the drill traverse), the Inferred Resource for hematite-goethite mineralisation is 1.30 Mt @ 47.1% Fe with a higher grade core 0.92 Mt @ 52.7% Fe (see table below).

Drillholes	Cutoff Grade	Inferred Resource	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	CaO%	LOI%
GFRC101-104	35% Fe	1.3 Mt	47.13	18.13	1.74	0.42	1.31	1.31	7.82
including	45% Fe	0.9 Mt	52.69	12.80	1.46	0.45	1.20	1.17	6.02

★★ refer to ASX Gum Flat announcement 30 April 2009 for further details.

The upper weathered and oxidised BIF sequence is overlain by 12-18 m of Quaternary calcarenite lime sand and by local, variably thick Tertiary ferricrete, ferruginous sand and saprolitic clay.

It is interpreted that enriched hematite-goethite BIF mineralisation extends along the full length of the aeromagnetic anomaly defining the Barns Prospect, viz. approximately 3.5 km. However, much of this zone is thinner and/or of lower Fe grade. Therefore, for the estimation of a hematite-goethite Exploration Target, a strike length ranging from 200 m to 550 m is assumed. This corresponds to the higher grade central magnetite zone outlined below and defines an exploration target of 2.0-7.3 Mt at an average grade of 45-55% Fe.

It is emphasized that exploration target tonnage estimates are conceptual in nature and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Below the hematite-goethite cap, the BIF becomes progressively more magnetite rich and less oxidised. There are two bands of high grade magnetite BIF which have a cumulative thickness in drill hole GFDH016 of 52 m.

Testing of this ore involved crushing and grinding drillcore down to a nominal 90% passing 75 microns, analysing the pulp by XRF (Head grade), undertaking wet Davis Tube magnetic separation of a 20g subsample, determining the weight percentage of magnetic concentrate from that test (DTR) then analysing the DTR concentrate by XRF (Con grade). Magnetite content in these bands ranges up to 43.9% DTR grading 70.3% Fe (GFRC105 84-86m) with low phosphorous, silica and alumina.

Drillholes **	Cutoff Grade	Head Fe %	DTR %	Con Fe %	Con SiO ₂ %	Con Al ₂ O ₃ %	Con P %	CON LOI %
GFRC105 & 106 GFDH016 & 17	10% DTR	26.02	24.61	65.61	6.38	0.50	0.01	-3.03
GFDH018	10% DTR	22.52	16.19	65.77	6.06	0.46	0.01	-2.31
GFDH019	10% DTR	22.60	16.06	64.61	7.66	0.58	0.01	-1.95
GFDH020	10% DTR	19.20	15.34	63.80	8.65	0.62	0.01	-2.94
GFDH021	10% DTR	23.49	21.04	63.64	9.02	0.49	0.01	-2.63

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.

★★ refer to ASX Gum Flat announcement 30 April 2009 for further details

2. REVIEW OF OPERATIONS continued

Based on the limited drilling done to date over the Barns Prospect, it is possible to define an Inferred Resource for the magnetite BIF combined with a revised Exploration Target. The definition and strike extent of the various blocks that comprise the Barns Prospect have been determined from geophysical interpretation of detailed low-level aeromagnetic data and maps (Figure 6). Based on that interpretation combined with drilling, the total Inferred Resource defined to date is 49.8 Mt @ 20.2% DTR magnetite concentrate. This resource would yield an inferred magnetite DTR concentrate of 10.1 Mt @ 65.0% Fe. It is expected that grind optimisation will improve the concentrate grade.

Drilling along the full length of the Barns Prospect either did not go deep enough or extend along the entire 3.5 km strike length of the aeromagnetic anomaly to test its full potential. The revised Exploration Target for Barns, taking these into consideration, is 100-150 Mt @ 15-25% DTR.

Rifle Range Prospect - Magnetite

Drilling across the Rifle Range Prospect (Figure 6) identified at least two, quite shallow dipping (10-400) but relatively thin BIF units that are variably folded to locally define thicker drill intersections. The BIF units are variably oxidised down to 40-55 m (true depth) and locally enriched at shallow levels to higher grade hematite-goethite bodies.

A small magnetite resource has been defined for the Rifle Range Prospect. Using a 10% DTR cutoff, a cumulative strike length of 900 m and a maximum vertical depth of 100 m below ground level as defined by RC drilling, the Inferred Resource of magnetite BIF is 5.37 Mt @ 22.6% DTR magnetite concentrate. This resource would yield an inferred magnetite DTR concentrate of 1.21 Mt @ 68.2% Fe.



2. REVIEW OF OPERATIONS continued

Sheoak West Prospect - Hematite

Throughout the Rifle Range area there are shallow zones of local hematite enrichment. Sheoak West hematite prospect is one such example and in RC drillhole GFRC078, whole rock assays range up to 55.8% Fe and average 50.6% Fe over 6 m from 62–68 m. Based on a strike length of 100 m, a small hematite-goethite (+ magnetite) Inferred Resource has been calculated for Sheoak West (see table opposite page). Based on a strike length of 200 m to 300 m, an exploration target of 0.8–2.5 Mt hematite BIF at an average

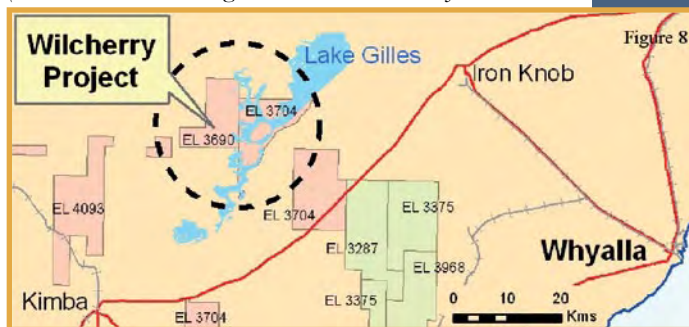
Drillholes	Cutoff Grade	Inferred Resource	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	CaO%	LOI%
GFRC072, 73, 74, 75, 76 & 78	35% Fe	1.21 Mt	43.84	22.76	1.68	1.14	1.93	0.40	6.38
including	45% Fe	0.27 Mt	48.28	20.63	1.26	0.70	0.85	0.38	5.41

★★ refer to ASX Gum Flat announcement 30 April 2009 for further details

grade of 40–50% Fe is defined for Sheoak West.

Wilcherry Uranium - ELs 3690, 3704, and 4093

(LML has exclusive rights to all minerals subject to IFE



farm-in 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.

Jungle Dam Uranium Prospect

Aircore and slimline RC drilling in October 2007, RC drilling in July 2008, and further aircore



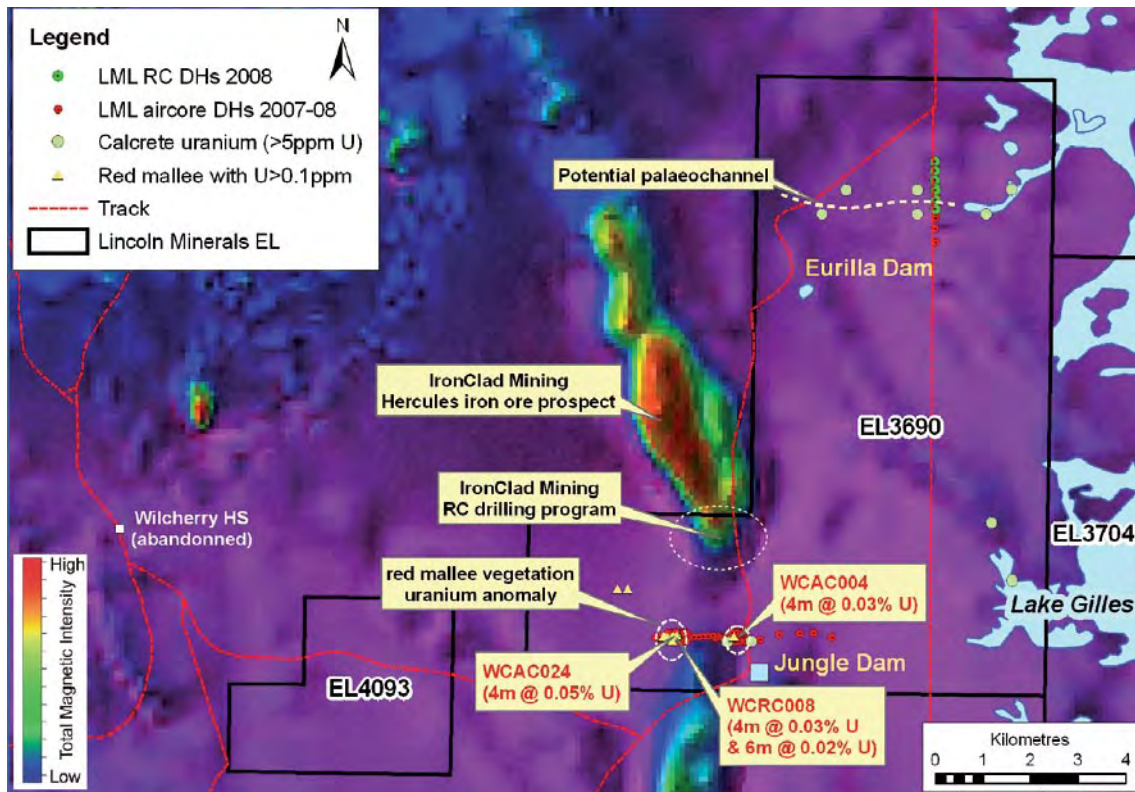


Figure 9: Calcrete / vegetation surface geochemical anomalies and LML drillholes, Wilcherry

drilling in October 2008 have 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) (WCAC024, 72–76 m and WCRC008, 55–56 m and 65–66 m).

The uranium intersections are in saprolitic clay associated with pyritic and graphitic units adjacent to uraniferous calcrete, soil and red mallee vegetation anomalies with up to 17 ppm U in calcrete.

Drilling at Jungle Dam has identified a zone of uranium mineralisation approximately 200 m wide and 200 m long open both to the north and south along strike (Figure 10).

The results of quantitative XRD analysis on a bulk ore sample 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 are not conducive to heap leaching but bench-scale agitated acid leach tests showed that after 12 hours 37% of the uranium was dissolved by sulphuric acid with low acid consumption.

QemScan analysis identified the uranium mineral as a uranium phosphate mineral, Francoisite Ce

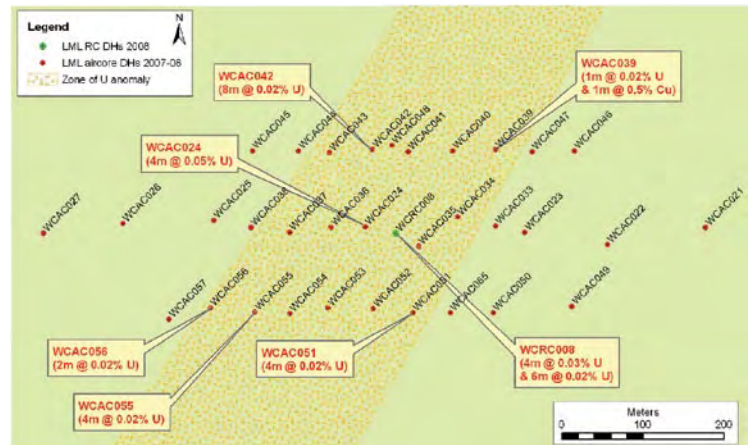


Figure 10: Lincoln Minerals' aircore and RC drilling summary, Jungle Dam Prospect

2. REVIEW OF OPERATIONS *continued*

Wilcherry Iron Ore JV

Early in 2008, Lincoln Minerals signed 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 within EL 3690.

EL 3690 straddles the southern extension of IFE's Hercules iron ore target including the synclinal fold axis structure.

During 2008, IFE undertook detailed gravity and airborne magnetic surveys, RC drilling and resource modelling across the southern Hercules target in conjunction with work on the main Hercules magnetic anomaly.

As announced 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.

Cummins-Wanilla Iron Ore - ELs 3702, 3703, 3883 and 4049

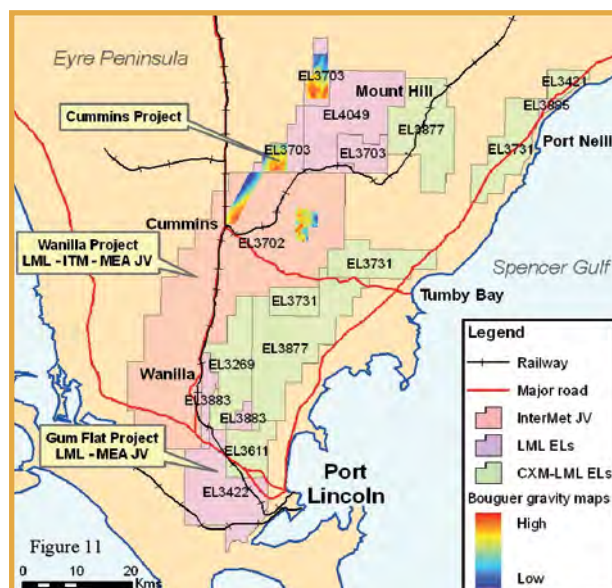
(LML has exclusive rights for all minerals on ELs 3703, 3883 & 4049 and, with MEA, is earning an 80% interest for all minerals except uranium on EL 3702)

The Cummins-Wanilla project area is prospective for a large range of polymetallic minerals including iron ore.

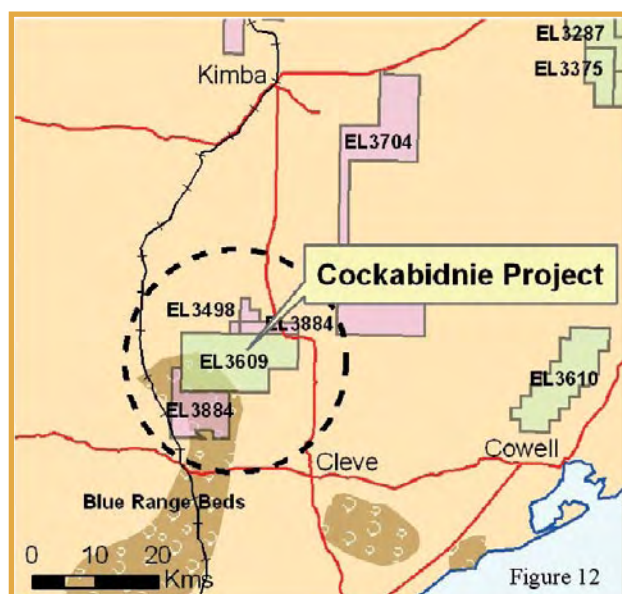
Calcrete and soil sampling programs have been completed across most of EL 3703 and detailed gravity surveys have been completed over selected targets on ELs 3702 and 3703 (Figure 11).

The purpose of the gravity surveys was to identify direct shipping (DSO) style hematite iron ore targets similar to Centrex Metals' Wilgerup orebody.

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



2. REVIEW OF OPERATIONS continued



Cockabidnie Nickel-Cobalt - 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 and is prospective for a large range of polymetallic minerals including gold, unconformity uranium and base metals (copper, lead, zinc, nickel-cobalt).

Aircore and slimline RC drilling completed in October 2007 and April 2008 outlined a new lateritic nickel-cobalt discovery along with further base metal, gold and uranium mineralisation on EL 3609 near Darke Peak.

Drilling 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, 30-31 m). There are significant intervals of mineralisation up to 30 m wide (CBAC185, 20-50 m @ 0.13% Co, 0.18% Ni and 0.05% Cu).

These results have identified a zone of scattered lateritic and saprolitic nickel-cobalt mineralisation over a strike length of 3 km. The mineralisation occurs to depths of 50 m beneath shallow soil and sand cover 5-15 m thick and is locally enriched in cobalt relative to typical lateritic nickel deposits.

The Campoona Syncline region is a highly prospective area not only for nickel-cobalt but also for zinc-lead-silver, gold, uranium and manganese. Within and immediately west of the Campoona Syncline, drilling in 2007 identified significant base metal, gold and silver mineralisation up to 2.4% Zn+Pb, 0.26 ppm Au and 26 ppm Ag and historic drilling also identified anomalous mineralisation (Figure 13).

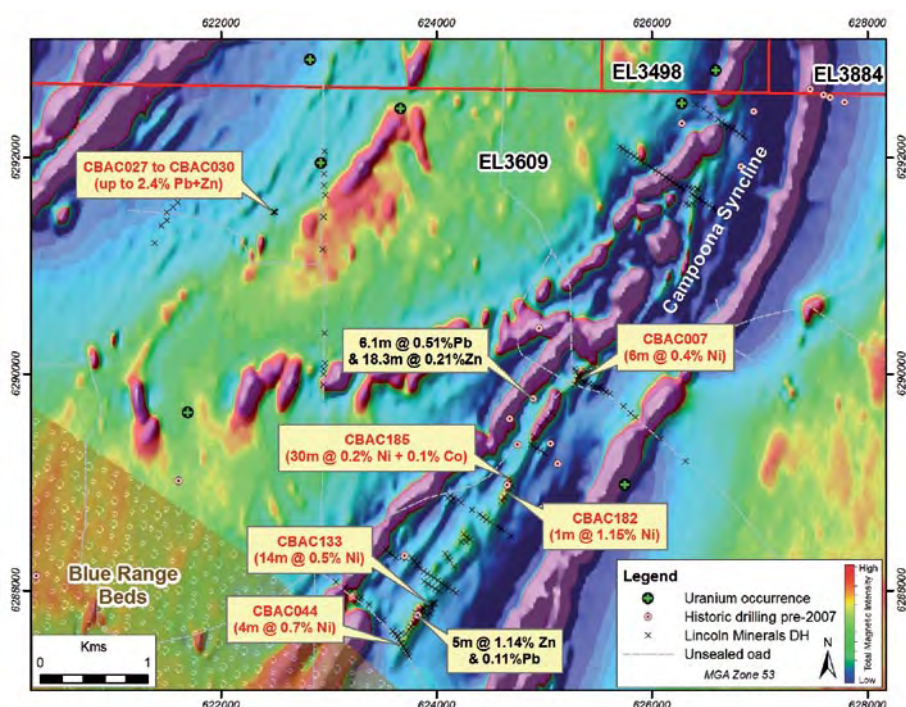
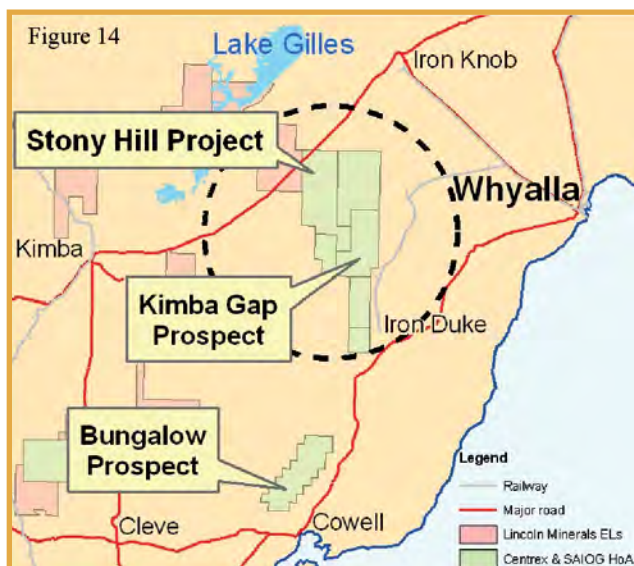


Figure 13: Aeromagnetic map of Ni-Co mineralisation at Cockabidnie

2. REVIEW OF OPERATIONS continued



Stony Hill Project - ELs 3968, 3999, 4185, 3287 and 3375

(LML has exclusive rights to all minerals except iron)

The Stony Hill project is located in north eastern Eyre Peninsula, immediately west of the Middleback Ranges within the Middleback Subdomain. It contains scattered banded iron formation (BIF), marble and calcsilicate gneiss surrounded by Lincoln Complex granite gneiss. BIF, marble and gneiss are overlain by extensive sand and sandy clay with local playa lakes.

Granite gneiss in the region is locally uraniferous with numerous mylonitic shear zones similar to southern Eyre Peninsula. There is potential for uranium mineralisation within the granite gneiss, particularly within shear zones, and in palaeodrainage channels that drain from the gneisses.

There is a significant uranium anomaly with a high uranium/thorium ratio in lakes near Kimba Gap.

Reconnaissance and follow-up vegetation sampling on EL 3968 in the Kimba Gap area around the margins of one of the lakes with high U/Th ratios has located a significant zone of uranium anomalism (Figure 15). This is interpreted to represent a potential uraniferous palaeodrainage channel.



Figure 15: Uranium anomalism in vegetation sampling at Kimba Gap

2. REVIEW OF OPERATIONS continued

Carinya-Tumby Bay-Mount Hill-Dutton River Project - ELs 3269, 3731 and 3877

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

This project area is located on southern Eyre Peninsula and has been previously explored for uranium, gold, base metals, iron ore, graphite and various other minerals largely on a reconnaissance basis. It contains sporadic outcrops of Hutchison Group quartzite, marble, calcsilicate gneiss, BIF, garnet gneiss, and amphibolite. Its eastern margin is bound by a major mylonitic shear zone and a granitic gneiss complex.

Outcrop is more extensive in the east but much of the region is capped by intense Tertiary weathering and lateritic ferricrete that mask basement lithologies.

Along with high-grade iron ore, anomalous uranium, gold and base metal results have been locally recorded and the eastern region near Tumby Bay contains several historic mines. The Tumby Bay, Flinders, and Port Lincoln mines are located mainly within outcropping marble and BIF of the lower Hutchison Group immediately adjacent to and just within the Kalinjala Mylonite Zone. Each of these mines produced a few tonnes of mainly

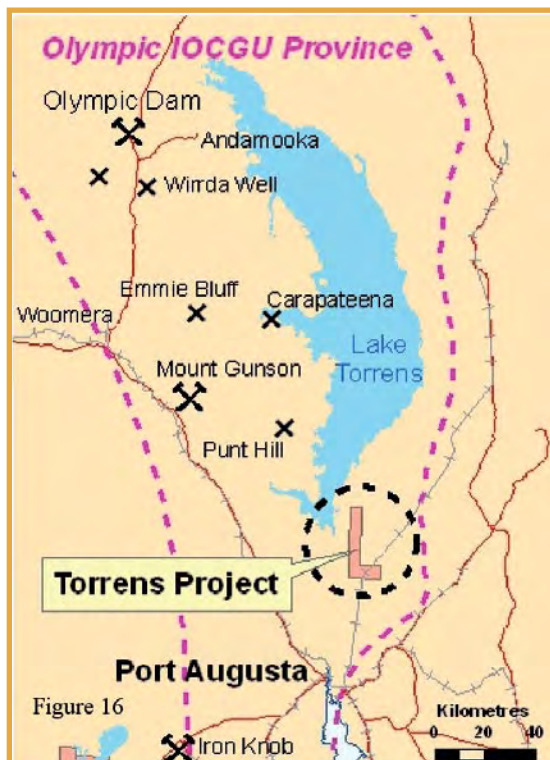


high-grade copper carbonate ore but copper sulphides have been recorded from deeper levels.

The uranium potential of the region is still largely untested. During 2007-08, uranium anomalism near Carinya and in the Dutton River (former EL 3885) was tested by calcrete and lateritic lag sampling along with a ground spectrometer survey. Anomalous uranium has been identified but is considered low priority relative to other targets on Eyre Peninsula. ELs 3883 and 3885 have been relinquished but a new EL has been applied for over a larger area encompassing the Dutton River.



2. REVIEW OF OPERATIONS continued



Torrens Project - EL 3563

(LML has exclusive rights to all minerals)

The Torrens Project (EL 3563) is a copper and iron-oxide copper-gold-uranium (IOCGU) target within the Olympic Dam structural province.

It is located approximately 350 km north of Adelaide and 50 km north of Port Augusta on the margin of Lake Torrens. It is southeast of Olympic Dam (BHP Billiton Limited) which is the world's largest uranium deposit, fourth largest copper deposit and contains large quantities of gold, silver, and rare earth elements.

Interpretation of detailed gravity and ground

magnetic data acquired by LML supported the presence of shallow, high density basement and overlying Beda Volcanics and Adelaidean sediments thrust from east to west in what has been interpreted as a "thrust anticline". LML believes that this structure could be the focus for potential sediment-hosted copper (Zambian Copper Belt or Kupferschiefer style) and/or IOCGU mineralisation associated with the uplifted block.

Drilling over the thrust-anticline target was completed in December 2008. A SA Government Program for Accelerated Exploration (PACE) grant of \$100,000, to assist with drilling of this structure, was awarded to LML in February 2008.

Drilling intersected Tertiary sediments of the Pirie-Torrens Basin down to 197.8 m then a sequence of early Adelaidean red sandstone to 308.6 m and mafic volcanics (Beda Volcanics) to 633.9 m. At 633.9 m, drilling intersected a 3m wide cataclastic thrust zone then went into 38 m of Brachina Formation overlying Elatina Formation, in which the drill hole finished at 1002.3 m. The Adelaidean Brachina and Elatina formations are younger than the Beda Volcanics that have been thrust over them.

No significant mineralisation was intersected in the drill hole other than trace copper in the Beda Volcanics so expenditure to date has been written off. Nevertheless, the presence of the thrust fault and associated alteration has important implications for potentially mineralised fluid flow, tectonic modelling, and localisation of potential mineralisation. LML will continue work on the drill samples and structural/mineralisation models.

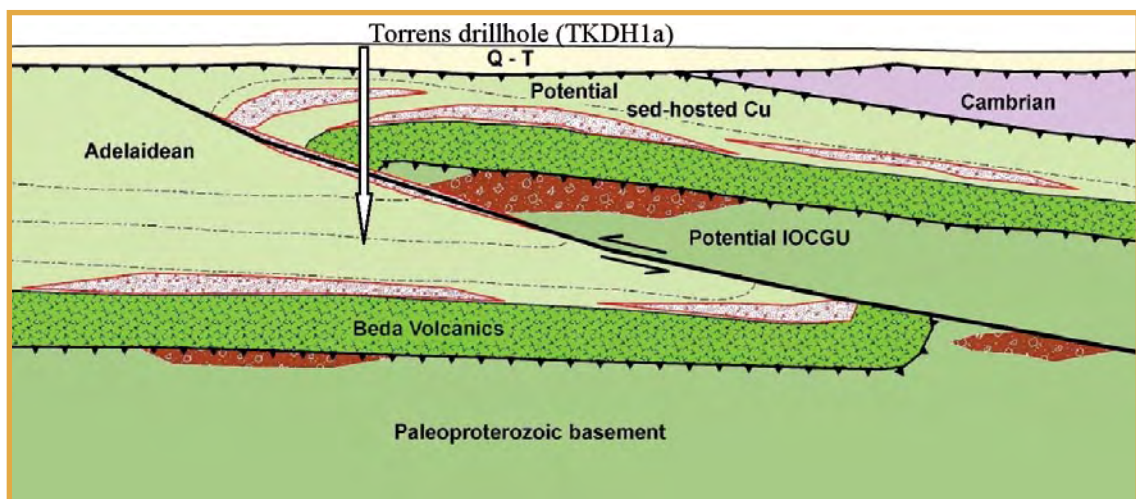


Figure 17: Thrust anticline geophysical and structural model of the Yadlamalka Thrust and location of diamond core drilling

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

The Directors present their report together with the financial report of Lincoln Minerals Limited for the financial year ended 30 June 2009 together with the Auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

<i>Name and qualifications</i>	<i>Experience and other directorships</i>
Richard V. Ryan AO FCA Chairman (Non-Executive) Appointed 10 November 2006	Richard Ryan AO has had a long and distinguished career in the mining industry. Mr Ryan is a Fellow of the Institute of Chartered Accountants in Australia, a Companion of the Institution of Engineers, Australia, and a Companion of the Chartered Management Institute, UK. Mr Ryan was made a member of the Order of Australia in 1989 for Services to the Community and was made an Officer of the Order of Australia in 1998 for Services to Indigenous People. Other directorships of listed entities within the last three years: Nil.
Dr Allan John Parker BSc(Hons), PhD, Dipl Comp Sc Managing Director Appointed 16 October 2006	Dr Parker is a geologist and geophysicist. Dr Parker has a broad and extensive knowledge of uranium, gold, iron ore and base metal mineral deposits and mineralizing systems in the Gawler Craton. He also has a strong geophysical background and is a leading geographical information systems (GIS) expert. Other directorships of listed entities within the last three years: Nil.
Peter E. Cox FCA Director (Non-Executive) Appointed 16 October 2006	Mr Cox is a Chartered Accountant who currently operates a management consultancy business after many years in public practice. He has been involved in the administration of a number of public floats and listed companies, predominantly in the Resources sector. Other directorships of listed entities within the last three years: MIKOH Corporation Limited from 1 December 2004 until 14 June 2006.
Robert A. Althoff B.Tech (Mech. Eng.), MAICD Director (Non-Executive) Appointed 5 July 2005	Mr Althoff is a professional Mechanical Engineer with postgraduate studies in Business Management and 34 years experience in mining, transport and power station operations. Other directorships of listed entities within the last three years: Nil.

COMPANY SECRETARY

Mr Peter E Cox is Company Secretary (appointed 16 October 2006) and also a non-executive Director.

Refer to details above.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**DIRECTORS' MEETINGS**

The number of directors' meetings held and numbers of meetings attended by each of the directors of the Company during the financial year were:

	<i>Number of meetings held while in office</i>	<i>Number of meetings attended</i>
RV Ryan	15	14
AJ Parker	15	15
PE Cox	15	15
RA Althoff	15	14

In addition, several matters were resolved by written resolutions signed by all directors. The Board does not operate any separate committees due to its small size.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of directors' interests in the shares of Lincoln Minerals Limited as at the date of this report are as follows:

	<i>Fully paid shares held</i>	<i>Options held</i>
Richard V Ryan	300,000	850,000
A John Parker	300,000	1,800,000
Peter E Cox	133,334	1,050,000
Robert A Althoff	720,000	1,004,990

No options were granted to Directors during the year or between the end of the year and the date of this report.

PRINCIPAL ACTIVITIES

During the year the Company continued to explore its exploration licences in South Australia and, in February 2009 entered into a joint venture with Samusa Corp to explore, develop and mine an iron ore prospect at Desa Mirah, Kalimantan, Indonesia.

In South Australia, further drilling and exploration at Gum Flat was exclusively funded by Mineral Enterprises Australia Pty Ltd ("MEA") until they had contributed a total of \$2,500,000 to earn a 40% interest in the Project. This milestone was achieved in November 2008. Thereafter MEA continued to fund its share of exploration costs and in April 2009 the Company was able to announce that the Joint Venture had an inferred resource comprising 55.2 Mt of magnetite at 20.6% DTR concentrate and 1.2 Mt hematite at 51.6% Fe (45% cut-off) or 2.5 Mt at 45.5% Fe (35% cu-off). The Company has recently commissioned a scoping study on the tenement.

Exploration drilling at Lake Torrens for which the Company received \$100,000 in PACE funding from the SA Government was completed in November 2008. Net costs of \$721k relating to this drilling and other exploration on the tenement during the year together with \$210k of capitalised exploration and evaluation expenditure brought forward from previous years have been expensed.

At Wilcherry on EL 3690 the Company continued to explore for uranium having been encouraged by 0.05% to 0.07% uranium mineralisation plus 0.1% to 0.5% base metal discovered and announced in December 2007. Following a successful trial survey, vegetation sampling was undertaken during the year to assess continuity of mineralisation. Uranium anomalism in red mallee vegetation samples indicates that the mineralisation extends for at least a kilometre. Exploration expenditure on the tenement area of \$376k was capitalised in 2009. In addition the Company has entered into a heads of agreement with IronClad

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

Mining Limited whereby the latter can earn up to 80% of the rights to explore for and mine iron ore within the tenement area by meeting certain expenditure targets.

At Wanilla on EL 3702 held by International Metals Pty Ltd, the Company, jointly with MEA expended the minimum \$250k on exploration by 30 June 2009 to retain its interest in the joint venture. Further expenditure of approximately \$375,000 (of which nearly \$50k has already been made) would be required by 31 December 2010 for LML and MEA to hold 50% interest in all minerals other than uranium on this tenement area.

On 24 February 2009 the Company completed a Heads of Agreement with Indonesian based Samusa Corp. whereby it can achieve a 45% interest in an exploration and mining project in Kalimantan (Borneo), Indonesia. The Heads of Agreement provides that Lincoln Minerals will contribute US\$2 million (which can be offset by share of proceeds of sales of iron ore) on an as needs basis for the project. There are certain break clauses whereby Lincoln can opt out if either insufficient reserves of iron ore are established in the first year, budgeted costs of mining materially differ from those incurred, or tenements are not maintained. Separately, Lincoln has advanced US\$50,000 to Samusa Corp. secured by stockpiled ore at the mine site. At 30 June 2009 the Company had spent A\$460k on the joint venture of which A\$374k has been carried forward in the Balance Sheet in accordance with AASB6. Under the terms of the joint venture, Lincoln will take its share of proceeds of sale of iron ore in cash and then apply these against its earn-in obligations if they eventuate. On 9 September 2009 the Company announced that the drilling and further trenching program undertaken within the mining exploitation concession during August 2009 had the effect of downgrading the extent of the previously estimated high grade iron ore within the immediate vicinity of the trial mine to between 27,000 to 47,000 metric tonnes at 60 – 66% Fe. It is intended to mine this resource as soon as landowner negotiations can be completed, expected to be towards the end of 2009.

In conjunction with Samusa Corp. the Company is evaluating a number of other prospects in Indonesia.

Further detail of the Company's operations will be set out in the Managing Director's Review of Operations section of the 2009 Annual Report

RESULTS AND DIVIDENDS

The Company made a loss after tax of \$1,708,699 (2008: \$630,704). In 2009 the Company capitalised \$2,377,030 (2008: \$1,308,564) of net exploration and evaluation expenditure and expensed \$1,125,964 (2008: \$108,512) of such expenditure that was unable to be carried forward. Interest income was \$199,897 (2008: \$445,254) and contributions to overheads from the Company's joint venture partner in South Australia were \$227,659 (2008: \$111,433).

During the year the Company issued 14,674,290 new shares, raising \$40,000 from the exercise of 200,000 20 cent options and \$1,091,140 from net proceed of a rights issue at 8 cents per share in June 2009.

Cash at the end of June 2009 was \$3,463,502 (2008: \$5,440,272)

No dividends were paid and the directors have not recommended the payment of a dividend (2008: Nil).

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**CORPORATE PERFORMANCE**

The performance of the Company since becoming a listed public company is:

Year	Net (loss) for the year	(Loss) per share – cents (adjusted for rights issue June 2009)	Shareholders' Equity	Number of issued shares –end of years	Share price – end of the year – cents
2007	(346,018)	(0.91)	6,677,390	71,672,221	18.5
2008	(630,704)	(0.78)	7,106,996	75,172,221	24.0
2009	(1,708,699)	(2.09)	6,556,101	90,046,511	9.5

No dividends have been paid, nor have there been any capital reductions or share cancellations over the above periods.

ENVIRONMENTAL REGULATION

The Company is subject to environmental regulation in respect of the mining tenements granted to it and the mining legislation of the states in which the mining tenements are held. The Directors are satisfied that no breaches of the environmental conditions of these licences have occurred as they are continually monitoring the Company's operations. No notices of any such breaches have been received from any authority.

ENVIRONMENT AND SOCIAL POLICY*Environment*

The Company is aware of its corporate responsibility to impact as little as possible on the environment and, as necessary, to undertake exploration programs and/or rehabilitate sites in line with detailed procedures and guidelines published by the South Australian Government.

The Company has a policy to monitor performance and improve operational procedures to best environmental practice and minimise the impacts of exploration activities wherever possible.

Social

At Lincoln Minerals we are committed to a working environment that provides equality to all and that respects the rights, cultural beliefs and relevant concerns of all landholders and communities that have a legitimate interest in land upon which we propose to undertake exploration.

This will involve ongoing communication with relevant local residents, farmers, pastoral property owners, Aboriginal groups and local authorities.

The Company has an employment strategy that aims to help improve access to employment for local Aboriginal people. The focal point for the strategy in 2009/2010 will be to investigate and assist in the development and implementation of traineeships and/or training programs that will best meet the Company's and industry's future needs.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**OPTIONS**

Particulars regarding options of Lincoln Minerals Limited as at the date of this report:

Category	Exercisable at any time until	Exercise price	Outstanding
Shareholder – bonus	30 Jun 2010	30 cents	35,776,854
Director	31 Dec 2011	20 cents	4,550,000
Employee	31 Dec 2011	25 cents	300,000
Employee	31 Dec 2011	30 cents	110,000

All options set out above have vested.

None of the above options entitles the holders to participate, by virtue of the options, in any share issue of any other corporation.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 30 July 2009 the company allotted 10,449,775 shares at 8 cents cash per share to various parties being the shortfall from the rights issue completed in June 2009, raising \$835,982 before brokerage costs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In 2010 the Company will be principally engaged in the exploration for minerals on its tenement areas on Eyre Peninsula in South Australia and in pursuit of iron ore and mine opportunities in Indonesia. The only expected sources of Australian income will be the receipt of interest on cash funds held on deposit and recoveries of overheads from joint venture partners, but the Company is optimistic that it will earn some mining income from its Indonesian ventures.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors support and have adhered to the principles of good corporate governance. The Company's corporate governance statement is contained in the section entitled "Corporate Governance Statement".

REMUNERATION REPORT - AUDITED

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. This report outlines the remuneration arrangements in place for Key Management Personnel of Lincoln Minerals Limited. The corporate performance summary is disclosed elsewhere in the Directors' Report.

Key Management Personnel comprise:

Directors

RV Ryan	Chairman (non-executive)
AJ Parker	Managing Director
PE Cox	Director
RA Althoff	Director (non-executive)

Executives

PC Lyons	Senior Geologist
DA Povey	Senior Geologist
DR Bachmann	Project Geologist

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009*Remuneration philosophy*

The performance of the Company depends on the quality of its directors and executives. Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration

Remuneration committee

Due to the relatively small size and complexity of the Company the Board have decided not to form a separate Remuneration Committee, and instead the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, and the senior management team.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Share options may form part of a remuneration package and number and terms of such options will be determined in accordance with the above objectives.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non-executive director remuneration*Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre and with the experience and qualification appropriate to the development of the Company, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination occurred at an Extraordinary General Meeting held in January 2007 when shareholders approved an aggregate remuneration of \$250,000 per year. The current fee level is \$35,000 per non-executive director per annum and the Chairman \$50,000 per annum, all inclusive of statutory superannuation.

The Board considers fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

All of the Non-executive Directors received directors' fees whilst Mr Cox also received salaried payments for secretarial and accounting services rendered at commercial rates.

Non-executive Directors' fees are not linked to the performance of the Company. However, Directors are issued options to provide the necessary incentive to work and grow long-term shareholder value. Issues of options to Directors require approval by shareholders in general meeting.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009**Executive Director and Senior Management remuneration****Objective**

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward executives for Group and individual performance;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the group; and
- Ensure total remuneration is competitive by market standards.

Structure

It is Board policy that employment contracts are entered into with the Managing Director and other senior executives.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established by the Board of Directors. The variable remuneration for Dr Parker, Managing Director, being a share option package comprising 2,000,000 options exercisable at any time on or before 31 December 2011 at 20 cents per option, was approved by shareholders in 2007 (200,000 of these options have since been exercised). Options for executives were granted during 2008 with vesting conditions.

Fixed Remuneration**Objective**

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed in accordance with contract terms by the Board of Directors and the process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Employment contracts

Employees are employed under terms which include annual reviews as to their personal performances and assessment as to general employment market conditions. The Managing Director has been engaged for three years although the contract may be terminated by either party by the giving of three months' notice. As at the date of the report the Managing Director's annual salary is \$207,000 plus 9% superannuation, subject to annual review by the Board. Senior staff have all been engaged for two year periods although these contracts may be terminated by either the Company or the respective staff member by the giving of four weeks' notice.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009

*Compensation of Key Management Personnel*

	Short term		Post employment	Share-based payment	Total	Total performance related
	Salary and fees	Contract payments and professional fees	Superannuation	Options		
	\$	\$	\$	\$	\$	%
Year ended 30 June 2009						
Directors						
RV Ryan	-	50,000	-	-	50,000	-
AJ Parker (Executive)	145,430	-	80,200	-	225,630	-
PE Cox	55,041	-	86,103	-	141,144	-
RA Althoff	26,250	-	8,750	-	35,000	-
Executives						
PC Lyons	123,942	-	11,155	8,350	143,447	5.8%
DA Povey	100,000	-	9,000	3,117	112,117	2.8%
DR Bachmann	91,154	-	8,204	3,117	102,475	3.0%
Total Key Management Personnel - 2008	541,817	50,000	203,412	14,584	809,813	1.8%
Year ended 30 June 2008						
Directors						
RV Ryan	-	50,000	-	-	50,000	-
AJ Parker (Executive)	137,167	-	76,200	-	213,367	-
PE Cox	-	125,107	35,000	-	160,107	-
RA Althoff	-	-	35,000	-	160,107	-
Executives						
PC Lyons	94,616	-	8,515	5,330	108,461	4.9%
DA Povey	107,692	-	9,692	6,993	124,377	5.6%
DR Bachmann	69,077	-	6,393	6,993	82,463	8.5%
Total Key Management Personnel - 2007	408,552	175,107	170,800	19,316	773,775	2.5%

No bonuses were earned by or paid to any key management personnel in either 2008 or 2009.

No shares were issued in either 2009 or 2008 as compensation.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009*Option holdings of Key Management Personnel*

30 June 2008	Balance at the beginning of the year	Granted as remuneration	Exercised during the year	Lapsed during the year	Balance at the end of the year
Directors					
RV Ryan	850,000	-	-	-	850,000
AJ Parker	2,000,000	-	200,000	-	1,800,000
PE Cox	1,050,000	-	-	-	1,050,000
RA Althoff	1,358,322	-	-	353,332	1,004,990
Executives					
PC Lyons	100,000	-	-	-	100,000
DA Povey	100,000	-	-	-	100,000
DR Bachmann	100,000	-	-	-	100,000

AUDITORS' INDEPENDENCE DECLARATION

We have obtained the independence declaration from our auditor KPMG, a copy of which is attached to and forms part of this report.

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board considers that those non-audit services provided by the auditor are compatible with and do not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or sharing risks or rewards.

Details paid to KPMG during the year for audit and non-audit services are set out hereunder:

	2009 \$	2008 \$
Audit services		
Audit and review of financial reports (KPMG Australia)	38,000	28,500
Other services		
Taxation advice and compliance services	10,400	5,500

No other auditors were engaged by the Company.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009
.....**INDEMNIFICATION AND INSURANCE OF OFFICERS**

During the financial year the Company entered into agreements to indemnify all current directors of the Company as at the date of this report against all liabilities (subject to certain limited exclusions) to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a director or executive officer unless the liability relates to conduct involving a lack of good faith. The Company has also agreed to indemnify the directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the financial year the Company paid insurance premiums in respect of directors' liability insurance. Disclosure of the nature of the liability and the extent of the premium is prohibited by the confidentiality clause of the contract of insurance.

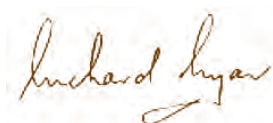
The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Lincoln Minerals Limited) incurred in their position as director unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the financial year the Company paid insurance premiums in respect of directors' liability insurance. Disclosure of the nature of the liability and the extent of the premium is prohibited by the confidentiality clause of the contract of insurance.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than Lincoln Minerals Limited) incurred in their position as director unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Dated at Adelaide, South Australia this 29th day of September 2009 and signed in accordance with a resolution of the directors.



RV Ryan, Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Lincoln Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Derek Meates'.

Derek Meates
Partner

Adelaide

29 September 2009

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative,

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Lincoln Minerals Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Lincoln Minerals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement follows the Australian Stock Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Lincoln Minerals Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

Principle 1 – Lay solid foundations for management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the rights of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

1. Lay solid foundations for management and oversight

Governance Roles to achieve the Vision

The skills, experience and expertise relevant to the position of each Director and Secretary in office at the date of the annual report is included in the Directors' Report.

The determination of materiality requires consideration of both quantitative and qualitative elements.

The Board has determined those matters which are the province of the Board, clearly separating them from the responsibilities of the Managing Director.

The Board's role includes the following:

- Setting and reviewing the vision, goals and strategy
- Approving the annual strategic plan and major operating plans
- Approving budgets
- Reviewing and providing feedback on the performance of the Managing Director
- Reviewing the performance of the Board and individual directors
- Reviewing the half-year and full year financial statements and reports and quarterly cash-flow statements
- Determining policies and ensuring adequate procedures are in place to manage the identified risks
- Having regard to the size of the company the full Board will carry out the functions sometimes delegated to a nominations committee and remuneration committee

Role of the Managing Director

The role of the Managing Director includes:

- Vision/Strategy. Formulating with the Board the vision and strategy, developing action plans to achieve the vision and reporting regularly to the Board on progress.

CORPORATE GOVERNANCE STATEMENT



- Management team and employees. Providing leadership, appointing and negotiating terms of employment of senior executives (with Board approval where necessary), developing a succession plan, ensuring procedures are in place for education and training to ensure compliance with laws and policies.
- Successful implementation of the Company's exploration programme.
- Board. Responsible for bringing all matters requiring review/approval to the Board, advising on the changes in risk profile, providing certification regarding the financial statements for the half-year and full year, reporting to the Board on a monthly basis the performance of the Company and for ensuring education of Directors on relevant matters.

The Board will annually review the performance of the Managing Director having regard to performance measures set out at the commencement of each year. These will include financial measures, achievement of strategic objectives and other key performance indicators, and compliance

Role of the Chairman

The role of the Chairman includes:

- Vision/Strategy – Ensuring leadership in setting and reviewing vision;
- Board meetings – Setting agenda with the Managing Director/Company Secretary, ensures directors receive all relevant information, chairs meetings and deals with conflicts;
- AGM – Chairing the AGM and ensures shareholders as a whole have an opportunity to speak on relevant matters, ensures audit partner attends;
- External matters – Being spokesperson with the Managing Director, on company matters;
- Managing Director – Being the primary point of contact between the Board and External.
- Being kept fully informed on major matters by the Managing Director, chairing the performance appraisal of the Managing Director, and providing mentoring;
- Initiating Board and committee performance appraisal and ensuring agreed Board composition is maintained and director induction plans are in place.

2 Structure the Board to Add Value

Composition and Balance of Skills of Directors

The composition of the Board is critical for the success of the Company and the number of directors and their skills will vary from time to time depending on the circumstances of the Company:

- The Board believes that the number of directors will range from four to six but have currently determined that the number will be four, including the Managing Director;
- The Board will comprise a variety of persons with diverse skills and experience relevant to the Company and its circumstances at the time;
- The CEO will be a director and will also have the title of Managing Director.

Independence of Directors

The Board believes that the best interests of the Company will be served if a majority of the Directors are independent, as defined in the ASX Corporate Governance Guidelines. The Chairman is an independent director. Directors of Lincoln Minerals Limited are considered to be independent when they are independent of management and free from any business or other relationship that could (or could reasonably be perceived to) materially interfere with the exercise of their unfettered and independent judgement.



CORPORATE GOVERNANCE STATEMENT

The Board will review annually whether or not each director is independent.

Incoming Directors are required to consent to their appointment, including undertaking to observe the Company's Corporate Governance policies as are in force from time to time, and including notifying the holding of all Company securities and notifying the Company Secretary at the earliest practical time of any changes that may arise in those holdings.

The status of each director is as follows:

		Term in office
Richard V Ryan – Chairman	Independent	Since November 2006
Dr A John Parker – Managing Director	Non-independent	Since October 2006
Peter E Cox	Non-independent, but also acts as Company Secretary/CFO on part-time employment basis	Since October 2006
Robert A Althoff	Independent	Since July 2005

The definition of independence is that as set out in the ASX Corporate Governance Guidelines.

The Board believes in the renewal of Board members to ensure the ongoing vitality of the Company. Generally, Directors will serve for 10 years and will not seek re-election at the next AGM at which they retire by rotation, unless unanimously agreed otherwise by the other non-executive Directors. The best interests of the Company at the time, will significantly influence any such decision.

Appointment of Directors

If the Board determines that there is a need to appoint another Director for any reason they will:

- determine the skills, experience, qualifications appropriate, having regard to those of the existing Directors
- agree the process to seek such a person
- set a timetable to appoint, having regards to the timing of the AGM and requirements of the Constitution
- prepare a short list and meet the candidates

Access to Independent Advice

Directors may obtain independent experts' advice to enable them to fulfil their obligations, at the expense of the Company and after obtaining approval of the Chairman.

**3. Promote Ethical and Responsible Decision-making
Code of Conduct of Directors**

The Directors are expected to use their skills commensurate with their knowledge and experience to increase the value of the Company.

To meet this obligation they must act honestly and should:

- execute due care and diligence;
- not misuse information or their position for their own gain;
- avoid or fully disclose conflicts;
- ensure that the market is fully informed of all matters that require disclosure;
- actively promote the reputation of the Company

Conflicts of interest that arise must be immediately disclosed and addressed by eliminating the conflict, abstaining from participation or, in exceptional cases, resigning.

CORPORATE GOVERNANCE STATEMENT

Directors must comply with the law on disclosure of benefits and related party transactions. Directors must have access to all relevant information on the Company and this is to be sought through the Managing Director or agreed arrangements.

All Directors must maintain strict confidentiality in relation to Company matters.

Directors must be aware of insider trading laws and strictly abide by the law and Company policies.

Directors are to ensure that the financial statements are drawn up to comply with Australian Corporations Law and Accounting Standards.

Directors must also be aware of environmental impacts of the company's business and ensure the health, safety and well-being of their employees.

Deeds of access, indemnity and insurance will be entered into with the directors to the extent permitted by law.

Trading in securities

The Company's constitution permits the Directors to acquire securities in the Company. However, the Company policy prohibits Directors and senior management from trading the Company's securities whilst in possession of price sensitive information.

Directors, employees and associates may trade where they have obtained approval of the Chairman. The Company's trading policy is discussed with each new employee as part of their induction. In accordance with the provisions of the Corporations Act and the ASX Listing Rules, the Company will advise the ASX of any transaction conducted by the Directors in the Company's securities.

This policy relates to Directors' and executives' spouses and other parties over whom they have significant influence.

Interaction with the media

To ensure clear and consistent messages to the Stock Exchange and media, unless specifically approved otherwise, the Chairman and Managing Director are the only authorised spokespersons of the Company.

Interests of Stakeholders

The Company observes the principles recommended by the ASX Corporate Guidance Council.

The Company addresses environmental, logistical and operating issues associated with its exploration activities.

The Company observes all of the rehabilitation requirements which may attach to its exploration activities.

The Company acknowledges community and legal standards with respect to anti-discrimination at all levels, particularly with respect to employees and contractors.

The Company acknowledges community and legal standards with respect to occupational safety and health.

CORPORATE GOVERNANCE STATEMENT

4. Safeguarding Integrity in Financial Reporting**Audit Committee**

The Board has not established an audit committee because of the small size of both the Board and the Company. Instead the whole Board monitors performance of the Company closely and in conjunction with the external auditors is satisfied that the reporting systems in place provide accurate and timely reports of the Company's activities and position. In addition, detailed financial reports are reviewed at monthly Board meetings

Contracts and Transactions between the Consolidated Entity and its officers

Any proposed contract between an officer (including associates of the officer) and Lincoln Minerals Limited must be approved by the Board prior to its execution.

5. Make Timely and Balanced Disclosure**Continuous Disclosure**

The Board's established policy is to make timely reports to all stakeholders by way of public announcements and direct reports. Lincoln Minerals Limited maintains a website which is regularly updated to provide the wider community with all of the available information that is released.

6. Respect the Rights of Shareholders**Communication Policy**

The Board seeks to ensure that shareholders are informed of all major developments affecting the Company's state of affairs through:

- the Annual Report
- the Interim Report
- disclosures made to ASX
- notices and explanatory memorandum of Annual General Meetings
- the Company's website, www.lincolnminerals.com.au

It is the Company's policy that the engagement partner of its auditors, KPMG, be present at the AGM and be available to answer relevant questions.

7. Recognise and Manage Risk**Risk Management and Internal Compliance and Control**

The Board determines the Company's 'risk profile' and is responsible for overseeing and approving risk management strategy and policy. The Board also reviews all major strategies for their impacts on the risks facing the Company and takes appropriate action. The Board also reviews all aspects of the Company's operations for changes to its risk profile on an annual basis.

The Company complies with the ASX recommendation that the Company should establish a sound system of risk oversight and management and internal control.

This includes:

- establishing and monitoring the Company's strategies, goals and objectives
- identifying and measuring risks that might impact upon the achievement of those strategies, goals and objectives
- formulating risk management strategies to manage the identified risks
- monitoring and improving the effectiveness of risks and internal compliance controls.

The Board's current policy requires all cash which is surplus to immediate requirements to be deposited with recognised Australian Banks and does not permit trading in derivatives with Company funds.

CORPORATE GOVERNANCE STATEMENT

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The Chairman and Company Secretary/Chief Financial Officer have stated to the Board in writing that the financial risk management, operational and associated compliance controls and other risk management compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations of the Company.

8. Remunerate Fairly and Responsibly

The Company has not established a separate remuneration committee because of the small size of both the Board and the Company.

Non-Executive Directors

Fees plus statutory superannuation paid to non-executive Directors will generally be around the market average.

Directors will not otherwise be entitled to retirement benefits.

Directors will not participate in share or option plans except with the approval of the shareholders.

As from the date of ASX Listing, the fee level is \$35,000 per non-executive director per annum and the Chairman \$50,000 per annum, all inclusive of statutory superannuation. The total amount that may be payable by the Group by way of Directors' fees is subject to approval by shareholders and is currently set at a maximum of \$250,000 per annum.

The Managing Director and each non-executive Director holds options.

Senior Executives

Remuneration packages will generally be set to be competitive to both retain executives and attract executives to the company.

Further information will be set out in the Remuneration Report included in the Directors' Report each year.

INCOME STATEMENT for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
Financial income - interest		199,897	445,254
Overhead recoveries – joint venture partner		227,659	111,433
Employee benefits expense		(320,349)	(217,389)
Share based payments expense	18	(26,664)	(29,290)
Exploration and evaluation written off	8	(1,125,964)	(108,512)
Depreciation		(14,028)	(14,170)
Amortisation of intangibles		(5,831)	(4,208)
Foreign exchange loss on USD loan		(15,782)	-
Corporate expenses	3	(652,512)	(813,822)
LOSS BEFORE INCOME TAX		(1,733,574)	(630,704)
Income tax expense	4	24,875	-
NET LOSS FOR THE YEAR		(1,708,699)	(630,704)
LOSS FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		(1,708,699)	(630,704)
Basic earnings (loss) per share (cents)	16	(2.09)	(0.78)
Diluted earnings (loss) per share (cents)	16	(2.09)	(0.78)

The accompanying Notes form part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2009

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	Issued capital	Accumulated losses	Share based payments reserve	Total
At 1 July 2008	8,196,928	(1,147,964)	58,032	7,106,996
Share issues	1,213,943	-	-	1,213,943
Share issue expenses	(82,803)	-	-	(82,803)
Loss for the year	-	(1,708,699)	-	(1,708,699)
Options expense	-	-	26,664	26,664
At 30 June 2009	9,328,068	(2,856,663)	84,696	6,556,101
At 1 July 2007	7,165,908	(517,260)	28,742	6,677,390
Share issues	1,050,000	-	-	1,050,000
Share issue expenses	(18,980)	-	-	(18,980)
Loss for the year	-	(630,704)	-	(630,704)
Options expense	-	-	29,290	29,290
At 30 June 2008	8,196,928	(1,147,964)	58,032	7,106,996

The accompanying Notes form part of these Financial Statements

BALANCE SHEET as at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,463,502	5,440,272
Trade and other receivables	6	311,179	460,103
TOTAL CURRENT ASSETS		3,774,681	5,900,375
NON CURRENT ASSETS			
Property plant and equipment	7	175,126	223,209
Exploration and evaluation	8	2,840,066	1,589,000
Intangibles	9	5,831	10,032
TOTAL NON CURRENT ASSETS		3,021,023	1,822,241
TOTAL ASSETS		6,795,704	7,722,616
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	193,179	568,494
Employee entitlements – annual leave		46,424	47,126
TOTAL CURRENT LIABILITIES		239,603	615,620
TOTAL LIABILITIES		239,603	615,620
NET ASSETS		6,556,101	7,106,996
EQUITY			
Contributed equity	11	9,328,068	8,196,928
Reserves	12	84,696	58,032
Accumulated (Losses)		(2,856,663)	(1,147,964)
TOTAL EQUITY		6,556,101	7,106,996

The accompanying Notes form part of these Financial Statements

CASH FLOW STATEMENT for the year ended 30 June 2009

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	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(816,495)	(1,010,703)
Interest received		202,597	495,677
Net cash (outflow) from operating activities	5	(613,898)	(515,026)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(4,636,096)	(1,974,132)
Less, joint venture contributions		2,053,243	739,836
Less, SA Govt PACE grant received		50,000	-
Payments for acquisition of property, plant and equipment		(35,319)	(224,904)
Payments for intangibles		(1,630)	(14,240)
Net cash inflow/(outflow) from investing activities		(2,569,802)	(1,473,440)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues	11	1,213,943	1,050,000
Share issue expenses	11	(7,013)	(18,980)
Net cash inflow/(outflow) from financing activities		1,206,930	1,031,020
Net increase/(decrease) in cash and cash equivalents		(1,976,770)	(957,446)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,440,272	6,378,718
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5	3,463,502	5,440,272

The accompanying Notes form part of these Financial Statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

1. CORPORATE INFORMATION

The financial report of Lincoln Minerals Limited (“the Company”) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 29th September 2009.

Lincoln Minerals Limited, incorporated in Australia, is a company limited by shares which are publicly traded on ASX Limited, having been listed on 9 March 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial report is a general purpose report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 30 June 2009 the Company had accumulated losses of \$2.85m. However, net assets are \$6.55m and the directors believe the Company has sufficient cash of \$3.46m to pay its debts as and when they fall due and to fund near term anticipated exploration and corporate activities. It is the intention of the Directors to continue to explore the Company’s areas of interest for which rights of tenure are current. The Directors consider that the Company has the ability to fund its projects through a combination of use of existing cash, partnership arrangements and access to equity markets if necessary. The Directors will take appropriate action to ensure these funds are available as and when they are required.

The financial report has been prepared on an historical cost basis and is presented in Australian dollars, the Company’s functional currency.

(b) Standards not early adopted

The following standards and amendments have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Company’s 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company’s financial report.

AASB 8 *Operating Segments* introduces the “management approach” to segment reporting. AASB 8, which becomes mandatory for the Company’s 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. The Company will assess how segments are presented under the management approach in the lead up to the year ended 30 June 2010.

Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

“primary” statement) the “statement of comprehensive income”. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company’s 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company’s disclosures.

AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Company’s 30 June 2010 financial statements. The Company has not yet determined the potential effect of the amending standard on the Company’s financial report.

None of the other Standards and Amendments available for early adoption has been adopted by the Company as none is expected to have a significant impact.

(c) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgments, estimates and assumptions of future events. The key judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payments

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the dates upon which they are granted. The fair value of options granted is determined using the Black-Scholes valuation method taking into account the terms and conditions on which the options were granted. Refer Note 2(t) for detail.

Recoverability of exploration and evaluation costs

Refer note 2(g).

The accounting policies set out below have been applied consistently to all periods presented.

(d) Joint ventures

The interests of the Company in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements its share of jointly controlled assets, jointly incurred liabilities/expenses, and its share of income earned from the sale of any goods or services by the joint venture..

(e) Income

Interest is recognised as the interest accrues (using the effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Overhead recoveries from joint venture partners are brought to account as revenue on the basis of exploration expenditures incurred in accordance with the joint venture agreements.

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Refer to impairment policy at note 2(i).

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as being 5 to 15 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(g) Exploration and evaluation

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the balance sheet where:

- it is expected that the expenditure will be recovered through the successful development and exploitation of the area of interest, or by its sale; or
- exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Reimbursements by joint venture partners of expenditure in respect of areas of interest are deducted from the Company's total outlays on the areas prior to carrying forward such expenditure as an asset.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision to abandon is made.

(h) Intangibles

Computer software intangible assets acquired by the Company are measured at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a reducing balance basis over the estimated 3 year useful lives of intangible assets from the date that they are available for use.

(i) Impairment – non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank, cash on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

(k) Receivables

Receivables which are generally receivable within 30-90 day terms, are recognised and carried at original amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee benefits*(i) Wages, salaries, annual and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The Company does not currently have a provision for long service leave on the basis that no employee has more than 3 years employment service. The Company will reassess the need for such a provision on an annual basis.

(iii) Share-based payments

Refer note 2(t).

(n) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement over the lease term.

The Company does not have any finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of share proceeds received, net of any related income tax benefit.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they are not expected to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any additional income taxes that may arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(r) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted.

(s) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009



The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Share-based payments

The Company provides benefits to Directors and Senior Executives of the Company in the form of share-based payments, whereby directors and employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with directors and employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes method. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market conditions attached to the transactions are not taken into account in determining fair value.

The cost of equity-settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

(u) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

(ii) Ordinary shares

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

3. CORPORATE EXPENSES

	Note	2009 \$	2008 \$
Accounting and secretarial		-	125,108
ASX fees		31,878	31,489
Audit fees	13	38,000	28,500
Directors' fees		120,000	120,000
Head office administration		119,237	79,113
Insurances		23,559	5,117
Legal fees		39,211	87,505
Operating lease payments		55,205	48,300
Payroll tax		27,253	18,473
Public relations		116,922	93,074
Share registry		32,792	31,064
Staff recruitment, re-location, conferences, training		37,332	106,299
Travel		11,123	39,780
		652,512	813,822

Accounting and secretarial expense of \$106,144 in 2009 is included in employee benefits expense in the Income Statement.

4. INCOME TAX EXPENSE

Numerical reconciliation between tax expense and pre-tax net loss

Loss before tax	(1,733,574)	(630,704)
Prima facie income tax benefit at 30%	(520,072)	(189,211)
Research and development grant	24,875	-
Effect of permanent and temporary differences and tax losses not recognised	520,072	189,211
Income tax benefit attributable to operating loss	24,875	-

A deferred tax asset with respect to accumulated tax losses has been recognised to the extent of the Company's net deferred tax liability regarding temporary differences (approximately \$852k, relating mainly to capitalised exploration assets). The unrecognised deferred tax asset with respect to accumulated tax losses is approximately \$1,719k tax effected at 30% (2008: \$823k), and has not been recognised as an asset as it is not considered probable at this time that future taxable income will be available against which to utilise the tax losses.

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,183,256	43,771
Short term deposits	2,280,246	5,396,501
	3,463,502	5,440,272

Cash at bank does not earn interest.

Short term deposits are made for varying periods of between 30 and 60 days, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates. The effective interest rate on short term deposits in 2009 was 5.2% pa. An amount of \$10,000 of short term deposits remains in place to secure a bank guarantee in respect of a bond for Exploration Licence 3422 in favour of Primary Industries and Resources SA.

The Company has no available undrawn loan facilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

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**RECONCILIATION OF LOSS AFTER TAX TO NET CASH FLOWS
FROM OPERATIONS**

	2009 \$	2008 \$
Operating (loss) after income tax	(1,708,699)	(630,704)
Depreciation and amortisation	19,859	18,378
Annual leave	(702)	44,415
Share based payments expense	26,664	29,290
Exploration expenditure written off	1,125,964	-
Changes in Assets and Liabilities		
Decrease (Increase) in other current operating assets	(6,597)	(73,839)
(Decrease) Increase in operating creditors and accruals	(70,387)	97,434
Net cash used in operating activities	(613,898)	(515,026)

6. RECEIVABLES

Amounts owing by Joint Venture partners	188,023	300,215
Accrued interest receivable	2,991	4,444
Bonds and deposits	2,500	2,500
Prepaid expenses	9,930	30,350
GST refundable	32,860	107,196
PACE Grant – SA Government	50,000	-
Research and development grant	24,875	-
Other	-	15,398
	311,179	460,103

No receivables are interest bearing. All are receivable within 90 days, except bonds and deposits. \$61,989 (USD50,000) due by Indonesian Joint Venture partner Samusa Corp is due by the end of February 2010 and is secured by the stockpile of iron ore at Desa Mirah, Indonesia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

7. PROPERTY, PLANT AND EQUIPMENT

	Office plant and equipment	Exploration plant and equipment	Motor vehicles	Total
2009	\$	\$	\$	\$
At cost	44,043	137,005	117,013	298,061
Accumulated depreciation	(29,313)	(60,836)	(32,786)	(122,935)
Closing net book amount	14,730	76,169	84,227	175,126
Opening net book amount	26,758	88,149	108,302	223,209
Additions	2,000	20,800	2,728	25,528
Depreciation charge	(14,028)	-	-	(14,208)
Depreciation charged to exploration	-	(32,780)	(26,803)	(59,583)
Closing net book amount	14,730	76,169	84,227	175,126
2008				
At cost	42,043	116,205	114,286	272,534
Accumulated depreciation	(15,285)	(28,056)	(5,984)	(49,325)
Closing net book amount	26,758	88,149	101,279	223,209
Opening net book amount	11,727	28,303	-	40,030
Additions	29,201	85,266	114,286	228,754
Depreciation charge	(14,170)	-	-	(14,170)
Depreciation charged to exploration	-	(25,420)	(5,984)	(31,405)
Closing net book amount	26,758	88,149	108,302	223,209

8. EXPLORATION AND EVALUATION

	2009 \$	2008 \$
Opening net book amount	1,589,000	280,436
Write-off amounts previously capitalised	(355,457)	(32,300)
Exploration expenditure during the year	4,315,170	2,314,289
Depreciation charged to exploration	59,583	31,405
Less, Joint venture contributions	(1,897,723)	(928,618)
Less, SA Govt PACE grant	(100,000)	-
Write-off amounts expended during the year	(770,507)	(76,212)
Closing net book amount	2,840,066	1,589,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

9. INTANGIBLE ASSETS

	2009 \$	2008 \$
Computer software Cost		
Balance at beginning of the year	14,240	-
Additions	1,630	14,240
Balance at the end of the year	15,870	14,240
Amortisation and impairment		
Balance at beginning of the year	4,208	-
Amortisation for the year	5,831	4,208
Balance at the end of the year	10,039	4,208
Closing net book amount	5,831	10,032

10. TRADE AND OTHER PAYABLES

Trade payables	148,878	498,230
Accrued expenses	44,301	70,264
	193,179	568,494

Trade payables are non-interest bearing and normally settled on 30 day terms. Trade payables and accrued expenses are stated at cost. No adjustment is required for fair value.

11. CONTRIBUTED EQUITY

(a) Share capital		
Fully paid ordinary shares	9,328,068	8,196,928
Movements in share capital:	Number	\$
<u>Fully paid ordinary shares</u>		
Balance at 30 June 2007	71,672,221	7,165,908
Placement, August 2007	3,500,000	1,050,000
Less, share issue expenses	-	(18,980)
Balance at 30 June 2008	75,172,221	8,196,928
Exercise of Director Options, July 2008	200,000	40,000
Rights Issue, June 2009	14,674,290	1,173,943
Less, share issue expenses	-	(82,803)
	90,046,511	9,328,068

Fully paid ordinary shares have the right, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Fully paid ordinary shares entitle their holders to vote, either in person or by proxy, at a meeting of the Company. On a poll each fully paid ordinary share is entitled to one vote.

On 30 July 2009, a further 10,449,775 shares were allotted for cash at 8 cents each being placement of shortfall shares resulting from the Rights Issue in June 2009.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

(b) Options

The following options were outstanding as at 30 June 2009:

Category	Number	Exercise price per option	Expiry date
Outstanding at 30 June 2009			
Directors	4,550,000	20 cents	31 December 2011
Employee (Note 18)	300,000	25 cents	31 December 2011
Employee (Note 18)	110,000	30 cents	31 December 2011
Shareholder	35,776,854	30 cents	30 June 2010
Total outstanding	40,736,854		
Granted during the year	Nil		
Exercised during the year	200,000	20 cents	31 December 2011
Lapsed during the year	4,353,332	20 cents	31 December 2008

No options have been granted or exercised between the end of the year and the date of this report.

12. RESERVES

	Note	2009 \$	2008 \$
Share-based payments reserve			
Balance at beginning of the year		58,032	28,742
Option expense	18	26,664	29,290
Balance at the end of the year		84,696	58,032

Share-based payments reserve is used to recognise the fair value of options issued but not exercised.

13. AUDITOR'S REMUNERATION

The Auditor of Lincoln Minerals Limited is KPMG.

Audit or review of financial reports	38,000	28,500
Other services - taxation advice	10,400	5,500
Total remuneration	48,400	34,000

14. COMMITMENTS AND CONTINGENCIES**Exploration licences**

The Company's exploration licence tenements are renewable on an annual basis at various renewal dates throughout the year and the amount of each expenditure covenant is set by the Minister at the time of each renewal grant. On the basis of the current level of such expenditure required for each tenement, the total expenditure required to maintain tenure of all of the exploration licences over the next twelve months where the Company is the licence-holder is \$410,000.

Currently there are a number of tenements for which the Company has incurred exploration and evaluation expenditures but the Company does not hold the license rights for these tenements. The licenses are held by Centrex Metals Limited and its subsidiary South Australian Iron Ore Group Pty Ltd (SAIOG). There is a Heads of Agreement dated 8 July 2005 and a Supplementary Agreement dated 21 March 2006 between the Company, Centrex Metals Limited and SAIOG whereby Lincoln is granted rights to all minerals and substances on the tenements other than iron ore. The Agreements also grant Centrex Metals the right to all iron ore found on one tenement held by the Company (EL 3498).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

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The terms of the Wanilla Joint Venture Agreement, in respect of EL 3702, between the International Metals Pty Ltd, the Company and Mineral Enterprises Australia Pty Ltd ("MEA"), require the Company and MEA to spend at least \$250,000 on exploration by 30 June 2009. At 30 June 2009 that minimum expenditure amount had been made.

Marketing and public relations agreement

	2009 \$	2008 \$
Within one year	48,000	72,000
After one year but not more than five years	-	48,000
Longer than five years	-	-
	48,000	120,000

The contract is due to expire on 8 March 2010, but may be terminated by either party by giving six months' notice.

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts at the reporting date but not recognised as liabilities, payable

Within one year	251,136	614,397
After one year but not more than five years	94,013	413,655
Longer than five years	-	-
	345,149	1,028,052

Indonesian Joint Venture

Refer Note 20.

Contingencies

At 30 June 2009 there were no contingencies.

15. EVENTS SUBSEQUENT TO BALANCE DATE

On 30 July 2009 the company allotted 10,449,775 shares at 8 cents cash per share being the shortfall from the rights issue completed in June 2009, raising \$835,982 before brokerage costs.

16. EARNINGS PER SHARE

Earnings used to calculate basic and diluted earnings per share	(1,708,699))	(630,704)
Basic earnings (loss) per share (cents)	(2.09)	(0.78)
Diluted earnings (loss) per share (cents)	(2.09)	(0.78)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share including rights issue adjustment (2009: 6,171,287, 2008: 9,893,236)	81,616,334	81,108,363
Weighted potential ordinary shares on issue including rights issue adjustment (2009: 6,171,287, 2008: 9,893,236)	124,387,344	130,025,416

The calculation of diluted earnings per share does not include weighted potential ordinary shares on issue as to do so would have the effect of reducing the amount of the loss per share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

17. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise bank cash, short term deposits, trade receivables and trade payables. The main purpose of these financial instruments is to finance the Company's exploration operations. It is, and has been throughout the period under review, the Company's policy that trading in financial instruments shall not be undertaken. The main risk arising from the Company's financial instruments is cash flow interest rate risk. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2(u) to the financial statements.

Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relate to its earnings on cash funds held.

Foreign currency risk

The Company has exposure to foreign currency risk to the extent of receivables measured in US dollars. At 30 June 2009 a receivable amount of USD50,000 was measured in the financial statements at the rate of exchange into Australian dollars appropriate as at that date. An increase/(decrease) in exchange rate of 10% would result in a foreign exchange gain/(loss) of approximately \$6,260

Commodity price risk

The Company has not commenced production as yet so in the reporting period there has been no commodity price risk.

Credit risk

The Company has receivables from its joint venture partner upon which the assessed credit risk is not material.

Liquidity risk

The Company has no liquidity risk as at the date of these accounts. Trade payables are normally settled on a 30 day basis.

Fair values

The fair values and carrying amounts for all of the financial assets and liabilities of the Company as at the 2009 and 2008 balance dates are the same, except for a receivable at 30 June 2009 which has been measured at fair value as at that date.

Interest rate risk

The following tables set out the carrying amounts, by maturity, of the financial instruments exposed to interest rate risk:

2009	< 1 year \$	>1 - <2 years \$	>2 - <3 years \$	>3 - <4 years \$	>4 - <5 years \$	Total \$
Financial Assets						
Cash assets – floating rate	3,463,501	-	-	-	-	3,463,501
Receivables	311,179	-	-	-	-	311,179
	3,774,680	-	-	-	-	3,774,680
Financial Liabilities						
Trade payables	191,179	-	-	-	-	191,179

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

2008	< 1 year \$	>1 - <2 years \$	>2 - <3 years \$	>3 - <4 years \$	>4 - <5 years \$	Total \$
Financial Assets						
Cash assets Floating rate	5,440,272	-	-	-	-	5,440,272
Receivables	460,103	-	-	-	-	460,103
	5,900,375	-	-	-	-	5,900,375
Financial Liabilities						
Trade payables	568,494	-	-	-	-	568,494

An increase/(decrease) in interest rates of 1% would have resulted in an increase/(decrease) in interest income for 2009 of approx. \$38,650 (2008: approximately \$63,000).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. At present, all of the Company's capital is equity funded, and there are no intentions to incur debt financing in the near future. No dividends have been paid since the Company's inception and there are no intentions to pay dividends until at least such time as the Company has commenced revenue-generating activities.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

18. SHARE-BASED PAYMENTS

In 2008 410,000 options were issued as share-based payments to key employees.

The following table lists the inputs to the Black-Scholes model used to determine the value of the payment:

	25 cent options 31/12/2011 (200,000 granted)	25 cent options 31/12/2011 (100,000 granted)	30 cent options 31/12/2011 (110,000 granted)
Expected volatility	64%	123%	109%
Risk-free interest rate	5.5%	5.75	6.75%
Expected life of option	1,623 days	1,542 days	1,277 days
Average share price at grant date - cents	20.0	17.0	28.0
Value per option - cents	10.11	13.68	20.05

Share-based payments expense for the year was \$26,664 (Note 12).

All of the options were granted for no consideration and contain no performance conditions. However, for each grant of options during the year, 50% of the options vested after one year's service and the remainder after two year's service with the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

Summary of share-based payments options

	20 cent options 31/12/2011	25 cent options 31/12/2011	30 cent options 31/12/2011
Number outstanding at beginning of the year	4,750,000	300,000	110,000
Granted during the year and vested by year end	-	-	-
Granted during the year but not vested by year end		-	-
Exercised during the year	200,000	-	-
Lapsed during the year	-	-	-
Number outstanding at the end of the year	4,550,000	300,000	110,000

Weighted average exercise price of share-based payments options:

Outstanding at the beginning of the year	20.50 cents each
Lapsed during the year	Nil
Granted during the year	20 cents each
Outstanding at the end of the year	20.52 cents each

19. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

Key Management Personnel of the Company comprise:

Directors

RV Ryan	Chairman (non-executive)
AJ Parker	Managing Director
PE Cox	Director
RA Althoff	Director (non-executive)

Executives

PC Lyons	Senior Geologist
DA Povey	Senior Geologist
DR Bachmann	Project Geologist

Compensation of Key Management Personnel by category:

	2009 \$	2008 \$
Short term	591,817	583,659
Post employment	203,412	170,800
Other long term	-	-
Termination benefits	-	-
Share based payment	14,584	19,316
Total	809,813	773,775

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

Compensation options

No shares were issued on exercise of compensation options during 2009 or 2008.

Option holdings of Key Management Personnel

	Balance at the beginning of the year	Granted as remuneration	Exercised	Lapsed	Balance at the end of the year
Directors					
RV Ryan	850,000	-	-	-	850,000
AJ Parker	2,000,000	-	2,000,000	-	1,800,000
PE Cox	1,050,000	-	-	-	1,050,000
RA Althoff	1,358,322	-	-	353,332	1,004,990
Executives					
PC Lyons	100,000	-	-	-	100,000
DA Povey	100,000	-	-	-	100,000
DR Bachmann	100,000	-	-	-	100,000

Shareholdings of Key Management Personnel

	Balance at the beginning of the year	Changes during the year	Balance at the end of the year
Directors			
RV Ryan	100,000	200,000	300,000
AJ Parker	-	300,000	300,000
PE Cox	100,000	33,334	133,334
RA Althoff	509,980	210,020	720,000
Executives			
PC Lyons	-	-	-
DA Povey	-	-	-
DR Bachmann	-	-	-

No shares were issued in either 2009 or 2008 as compensation.

Loans to Key Management Personnel

Nil

Other transactions with Key Management Personnel

Geosurveys Australia Pty Ltd is an entity associated with Dr AJ Parker. During the year Geosurveys Australia Pty Ltd provided vehicle and hire to the Company totaling \$18,850 at equal to or less than commercial rates.

Individual Directors and Executives disclosures

Information regarding individual Directors and Executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report in the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous year and there were no material contracts involving Directors' interests in existence at year end or as at the date of this report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS as at 30 June 2009

20. JOINT VENTURE - INDONESIA**Desa Mirah**

On 24th February 2009 the Company entered into a joint venture with Indonesian mining house Samusa Corp. whereby the Company can earn a 55% interest in the Desa Mirah iron ore project in Kalimantan, Borneo, Indonesia by expending up to USD2 million on exploration and development. However, the Company has the right to withdraw from the joint venture if, within 12 months of commencement, the joint venture fails to establish 250,000 tonnes of iron ore with an average iron content of at least 63%. At 30 June 2009 the Company had expended AUD459,824 (USD334,845), of which AUD371,758 has been capitalised as Exploration and Evaluation expenditure (Note 8), at rates of exchange applicable at the times of expenditure. Under the terms of the joint venture, Lincoln Minerals will take its share of proceeds of sale of iron ore in cash and then apply these against its earn-in obligations if they eventuate.

A drilling and trenching program was undertaken in August and September 2009. This program failed to substantiate earlier identified exploration targets leaving the Company in a position whereby it may opt out of the commitment to expend the whole USD2 million referred to above. It is intended to mine the resources presently established once agreement has been reached with the Plantation Owners on whose land the iron ore deposits are located.

In conjunction with Samusa Corp, the Company is also evaluating several other projects in Indonesia.

20. SEGMENT INFORMATION

The Company operates in the mineral exploration industry in Australia and contributes to a joint venture seeking iron ore in Indonesia.

Contributions by geographical segment are:

	Australia	Indonesia	Total
	\$	\$	\$
Total revenue	426,556	-	426,556
Expenses			
Exploration and evaluation written off	(1,039,898)	(86,066)	(1,125,964)
Depreciation	(14,028)	-	(14,028)
Amortisation of intangibles	(5,831)	-	(5,831)
All other expenditure	(1,014,307)	-	(1,014,307)
Loss before income tax	(1,647,508)	(86,066)	(1,733,574)
Income tax benefit	24,875	-	24,875
Net loss for the year	(1,622,633)	(86,066)	(1,708,699)
Assets			
Exploration and evaluation	2,466,488	373,578	2,840,066
All other assets	3,955,638	-	3,955,638
Total assets	6,422,126	373,578	6,795,704
Total liabilities	(239,603)	-	(239,603)
Net assets	6,182,523	373,578	6,556,101

All capital expenditure incurred by the Company during the year was incurred in Australia.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Lincoln Minerals Limited, I state that:

1. In the opinion of the directors:

(a) The financial statements and notes, and the remuneration report in the Directors' Report, of the Company are in accordance with the Corporations Act 2001, including:

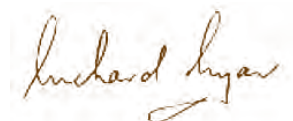
(i) giving a true and fair view of the Company's financial position as at 30 June 2009 and for the performance for the year ended on that date;

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

On behalf of the Board



RV RYAN

Director

Dated this 29th day of September 2009.

Adelaide, South Australia



Independent auditor's report to the members of Lincoln Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Lincoln Minerals Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 21 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

*Auditor's opinion*

In our opinion the financial report of Lincoln Minerals Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Lincoln Minerals Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

A stylized signature of the KPMG firm, written in a cursive, handwritten style.

KPMG

A handwritten signature in dark ink, appearing to read 'Derek Meates'.

Derek Meates
Partner

Adelaide

29 September 2009

SHAREHOLDERS' INFORMATION

1. Distribution as at 30 September 2009

Spread of Equity Security Holders

	Number of Holders Fully paid shares	Number of Holders Listed options	Number of Holders Unlisted options
0 – 1,000	14	40	–
1,001 – 5,000	169	312	–
5,001 – 10,000	251	128	–
10,001 – 100,000	507	298	5
100,001 and over	102	51	5
	1,043	829	10

Security holders holding less than a marketable parcel

Fully paid shares	Listed options	Unlisted options
44	487	N/A

Percentage held by the 20 largest holders

Fully paid shares	Listed options	Unlisted options
59.93	56.50	100

2. Voting rights

At a general meeting of shareholders, on a show of hands, each person who is a member or sole proxy has one vote. On a poll, each shareholder is entitled to one vote for each fully paid share.

3. Substantial shareholders

South Cove Limited (associated with Lodge Limited)	18,859,176 shares
Lodge Limited (associated with South Cove Limited)	18,859,176 shares
Eng Hoe Lim (associated with Sui Lan Ling)	8,029,375 shares
Mineral Enterprises Limited (associated with Mineral Enterprises Australia Pty Ltd)	6,535,496 shares
Lawrence Tham	5,250,000 shares

4. Taxation

The Company is taxed as a public company.

5. Statement of quoted securities

	Shares	Listed options	Unlisted options expiry 31 Dec 2011
Quoted on ASX	100,496,286	35,776,854	–
Unquoted	–	–	4,960,000
Total	100,496,286	35,776,854	4,960,000

List of the 20 largest Shareholders – Fully Paid Ordinary Shares

	<i>Shareholder</i>	<i>Number of Shares</i>	<i>%</i>
1	South Cove Limited	14,084,176	14.01
2	Eng Hoe Lim	6,937,775	6.90
3	Lawrence Tham	5,250,000	5.22
4	Lodge Limited	4,775,000	4.75
5	Tigermoth Investments Ltd	4,500,000	4.48
6	Mineral Enterprises Ltd	3,500,000	3.48
7	Mineral Enterprises Australia Pty Ltd	3,035,496	3.02
8	Sakura Capital Ltd	2,794,150	2.78
9	Pok Seng Kong	2,550,000	2.54
10	Davan Nominees Pty Ltd	1,781,102	1.77
11	HSBC Custody Nominees (Australia) Limited	1,754,724	1.75
12	Norton Jackson	1,444,534	1.44
13	Commodity Traders (NZ) Ltd	1,315,999	1.31
14	Helen Ma Pty Ltd	1,222,636	1.22
15	Sui Lan Ling	1,091,600	1.09
16	Kok Bin Wee	1,050,000	1.04
17	Wynnwood Pty Ltd	979,004	0.97
18	Jung Sub Kim + Hyun Ju Kim	764,314	0.76
19	Robert Arthur Althoff & Deborah Joy Althoff	720,000	0.72
20	Xianzhi Zhang	678,352	0.68

List of the 20 largest Optionholders – Listed Options

	<i>Optionholder</i>	<i>Number of Options</i>	<i>%</i>
1	South Cove Limited	7,042,088	19.68
2	Lodge Limited	2,387,500	6.67
3	Eng Hoe Lim	2,000,000	5.59
4	Tigermoth Investments Ltd	1,000,000	2.80
5	Davan Nominees Pty Ltd	913,281	2.55
6	Lawrence Tham	750,000	2.10
7	Conrul Pty Ltd	700,000	1.96
8	Creative Vision Finance Pty Ltd	656,800	1.84
9	Mineral Enterprises Australia Pty Ltd	565,723	1.58
10	HSBC Custody Nominees (Australia) Limited	565,000	1.58
11	Norton Jackson	541,700	1.51
12	Kok Bin Wee	500,000	1.40
13	Sui Lan Ling	459,350	1.28
14	Estarleece Pty Ltd	335,300	0.94
15	Commodity Traders (NZ) Ltd	333,000	0.93
16	Dennis Loh	301,000	0.84
17	Adam Blight	300,000	0.84
18	David Perks & Assocs Pty Ltd	300,000	0.84
19	Terrence McCarthy	300,000	0.84
20	Atorch Nominees Pty Ltd	262,500	0.73

Notes

[illegible]

Friday, 6 November 2009

The Manager
ASX Announcements

Dear Sir,

Competent Person's Statement 2009 Annual Report

In its recently published 2009 Annual Report, Lincoln Minerals Limited (ASX Code: LML) inadvertently omitted the Competent Person's Statement in regard to inferred resources and exploration activity and results therein reported.

Information in the 2009 Annual Report that relates to inferred resources, exploration activity and results was compiled by Dr A J 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 were reported to qualify as a Competent Person as defined by the JORC code, 2004. Dr Parker consented to the release of the information compiled in the 2009 Annual Report in the form and context in which it appears.

The Company also wishes to re-emphasize that since there has been insufficient exploration drilling in various areas to define a Mineral Resource, all exploration target tonnage estimates given in the Annual Report are conceptual in nature. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Further inquiries:

Dr John Parker

Managing Director, Lincoln Minerals Limited

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