

18 September 2014

The Manager
ASX Announcements

Lincoln receives groundwater licence for proposed SA iron ore mine

Lincoln Minerals Limited ("LML") is pleased to advise that a groundwater licence has been granted for the Company's proposed iron ore mine on South Australia's Eyre Peninsula.

The Company's Barns iron ore deposit is located within the Southern Basins Prescribed Wells Area (SBPWA) just west of Port Lincoln and is subject to a Water Allocation Plan (WAP).

The groundwater licence is for the extraction of up to 435 megalitres per annum for "Industrial" purposes to progressively extract groundwater at a sustainable rate to facilitate the proposed iron ore mining operations and for other purposes ancillary to the proposed mine. This amount and the associated conditions of the licence are consistent with the WAP allocation for the Basement aquifer of the SBPWA.

Lincoln Minerals emphasises that the licence is only for the extraction of groundwater from the region's Basement aquifer NOT the upper Bridgewater Formation aquifer that is host to groundwater in the Uley East and Uley South lenses. The proposed mine site is on topographic and palaeo-topographic highs where the upper aquifer does not contain groundwater. Independent modelling shows that mining operations will not affect the Uley East lens nor the Uley South lens which is over 10km away. That is, the proposed mining operations will not have any effect on Eyre Peninsula's potable water supply in the short, medium or long term.

Conditions imposed by the SA Minister for Sustainability, Environment and Conservation include preparation of an approved Monitoring Plan, obtaining a Mining Lease within four years and maintaining detailed records of extraction from meters supplied, installed and maintained in accordance with South Australian Licensed Water Use Meter Specifications. The licence may be varied by the Minister in accordance with the Act at yearly intervals if it is necessary or desirable to more effectively regulate the use of water.

In 2011, Lincoln prepared a draft Mining Lease Proposal (MLP) for Stage 1 mining of the Barns deposit at Gum Flat but has been awaiting groundwater licensing before the MLP can be submitted. The Company can now complete the MLP.

Lincoln recognises that the groundwater resources in the SBPWA are valuable and need to be managed sustainably.

The Company believes that the groundwater extraction scheme for its proposed mining operation is consistent with these principles and is committed to working within the WAP for the SBPWA and the conditions of the groundwater licence.

Dr A John Parker
Managing Director



Gum Flat Iron Ore Project

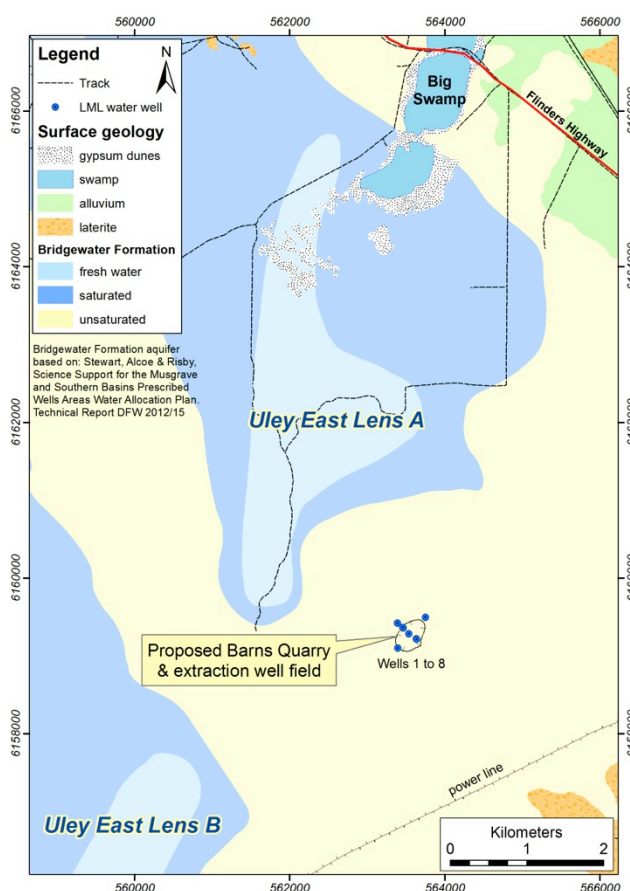
Lincoln's Gum Flat Iron Ore Project is located on southern Eyre Peninsula which is a major world-class iron ore province extending from the Middleback Ranges to Port Lincoln.

Gum Flat Exploration Licence 4643 contains a number of priority magnetic iron ore targets including Barns, Rifle Range and the Port Lincoln-Tulka suite. All are within 20km of Port Lincoln.

The Company is proposing a two-stage development option of which the first stage is to mine the Barns hematite-magnetite deposit and export up to 250,000 tonnes per annum Direct Shipping Ore (DSO) and hematite-magnetite concentrate over a 4-5 year mine life.

Groundwater is a primary management requirement for the Barns mine plan since the proposed mine site is within the Southern Basins Prescribed Wells Area (SBPWA) used for groundwater extraction by the Eyre Peninsula community from the Quaternary Bridgewater Formation limestone or calcarenite aquifer. The Bridgewater Formation at the proposed mine site is not saturated, therefore mining operations will not directly affect it. However, Lincoln Minerals has encountered groundwater in the bedrock "Basement Aquifer" at depth below the Bridgewater Formation and below a clay aquitard.

Lincoln Minerals has developed a proposed mine schedule that facilitates progressive dewatering of the Basement Aquifer over a 4 to 5-year mining timeframe based on lowering the water level by up to 10% of the saturated aquifer thickness per year as per the Water Allocation Plan (WAP) guidelines.



Location of Gum Flat Barns iron ore deposit with respect to the Uley East lens

Information in this report that relates to exploration activity and results, Mineral Resources and Exploration Targets was compiled by Dr A John Parker who is a Member of the Australasian Institute of Geoscientists. Dr Parker is Managing Director of Lincoln Minerals Limited and has sufficient experience relevant to the styles of mineralisation and to the activities which are being reported to qualify as a Competent Person as defined by the JORC Code, 2012. Dr Parker consents to the release of the information compiled in this report in the form and context in which it appears.

Information extracted from previously published reports identified in this report is available to view on the Company's website www.lincolnminerals.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.