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ASX ANNOUNCEMENT / MEDIA RELEASE

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Update on South Australian UCG Program

- **Linc Energy discovers a significant 1.0 to 1.3 billion tonne Coal exploration target¹ in accordance with the JORC Code at Orroroo**
- **UCG to GTL commercial location now confirmed at Orroroo, near Port Augusta in South Australia**

Linc Energy Ltd (ASX: LNC) (OTCQX: LNCGY) is pleased to announce the completion of an initial drilling program near the town of Orroroo in South Australia. The exploration area is within PEL 120 (St Vincent and Walloway Basin Block which forms part of the SAPEX leases). The location is approximately 90km (56 miles) south east of Port Augusta.

Five exploration wells intersected coal at depths of between 200 and 293 metres with coal seam thickness of up to 23 metres. On completion of the drilling, Linc Energy commissioned Xenith Consulting Pty Ltd to review the data set, archive seismic and gravity data together with previous water bore and mineral exploration drilling. The results of their study indicate a significant coal mineralisation target¹ in accordance with the JORC Code of **1.0 to 1.3 billion metric tonnes**.

The coal deposit is at an ideal depth for Underground Coal Gasification (UCG) and initial analysis confirms that the coal properties and the geology of the overlying strata are all well suited to host a world-scale UCG project. Linc Energy believes that this is the best UCG location and coal deposit that it has drilled or examined to date. The significant size of the deposit, the seam thickness, the flat topography and the other attributes described above can ensure that the Orroroo location in South Australia will become the western world's first commercial UCG facility and the focus of Linc Energy's commercialisation of UCG to GTL (Gas to Liquids) over the coming months and years.

Following the success of the initial drilling campaign, an additional 30 well exploration and evaluation program will be undertaken. This will allow Linc Energy to provide a JORC Code compliant resource statement which we expect to have completed by early in the second quarter of 2010.

¹ In accordance with section 18 of the JORC code, the company wishes to state that the potential quantity and quality of this mineralisation target is conceptual in nature, with insufficient verification of previous exploration to define a mineral resource. It is uncertain if further exploration will result in the determination of a mineral resource.

Subject to necessary approvals, Linc Energy's intention is to fast track the commissioning of a modest sized UCG commercial facility at Orroroo to confirm the suitability of the resource for low cost synthesis gas production that can be used for power generation and GTL production of ultra-clean synthetic fuels. This commercial UCG generator will become the cornerstone of Linc Energy's commercial program at the Orroroo site in the months ahead.

An initial area of land has already been purchased to allow work to commence as soon as possible. The centre of the resource is approximately 6km north of the township of Orroroo and is well positioned for power generation being only approximately 40km from 275 kV transmission infrastructure, within 75 minutes by road from Port Augusta and under 4 hours from the city of Adelaide.

The Orroroo deposit is of a scale which the Company believes can support 500 MW of high efficiency power generation which will be a significant addition to South Australia's electricity system which currently requires additional generation. In addition to power generation, the Orroroo deposit is of a scale that can also support a plant to produce 20,000 barrels per day of ultra-clean synthetic fuel. The production life of the combined facilities based on the scale of the deposit is expected to be approximately 75 years.

It is anticipated that the 20,000 barrels per day of synthetic fuels produced at Orroroo can be supplied into the greater Adelaide and South Australian regional markets. The port of Port Augusta can be an outlet for wider distribution of synthetic fuels when production levels across Linc Energy's South Australian tenements approaches 40,000 barrels per day.

Linc Energy is grateful for the strong support it has received to this point from the local Orroroo community. The initial development at Linc Energy's UCG site will provide near term jobs and significant investment in the town. Linc Energy will also be considerably expanding its Adelaide presence in line with the aggressive development of the Orroroo operation.

In making this announcement, Mr Peter Bond, Chief Executive Officer of Linc Energy, commented that "these initial drilling results are fantastic and confirm my belief that the coal in this area has all the attributes we are looking for in our first commercial UCG site. By that I mean great coal, at ideal depth, excellent coal seam thickness, good geology and flat terrain. This deposit can support significant production of low cost synthesis gas for power generation and synthetic fuels GTL production for a generation or more".

Mr Bond went on to say that "with Orroroo's close proximity to Adelaide and with good access to port and power transmission infrastructure, the location is just about perfect for what we are planning to achieve. We value the strong support we have received from the local community and the South Australian Government and with their continued support, we intend to push forward aggressively to develop the fantastic potential that the Orroroo location has to offer."

For further information about this announcement, contact Mr Peter Bond on telephone +61 7 3229 0800.



Peter Bond
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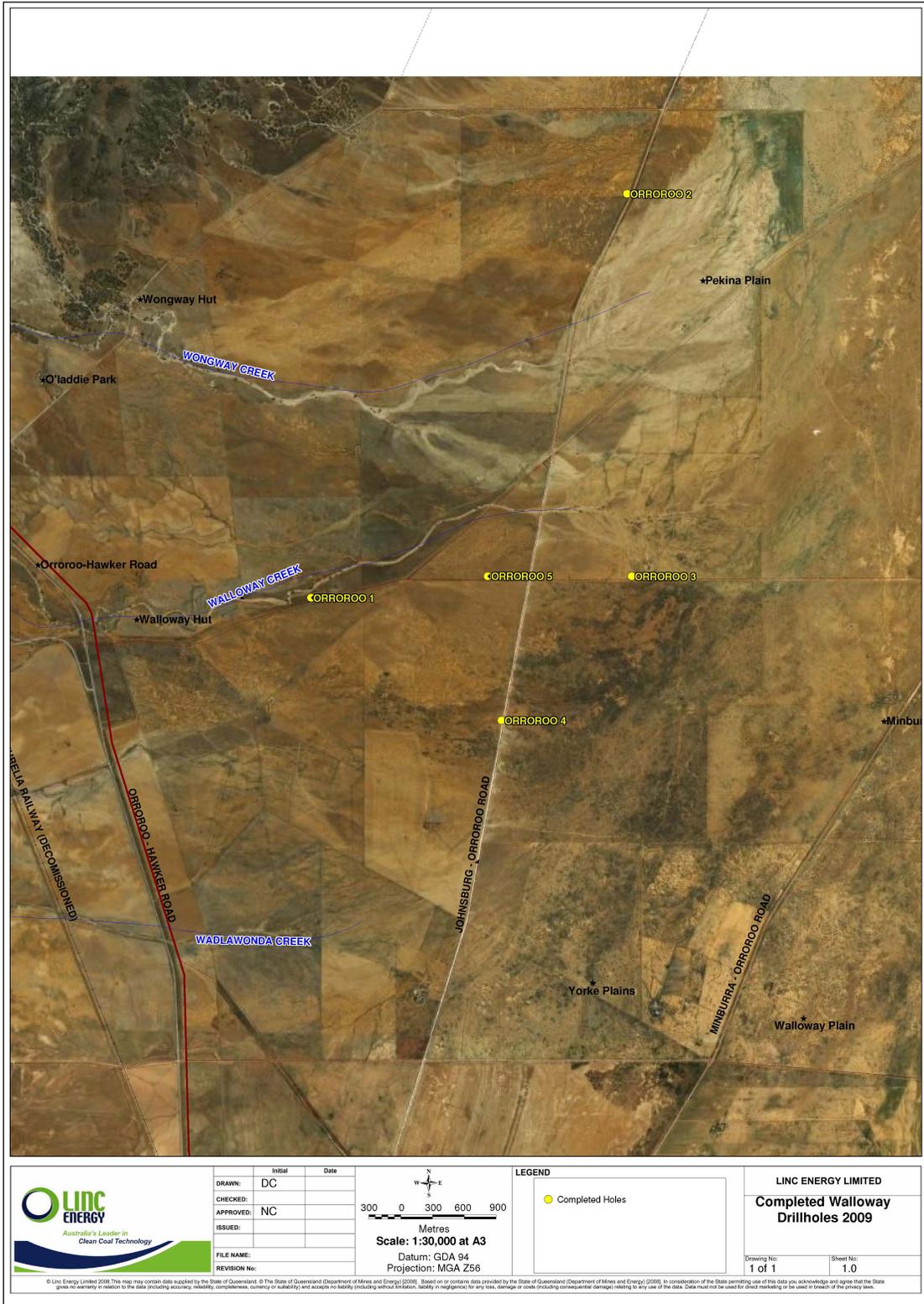
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** Competent Persons Statement*

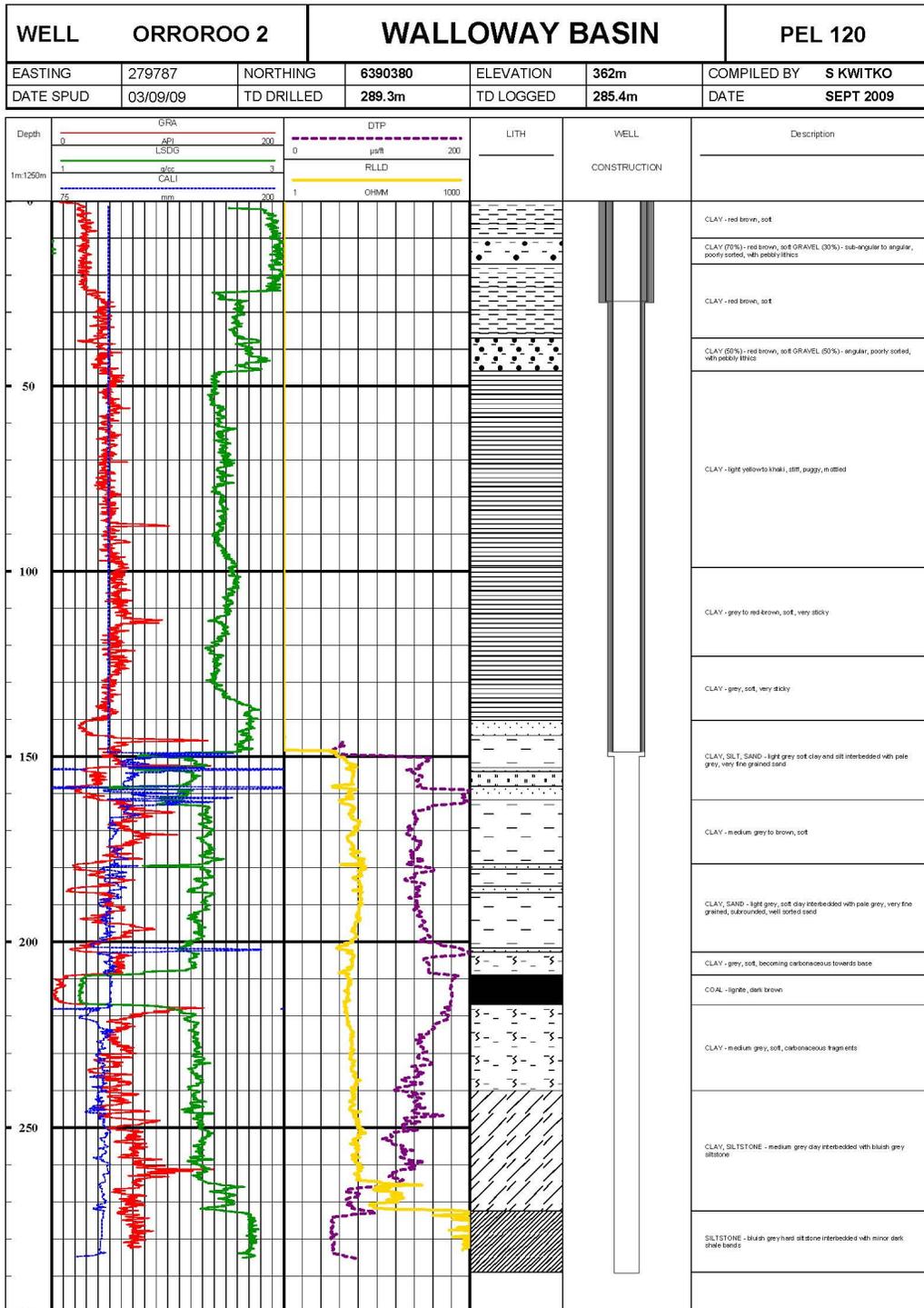
The information in this announcement relating to exploration results is based on information compiled by Troy Turner, who is a member of the Australian Institute of Mining and Metallurgy and who is employed by Xenith Consulting Pty Ltd. Troy Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the 2004 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Troy Turner consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.



Drill Hole Locations – Walloway Basin



Drilling at Orroroo 5



Stratigraphic Section – Walloway Basin

Company Profile

Linc Energy is an innovative, forward-thinking company developing a significant energy business based on the production of cleaner energy solutions.

Linc Energy has successfully combined two known technologies and demonstrated its vision of being a leading supplier of a new source of clean liquid transport fuels for the future.

The technologies are Underground Coal Gasification (UCG) and Gas to Liquids (GTL). UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon (CO) and hydrogen (H₂). Aboveground, in the GTL process, syngas is processed via Fischer-Tropsch technology to produce high quality, sulphur free synthetic hydrocarbons.

Linc Energy plans to combine its UCG and GTL technologies commercially at sites in Australia and around the globe as it realises its vision of becoming the world's leader in providing clean synthetic diesel and jet fuels from stranded coal resources.

UCG produced syngas can also be used as a feedstock to generate gas turbine combined cycle power, resulting in reduced greenhouse gas emissions.

With significant coal deposits suitable for UCG technology, Linc Energy can provide alternative sources of liquid fuels and power generation well into the foreseeable future.

Linc Energy represents a new future for liquid fuels production and high efficiency energy generation.