
ASX ANNOUNCEMENT / MEDIA RELEASE

10 March 2009

LINC ENERGY'S UCG UPDATE

- Technology update on UCG operations
- Update on Vietnamese UCG trial preparation
- Update on Yerostigaz operations

Technology update on Chinchilla UCG operations

The 3rd Underground Coal Gasification (UCG) generator trial at Chinchilla began in August 2008 and has now been operating continuously for almost seven months, making it in its own right one of the longest-running western world UCG trials to date.

The operation is air-blown and produces gas at a pressure of approximately 10 atmospheres. No steam or water is currently required to be injected into the process although this can be accommodated if required. The main objective of this trial was to demonstrate the supply of synthesis gas of sufficient quality and quantity for utilisation in the Gas to Liquids (GTL) demonstration plant over a lengthy period. (A separate update on GTL operations will be provided shortly.)

During its almost seven months of operation, the generator has operated very stably, producing gas of consistent quantity and quality. Gas has been produced with a typical composition (on a nitrogen-free basis) of H₂ 32%; CO 17%; and CH₄ 18%. The H₂/CO ratio of 1.81 is ideal for Linc Energy's GTL process. Since commencing operation of the 3rd UCG generator, Linc Energy has gasified approximately 2000 tonnes of coal, producing over 5 million Nm³ of synthesis gas.

The information that has been gathered from Generator 3 to date has been used to gain further understanding of the UCG process in order to validate the technology models being developed by Linc Energy and to enable the Company to predict the performance of commercial scale UCG generators whilst also enabling the operating conditions of the generator to be effectively controlled.

Over the last six months Linc Energy has significantly expanded the number of UCG technologists in the Company, with the team now including gasification process engineers, geologists, hydro-geologists and other key disciplines including drilling engineers. The growth of this team provides an important competitive advantage in

that it will enable Linc Energy to have its technology platform defined and modelled to an extent that the Company can apply the technology with very predictable results on any suitable coals.

The extent of the technology modelling taking place includes physical modelling of the generator cavity growth that allows Linc Energy to accurately predict the coal consumption rate over time and link the physical dimensions of the generator with the gasification model, the hydro-geological model and with other physical parameters. This work positions Linc Energy to have a level of confidence in the performance of its technology that will be unsurpassed within the industry.

The performance of Generator 3 over the past seven months has provided significant amounts of data and practical operational learning. We are now well advanced with the engineering of Generator 4 that will see the application of this technology and learning in a new generator that will demonstrate synthesis gas production at commercial scale production rates of up to 5 PJ/annum per UCG generator installed. Our most recent learning and technology will also be applied to the design of the reactor and above ground facilities for the Vietnam pilot project.

What has been achieved over the past twelve months could not have been done without the efforts of the dedicated Linc Energy UCG team that comprises twenty-eight (28) UCG operational staff and technologists in the Brisbane based technical team supported by our 200 staff at majority owned Yerostigaz in Uzbekistan. The team has also received strong support from the Chinchilla laboratory and others at Chinchilla in the site and GTL teams.

Mr Peter Bond, Chief Executive Officer of Linc Energy, commented that, "It is very gratifying to see the success of Linc Energy's UCG team. With each month that passes, Linc Energy further cements its leadership position in UCG, and with these and future successes, we will firmly position UCG gas as the emerging energy class for many countries looking to meet their expanding domestic and industrial energy requirements. Linc Energy's announcement on Friday 6 March 2009 outlining an in-situ energy content of some 9000 PJ in its Chinchilla tenements alone, further demonstrates the significant energy potential of UCG."

Vietnam

Work continues to progress on the Vietnam UCG trial project which is as previously announced a collaboration between VINACOMIN (Vietnamese State Owned Corporation), Marubeni Coal Pty Ltd (Japanese Private Equity Company) and Linc Energy. The site for the trial has now been selected and is approximately 60 kilometres southeast of Hanoi within the Red River Delta, with easy access to a region that is increasingly energy hungry.

Talks to finalise the ultimate contractual details and commencement for Stage 1 of the program are near conclusion. There are only minor issues left to resolve and it is anticipated that the final contracts will be signed in the coming weeks.

Linc Energy's technical team continues to work on many innovative ways to handle the unique challenges to be confronted in the Red River Delta Area. The Company

sees this as an opportunity to develop portable, skid-mounted production units that will provide Linc Energy with a set of tools to routinely and cost effectively undertake trial UCG projects in any location in the future.

Linc Energy's drilling engineers are also working to develop innovative aspects into the well design to improve upon lessons learnt from our Chinchilla trials and with input from Yerostigaz commercial operations.

It is intended that Stage 1 of the program that includes sixty days of gas production will be completed within twelve months. The purpose of this stage is to determine the suitability of the Red River Delta coal for underground gasification. If successful, the companies will move into Stage 2 of the program; being the development of a commercial UCG field to provide syngas for much needed power generation in Vietnam.

Yerostigaz

Linc Energy now holds a 74% majority interest in Yerostigaz, a joint stock company located in Angren, Uzbekistan. Yerostigaz has operated continually since 1961, producing Syngas for use in the Angren Power Station.

The Yerostigaz UCG operations were commissioned in 1961 and by the end of 1965 it was producing approximately 160,000 m3 of gas an hour (i.e. in less than 4 years the production capacity of 1.4 billion m3 of gas per year was achieved). All gas produced was supplied to the Angren Power Station.

Currently Yerostigaz is meeting its production targets by producing and delivering 1 million m3 of UCG syngas per day, equating to 30 million m3 of UCG syngas per month for the Angren Power Station. Linc Energy is also pleased to announce that in a report prepared in February 2009 by the Uzbekistan Cabinet Ministers to their President, it was noted that Yerostigaz was the best performing coal company in Uzbekistan. We are very pleased with the progress being made by the team at Yerostigaz and are looking forward to even greater progress in the future. Linc Energy is planning to assist Yerostigaz further over the coming months by working on a number of improvements including the replacement of the existing original air compressors with more modern and efficient plant and the improvement and replacement of some of the drilling equipment and procedures, which Linc Energy believes will add significantly to the overall profitability of Yerostigaz.

The extensive experience of our Yerostigaz team and the new technical developments at our Chinchilla site are enabling Linc Energy to continually develop and expand our position as a world leader in the UCG Field.

For further information please contact Linc Energy's Chief Operating Officer, Mr Stephen Dumble.



Peter Bond
Chief Executive Officer

Information for Media:

Mr Peter Bond
Chief Executive Officer
Phone: +61 7 3229 0800
E-mail: pab@lincenergy.com.au

ASX Contact:

Mr Craig Ricato
Company Secretary
Phone: +61 7 3229 0800
E-mail: cr@lincenergy.com.au

Information for investors:

Ms Janelle van de Velde
Manager, Investor Relations &
Corporate Communications
Phone: +61 7 3229 0800
E-mail: jcv@lincenergy.com.au



UCG field at Chinchilla, Qld.



UCG field operations, Chinchilla, Qld.



UCG well head, Chinchilla, Qld.



UCG flare, Chinchilla, Qld.

Company Profile

Linc Energy is an innovative, forward thinking energy company and Australia's leader in clean coal technology. The Company's vision is to become a dominant player in the supply of more environmentally friendly power, diesel and jet fuel.

Linc Energy aims to achieve this vision by bringing together, for the first time anywhere in the world, two proven production processes known as Underground Coal Gasification (UCG) clean coal technology and Gas to Liquids (GTL).

These processes will economically convert vast "stranded" coal deposits into ultra clean liquid fuels.

Linc Energy will also use the Syngas produced from UCG clean coal technology as feedstock for gas turbines to generate much needed environmentally friendly electricity.

The Company has a unique leading edge capacity to provide a viable, more sustainable and smart alternative source of liquid fuels and power generation well into the foreseeable future.

Linc Energy represents a new future for liquid fuels production and power generation.