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ASX ANNOUNCEMENT / MEDIA RELEASE

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UPDATE ON SOUTH AUSTRALIAN PROGRESS

Following the acquisition of SAPEX Limited in late 2008, good progress has been made this year to complete the integration of the two businesses and in determining exploration work programs to begin to identify how the significant value of the exploration tenements in South Australia will be unlocked.

In particular, the Linc Energy Underground Coal Gasification (UCG) Technology and Exploration teams have completed the task of reviewing available drill and seismic data to identify and prioritise the key resource targets for UCG in South Australia. As a result of this work, a 15 location exploration/data collection program has been completed with the main objective being to provide critical information to prioritise locations for commercial UCG operations and provide technical information for further evaluation and design purposes.

The program will focus on areas where significant coal resources are known to exist including areas where our seismic data has identified deeper coals that potentially will provide the most optimal UCG conditions. We will also be evaluating areas in adjacent Petroleum Exploration Licences (PELs) where drill data is sparse and therefore coal resources less well understood. Some of these locations have been chosen because they are close to rail/road infrastructure and provide other potential commercial advantage.

Included in this year's exploration program will be at least four exploration holes within PEL 120 (St Vincent's/Walloway Basin's). This work will specifically target deep coal intersected during hydrogeological drilling in the 1980's and will focus on confirming the resource potential as well as providing technical data for UCG development. The location of the exploration program is in an area with considerable market and logistical advantages given the proximity to transmission, other infrastructure and Adelaide.

Linc Energy's Environmental and Exploration teams will be working together over the coming months to complete the necessary government approvals, site clearances and preparation with the aim of commencing drilling in June 2009.

This program and the subsequent work will further demonstrate the value of the UCG technology platform that Linc Energy is building, which will ensure that the

Company can accurately assess the technical and commercial suitability of coals for UCG in any location.

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



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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.