

## ASX ANNOUNCEMENT / MEDIA RELEASE

9 February 2010

## LINC ENERGY RECORDS 'OIL SHOWS' IN THE ARCKARINGA BASIN

- Oil shows at Maglia-1 in the Arckaringa Basin are the most significant find in the history of the basin
- Active petroleum system proven during Arckaringa Basin exploration and appraisal program

Linc Energy Ltd (ASX:LNC) (OTCQX.LNCGY) is pleased to announce interim results from the first round of drilling in its Arckaringa Basin Petroleum Exploration Licenses (PEL's) aimed at assessing the suitability of the Permian Mount Toondina coal seams for Underground Coal Gasification (UCG) and, indirectly, also assessing the Coal Seam Gas (CSG) potential at the selected locations.

In October 2009, Linc Energy mobilised 'Boart Longyear Rig 9' to the Arckaringa Basin, South Australia where it currently holds seven Petroleum Exploration Licenses prospective for UCG, CSG and conventional petroleum. Six wells were drilled, of which four cut large diameter core over the Upper Mount Toondina sequence for geotechnical analysis, specialised coal gasification testing and coal seam gas analysis. Two of the wells have been completed as piezometers to provide a baseline for ground water behaviour in the area.

Heavy flooding postponed the final two wells in the 'PEL' program along with drilling aimed at appraising conventional coal mining in selected areas held under mineral Exploration Licenses (EL's). Subject to weather conditions, it is anticipated that finalisation of the program will occur early in the second quarter of 2010.

| Well Name     | Net Coal<br>(m) | Number of<br>Seams | Depth Range<br>(m) |
|---------------|-----------------|--------------------|--------------------|
| Howard Hill-1 | 20.4            | 15                 | 77.2 - 184.0       |
| Nuba-1        | -               | -                  | -                  |
| Albany-1A     | 24.9            | 11                 | 273.1 - 400.4      |
| Albany-2      | 30.9            | 10                 | 273.1 - 404.6      |
| Mount Bray-1  | 17.3            | 10                 | 170.5 - 297.6      |
| Maglia-1      | 25.6            | 13                 | 203.1 - 448.6      |

The results of the coal exploration program are shown below:

Multiple coal seams were intersected in every well with the exception of Nuba-1 that intersected basement without penetrating the Mount Toondina formation. Individual seams of up to 6 metres thickness were identified by geophysical logging. Detailed analysis is ongoing.

## **OIL SHOW**

During drilling of Maglia-1, oil shows and a strong petroliferous odour were observed within cored sandstones at 366.4 to 369.4 and 393.4 to 396.4 metres coring depth. Subsequent laboratory analyses of the Maglia-1 oil samples by 'Geotechnical Services' have confirmed a low pristane to phytane ratio and the presence of norhopanes in the biomarker fraction, which is typical of a carbonate based source. An abundance of C27 steranes relative to C29 counterparts, indicates the likelihood of an algal based origin with the analysis of the aromatic fraction indicating a very high level of thermal maturity (>1% RO).

Based on the analysis to date, it is likely that the source of the oil is shallow marine carbonates of the Cambrian Ouldburra Formation and not from within the host Permian Mount Toondina sands. Investigations continue into the transport mechanisms for migration of the older oil in to the Permian coal sequence at this location. Numerous oil and gas shows with comparable geochemical properties have been recorded in similar pre-Permian sediments in the adjoining Officer Basin to the west which border Linc Energy's PEL 117.

In addition to the discovery of an active petroleum system in the Arckaringa Basin, the Cambrian carbonate sediments are known to have reservoir potential as evidenced by water flows and petrophysical analyses from the nearby Cootanoorina-1 stratigraphic well, drilled by the South Australian Government in 1967. Cootanoorina -1 also recorded the presence of hydrocarbons by way of fluorescence cut but was terminated prematurely due to limitations of drilling equipment.

Good reservoir attributes have also been encountered in historical drilling of the overlying Permian Boorthana and Mount Toondina Formations, the latter of which is where the Maglia-1 oil show was encountered although this well, targeting UCG appraisal, was not drilled on any structural trap. All of the potential reservoir units that occur in this area are considered to have adequate and extensive regional seals.

Prior to Linc Energy undertaking its current drilling and exploration program, the basin had remained largely unexplored with only three follow up 'petroleum exploration' wells being drilled in the basin since the Cootanoorina well in 1967, one of which is interpreted to have been drilled off structure and two which were drilled in an area where the Cambrian carbonates were absent.

The oil show at Maglia-1 is interpreted to be residual in nature but represents the most significant find in the history of the Arckaringa Basin, in which Linc Energy Ltd holds over 74,000 square kilometres with a 100% interest. Based on these results, Linc Energy is moving quickly to reprocess existing seismic and acquire additional detailed gravity and seismic information in order to better understand the distribution and thickness of the older pre-Permian sediments that are believed to be the origin of oil found in Maglia-1 as well as identifying potential structural traps. Based on that work, a targeted exploration program is planned.

Continued evaluation and appraisal of the Mount Toondina coal measures for UCG and CSG will occur in parallel with this program as part of Linc Energy's UCG exploration program.

Mr Peter Bond, Linc Energy's CEO, commented that "the completion of our initial exploration program in the Arckaringa PELs is a significant milestone and the results have confirmed my belief in the energy bearing potential of this vast acreage and reinforces the reasoning why we purchased SAPEX in the first place. The oil show encountered at Maglia-1 is extremely exciting. It takes the prospectivity of this basin for petroleum to the next level; one where the existence of an active petroleum system is now proven. We will progress our plans with increased confidence and vigour as a result of this important discovery, which I believe is just the first of many exciting announcements concerning Linc Energy's traditional oil and gas assets. I look forward to updating the market with our exploration plans for this and other areas in the near future."

For Further information please contact Mr. Peter Bond at Linc Energy.

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

Page 3 of 6

janelle.vandevelde@lincenergy.com.au



Image 1: Drilling at Maglia-1, Arckaringa Basin, South Australia



**PEL117** Albany-2 Albany-1 Mount Bray-1 Maglia-1 **PEL121** Wirrangula-Hill **PEL122 PEL118** Nuba-1 William Creek-1 **PEL123 PEL119** Howard Hill 1 **PEL124** Coordinates: GDA94, MGA Zone 53 Albany-1: 513588E 6923022N 511410E 6925400N Albany-2: Nuba-1: 437600E 6801600N Howard Hill-1: 463220E 6754900N 525068E 6889805N Maglia-1: Mount Bray-1: 489689E 6893275N Wirrangula Hill-1: 542148E 6860872N William Creek-1: 603176E 6800627N AWN: NC LINC ENERGY LIMITED Proposed Exploration HECKED DC ROVED: DC Hole Proposed Drilling Locations: 10-08 Arckaringa Basin June 2009 1,2 Linc PEL ILE NAME Drawing No: Sheet No: DATUM: GDA 94 PROJECTION: MGA Z53

Image 2:Chromatogram from Maglia-1 oil indicating hydrocarbons in the range of C9 to C26+

Image 3: Well locations

## **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, Underground Coal Gasification (UCG) and Gas to Liquids (GTL) and has demonstrated its vision of being a leading supplier of a new source of cleaner liquid transport fuels for the future.

UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon monoxide and hydrogen. 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 realizes its vision of becoming the world's leader in providing cleaner 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.