
ASX ANNOUNCEMENT

3 August 2010

LINC SELLS GALILEE COAL TENEMENT FOR \$3 BILLION

- **Linc Energy sells its 100% interest in the Galilee coal tenement (EPC 1690) to Adani Mining Pty Ltd, a wholly owned subsidiary of Adani Enterprises Ltd**
- **Sale price of \$500 million in cash up-front, plus a royalty of \$2 per tonne (indexed to CPI) over 20 production years**
- **Total estimated revenue from the sale of approximately \$3 billion over the life of the royalty**
- **The sale to Adani represents the largest single investment by an Indian company into Australia**

Linc Energy Ltd (ASX:LNC) (OTCQX:LNCGY) is pleased to announce the sale of its non-core coal tenement in the Galilee Basin, EPC 1690, to Adani Mining Pty Ltd ("Adani"), a subsidiary of Adani Enterprises Ltd (ADEL:BO), for \$500 million in cash and a \$2 per tonne royalty (indexed for C.P.I.) for the first twenty years of coal production, creating a total estimated revenue stream of approximately \$3 billion to be paid to Linc Energy.

Adani has already obtained approval from the Foreign Investment Review Board (FIRB) for the acquisition, as well as indicative approval for the transfer of the Galilee tenement from the Queensland State Government.

The \$500 million upfront payment has today been deposited into escrow and will be released to Linc Energy immediately upon receipt of the final Galilee tenement transfer approval from the Queensland State Government.

As previously announced, the Galilee tenement has a resource statement of 7.8 billion tonnes of coal in accordance with the JORC code (7.3 billion tonnes Inferred resource status and 500 million tonnes Indicated resource status). The Galilee tenement is capable of producing up to 60 million tonnes of coal per year once fully operational.

Linc Energy has also secured the exclusive right to negotiate with Adani on the joint development of any proposed future Underground Coal Gasification (UCG) operations within the Galilee tenement.

Linc Energy's CEO, Mr Peter Bond, said today, "This is an exciting day for Linc Energy and its shareholders. We have worked tirelessly over many months to maximise the outcome of this first coal sale for our shareholders".

"The royalty agreement gives Linc Energy the flexibility to monetise the royalty now or hold it and receive the full benefit of twenty years of cash flow," he said.

"This transaction provides shareholders with a Net Present Value (NPV) of approximately \$1.5 billion, with the opportunity to earn over \$3 billion in revenue over the life of the royalty. This is undoubtedly a great result for the Company," the Linc Energy CEO said.

"The value of the Galilee tenement and the strong interest in the other coal tenements held by the Company are just indicators of the depth, quality and potential of Linc Energy. This sale becomes a springboard from which the Company can now aggressively pursue its commercial aspirations within Australia and other parts of the world," Bond said.



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The information in this announcement relating to exploration results and coal resources 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 a competent person as defined in the 2004 Edition of the "Australasian 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.

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.