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ASX ANNOUNCEMENT

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Linc Energy Alaskan Drilling Program Update

- **Drilling and Evaluation of LEA#1 Exploration well now complete**
- **Permitting for Linc Energy's next petroleum exploration well underway**
- **Mental Health Trust issues three coal exploration licenses to Linc Energy**

Linc Energy (ASX:LNC) (OTCQX:LNCGY) has completed its first objective in the exploration program of the Point Mackenzie Block, Cook Inlet Basin by drilling and testing the LEA#1 wildcat well. This block of petroleum leases was acquired from GeoPetro Resources in March 2010 along with the Trading Bay Block acreage. A condition of the acquisition included drilling to test a geologic structure identified by GeoPetro from reprocessed seismic data upon the LEA#1 site.

Linc Energy's Anchorage based team moved quickly to permit and drill the LEA#1 commitment well. This was the first wildcat gas exploration well drilled in Alaska's prolific Cook Inlet region in over five years, and the first by Linc Energy in Alaska.

Encouraging gas shows were encountered while drilling through a section containing a significant number of coal seams and the well was cased and suspended to allow time for detailed evaluation and flow testing.

The testing program for LEA#1 was designed to evaluate sandstone formations identified to contain gas in advanced petrophysical analysis carried out by Schlumberger. Testing was also designed to determine if gas contained in the coal bearing sequence would act like a conventional reservoir and flow without stimulation.

The LEA#1 testing program is now complete with three sandstone targets being tested separately. The testing has shown that although gas was present, the structure is too tight and not able to produce gas without swabbing large amounts of formation water into the well. As such, the conclusion from the testing is that although gas is trapped within the coal, there is not sufficient natural fracturing in the coal to allow for the recovery of commercial quantities of gas.

Though LEA#1 has not proved to be commercial, Linc Energy has acquired a significant amount of information about the area and the regional coal measures, discovering a significant coal zone which appears to be highly suitable for Underground Coal Gasification (UCG) which is capable of supporting the Company's future development plans for the region.

Linc Energy's Oil and Gas team will now use this valuable information to further evaluate the very large lease area of over 120,000 acres which the Company holds in the Cook Inlet Basin area. It should also be noted that completion of the LEA#1 drilling program has fully secured the rights to all the acreage acquired from GeoPetro for the future, with no further work requirements other than those required by the State of Alaska. In addition, by undertaking the LEA#1 drilling program, Linc Energy has now established itself as a serious and prudent Operator in one of the most challenging and closely regulated oil and gas provinces in the world, and will be using that expertise to continue its Cook Inlet Basin exploration program at an aggressive pace.

Linc Energy to Drill the Trading Bay Block

Permitting is well underway for the Company's Trading Bay petroleum lease, the next exploration well to be drilled in the Cook Inlet Basin located approximately 55 miles southeast of the LEA #1 well site.

The Trading Bay area was initially explored by Shell in the 1960s, where they found gas in the area, but not their intended target of oil. Gas at that time had little value in the Cook Inlet so the opportunity was not pursued by Shell.

The historical exploration data is being further reviewed by Linc Energy to refine the Company's initial exploration target. Linc Energy's access into this area will make use of the existing roads and tracks constructed for the earlier exploration work. Linc Energy will mobilise a rig into the Trading Bay site later this year, when the ground is frozen. This timing allows the work to proceed with minimal impact on the access roads.

Linc Energy Chief Executive Officer (CEO) Mr Peter Bond said, "Linc Energy's Alaska based team has carried out the exploration and evaluation of LEA #1 in record time without incident or injuries and has maintained our critical standards of community relations. LEA #1 was Linc Energy's first petroleum exploration well and the first to be drilled in the Cook Inlet region for many years. The Linc Energy team's technical execution was fantastic and sets the Company up extraordinarily well for future exploration success in Alaska. I am very excited about the opportunities available to us in the Trading Bay area, with the positive historical results achieved by Shell providing a good basis for our exploration team to define their program. I'm disappointed about the final result of LEA #1, but in the scheme of opportunity and activity that is currently ongoing within Linc Energy globally, LEA #1 represents only about 1% of the opportunities we are currently pursuing around the globe. At the end of the day exploration is a numbers game, the more smart wells you drill the more likely you are going to be successful. Linc Energy has an extraordinary record of getting our exploration targets right the majority of the time and I still think the coal measures we've discovered via the LEA #1 program will add a lot of value to the Company in the longer term. In the meantime Linc Energy has a lot of acreage to explore, including the next well to be drilled in Alaska on our Trading Bay acreage. I look forward to our Alaskan team executing that exploration drilling program before December this year."

Coal (UCG) Exploration

The Alaskan Mental Health Trust, which holds significant mineral rights in the Cook Inlet Basin, has issued three separate coal exploration licenses to Linc Energy. Each license is valid for seven years and allows Linc Energy to explore the areas for coal deposits suitable for commercial UCG development. Following a successful exploration program, Linc Energy will have the exclusive right to convert each suitable area identified into a 20 year coal lease for commercial operations.

Exploration of these areas will commence immediately, with plans for seismic surveys to begin during the Alaskan summer months followed by drilling and core sampling of targets.

Linc Energy's objective in this program is to quickly identify the best locations for UCG and work closely with the Alaskan government to obtain permits to undertake commercial UCG operations. Syngas from the UCG operations will be used for power generation and for conversion into clean energy fuels. Linc Energy believes that these projects will make a significant impact on the energy supply for South Central Alaska.

Linc Energy has applied for additional coal exploration license areas controlled by the Alaskan Department of Natural Resources (ADNR). The prospecting permit process through ADNR is currently underway. Linc Energy's team is working closely with the ADNR to select those areas which will best serve the people of Alaska if developed into commercial projects. The application includes the area around the LEA #1 well which encountered coal measures of interest.

Linc Energy came into Alaska to pursue a UCG commercial program and to date has had great success in:

1. helping to establishing a UCG program in Alaska;
2. securing rights to 180,000+ acres for UCG specific exploration under a land disposition program with the Alaskan Mental Health Trust; and
3. working with ADNR for the issuance of UCG specific coal prospecting permits on State of Alaska acreage which has strong potential for further "stranded" coal resources.

Linc Energy CEO Peter Bond said, "Our Alaskan programs are a great example of our slogan "Fuelling the Future". We concentrate our efforts in areas rich in natural resources and then apply our experience, technology and determination to find the best way of developing resource projects to bring clean energy solutions to the region. Our commitment to Alaska spans across the spectrum of oil, gas and coal, and it is a philosophy that is starting to pay off for the Company, with numerous short term oil, gas and coal targets emerging."

For more information visit www.lincenergy.com.au or contact the Australian head office on +617 3229 0800.



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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 realises 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.