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ASX ANNOUNCEMENT

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AUSTRALIAN COMPANY ANNOUNCES RUSSIAN ALLIANCE FOR GAS PRODUCTION

Brisbane based listed alternative energy company, Linc Energy Ltd (ASX:LNC) today announced in Moscow a major development of its underground coal gasification project (UCG) in Queensland, following the signing of two strategic alliances with leading Russian institutions.

Linc Energy believes the Russian involvement will greatly enhance its UCG (Underground Coal Gasification) knowledge and technology base whilst encouraging significant international interest in its UCG and Gas to Liquids (GTL) processes.

Managing Director of Linc Energy, Mr Peter Bond, today announced the signing of two co-operation agreements with the Skochinsky Institute of Mining in Moscow (Skochinsky Institute) and its parent organisation, the Scientific-Technical Mining Association (STMA).

The Skochinsky Institute will provide consultation and engineering services to Linc Energy, including relevant UCG technology transfer and training, teaming up with senior Linc Energy engineers in the development of the UCG process at Chinchilla to produce quality syngas from Linc Energy's abundant coal reserves.

The 77-year old mining research and development organization, Skochinsky, has pioneered UCG (Underground Coal Gasification) in the development and research of the process – which will be used by Linc Energy at its Chinchilla plant, expected to be constructed by mid-2007.

The Skochinsky Institute recently signed a contract with India's ONGC (a Fortune 500 company) to develop UCG gasfields in India, with the first stage of this agreement being recently completed.

Linc Energy's UCG team has been bolstered by the appointment of additional UCG staff with Mr Oleg Krzyzanowski being appointed as General Manager of UCG Operations.

With Linc Energy confirming the Skochinsky Institute as its preferred UCG technology supplier and UCG consultant, Linc will immediately terminate its arrangements and relationship with Ergo Exergy Technologies (Inc) of Canada.

Mr Bond said, "Ergo Exergy's work has been greatly appreciated, however we have taken up the opportunity of working with the masters and pioneers of UCG, allowing Linc energy significantly greater commercial and technology freedom".

The Russian announcement coincides with drilling on Linc Energy's Chinchilla site to map out and prove the extent of the coal resource, with approx 30 open holes and 10 diamond core holes so far drilled, Linc energy will continue drilling the Chinchilla program with results expected to be available by end of February next year.

"Linc Energy is acknowledged already as the leader of UCG in the western world, with its Chinchilla project now the longest running and most successful UCG project outside the former USSR."

Chairman of Linc Energy, Mr Brian Johnson said, "With Linc Energy now joining forces through this agreement with the Skochinsky Institute, the final bricks of technology and engineering support have been cemented into place."

The company said that this arrangement with the Skochinsky Institute will strengthen Linc Energy's position as one of the most prominent operators and developers of commercial UCG (Underground Coal Gasification) projects in the world, with Linc Energy's UCG to GTL (Diesel) plant at Chinchilla on track to open in mid 2007.