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ASX ANNOUNCEMENT / MEDIA RELEASE

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LINC ENERGY PRODUCES FIRST GTL LIQUIDS AT CHINCHILLA SITE

- Linc Energy announces production of the first liquids at its Chinchilla Gas-to-Liquid (GTL) demonstration facility.

Linc Energy (ASX:LNC) announced today that it has successfully produced the first liquids (hydrocarbon liquids) from its Chinchilla GTL demonstration facility.

The introduction of UCG (underground coal gasification) synthesis gas into a reactor that produces high quality synthetic fuel is a world first.

Peter Bond, CEO of Linc Energy, said, "This is the event that my team and I have been working towards now since the day Linc was listed on the ASX around two and a half years ago. The production of the first liquids at Chinchilla is a significant milestone not just for Linc Energy but also for the global community. Linc Energy has now proven that it can produce liquid fuels from UCG gas. This process provides the potential for billions of tonnes of stranded coal resources to be converted into transport fuels in an environmentally acceptable way. And when you think that each tonne of coal equates to approximately 1.5 barrels of fuel, the potential of what Linc Energy has achieved today is simply enormous".

Over coming months Linc Energy will continue to operate its GTL demonstration facility and use the experience gained to assist with finalizing the engineering scope for the Company's proposed 20,000 barrels per day commercial facility that is planned for commencement of construction in the next 12 months.

Brian Johnson, the Chairman of Linc Energy, said "The production of liquid fuels by the Company is an announcement of global significance and one we will all look back upon with great satisfaction. I personally would like to thank everyone who has worked on this project for the professionalism and dedication they have displayed on the way to this successful outcome".

Commenting on the Company's future plans, Mr Bond said, "Even though the production of the first liquids at Chinchilla is a great event, Linc Energy won't be resting on its laurels. The Australian, USA, Chinese, Vietnamese and Indian markets all need near term achievable clean fuel alternatives, which are cost efficient and environmentally friendly. Linc Energy's UCG to GTL process provides a solution. As such, Linc's focus is not only upon building it's first commercial facility in the near future, but also on developing the bigger business model to help fulfill the demand across those markets."

Linc Energy would also like to announce that it has successfully completed a \$17m (seventeen million dollar) placement today. The monies will be used to ensure that Linc Energy maintains its very healthy balance sheet and working capital budget on the back of the settling of the SAPEX Merger which will be completed later this week.

The \$17m capital raising was completed by the placement of 5.86 million shares at \$2.90 each to sophisticated off shore and local investors. The placement was managed and partly underwritten by BBY Limited.

Peter Bond said "It's great to see the confidence of investors in Linc Energy, even at this volatile time in the markets. Linc Energy is very well placed not only to ride out the current market volatility, but I believe that in time we can take advantage of it. Particularly in key areas such as falling engineering and construction costing's, as well as future acquisitions."

For pictures of the GTL demonstration plant please see attached. For more information please contact Mr. Peter Bond, CEO of Linc Energy, on 0417 753 100 or alternatively contact Linc Energy's media advisor, James Moses, on (0420) 991 574.



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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.





