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## THIRD QUARTER ACTIVITIES REPORT

1 January 2007 to 31 March 2007.

### Exploration Activities

During the quarter Linc Energy expanded its drilling program to prove the extent of the coal tenements beyond its initial expectations with approximately 30 open holes and 10 diamond core holes so far drilled. An interim report was provided this quarter however, there are approximately 15 more holes to drill in the expanded drilling program.

The drilling depths have been between 140 metres and 200 metres, intercepting the Macalister Seam.

The refurbishment of drill rig Linc Energy purchased is almost complete with the drill rig being fully operational by the end of April. Linc's drill rig will complete the expanded drilling program at EPC 635 near Chinchilla and will start drilling on its other tenements in particular, EPC 635, EPC 704, EPC 897 and EPC 898.

Please refer to the company's interim drilling results released on 22 February 2007 for information on its drilling program. (See list of Company's current coal tenement holdings below).

<u>Tenure</u>	<u>Status</u>	<u>Sub-Status</u>	<u>Granted</u>	<u>Expires</u>	<u>Principal Holder</u>	<u>Linc Interest</u>	<u>Sub-Blocks</u>	<u>Basin</u>
<b>MDL 309</b>	<b>GRAN</b>	-	<b>25 Nov 99</b>	<b>30 Nov 08</b>	<b>Linc Energy Ltd</b>	<b>100%</b>	<b>154Ha</b>	<b>Surat</b>
<b>EPC 635</b>	<b>GRAN</b>	-	<b>24 Dec 98</b>	<b>24 Dec 06</b>	<b>Linc Energy Ltd</b>	<b>100%</b>	<b>32</b>	<b>Surat</b>
<b>EPC 704</b>	<b>GRAN</b>	-	<b>17 Sep 01</b>	<b>16 Sep 07</b>	<b>Linc Energy Ltd</b>	<b>100%</b>	<b>111</b>	<b>Surat</b>
EPC 897	GRAN	-	5 Aug 05	4 Aug 10	Linc Energy Ltd	100%	54	Surat
EPC 898	GRAN	-	5 Aug 05	4 Aug 10	Linc Energy Ltd	100%	85	Surat
EPC 899	GRAN	-	5 Aug 05	4 Aug 10	Linc Energy Ltd	100%	87	Surat
EPC 938	GRAN	-	15 May 06	14 May 11	Linc Energy Ltd	100%	80	Surat
EPC 902	GRAN	-	3 Dec 04	2 Dec 09	Linc Energy Ltd	100%	111	Surat
EPC 854	GRAN	-	30 Aug 04	29 Aug 07	Linc Energy Ltd	100%	82	Galilee
MDL 361	APPL	-	-	-	Linc Energy Ltd	100%	2712Ha	Pentland
EPC 908	GRAN	-	9 Feb 05	8 Feb 10	Linc Energy Ltd	100%	300	Biloela
EPC 909	GRAN	-	28 Apr 05	27 Apr 10	Linc Energy Ltd	100%	289	Biloela
EPC 910	GRAN	-	9 Feb 05	8 Feb 10	Linc Energy Ltd	100%	160	Ipswich
EPC 980	GRAN	-	4 Nov 05	3 Nov 10	Linc Energy Ltd	100%	59	Bowen
EPC 526	GRAN	RENL	27 Apr 93	26 Apr 06	Linc Energy Ltd	99%	25	Pentland
EPC 1046	GRAN	-	16 Nov 06	15 Nov 11	Linc Energy Ltd	100%	32	Surat



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## **Corporate Activities**

Linc Energy Ltd recently announced that it has entered into a Cultural Heritage Management Program ("CHMP") with the Barunggam and Western Wakka Wakka Aboriginal People.

Linc Energy recognises the importance of the Aboriginal Culture and has agreed with both the Barunggam and Western Wakka Wakka on a management plan to manage any findings of Aboriginal Cultural Heritage during Linc's activities at its Chinchilla site.

As part of the CHMP, the Barunggam and Western Wakka Wakka parties have agreed to complete a survey of "Capowie" within the next four weeks. "Capowie" is the land where Linc Energy's Underground Coal Gasification ("UCG") and demonstration Gas to Liquids ("GTL") plant will be built. This survey will give Linc Energy full details of any findings of Aboriginal Cultural Heritage on "Capowie" and allow us to manage the findings as per the CHMP prior to the demonstration plant being built.

The agreement and implementation of a CHMP is a fundamental part of our EIS process and having achieved this is an important milestone in our progress.

Linc Energy has started construction of its new UCG (Underground Coal Gasification) field at its site at Capowie. The creation of a new UCG reactor will eliminate any potential problems that may have arisen from restarting the existing reactor. Linc Energy expects UCG gas production to commence by the end of May 2007.

Engineering designs, models and an equipment list has been provided to Linc Energy by its prime GTL Contractor, MegChem of South Africa. Linc Energy has commenced procurement for its demonstration GTL Plant with orders placed for reactors, compressors and other key components.

Civil works at the Capowie site are well advanced in preparation for the UCG and GTL Plant. These civil works include new access roads, hard stand, pads and new buildings for compressors, workshops and staff facilities.

Linc Energy has also bolstered its team with the appointment of a new Site Manager, Denis Kruger and three GTL Process Control Operators for the management of the GTL site and one GTL Process Engineer for the GTL Engineering team.



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### **Finance Activities**

From a financial perspective, the company ended the quarter with over \$11 million in cash reserves. The company has invested over \$1.6million dollars in the last quarter in exploration and development of its UCG and GTL demonstration plant.

Linc Energy has drawn down an additional \$47,000 from our \$800,000 loan facility this quarter for the purchase of a site vehicles. This leaves us \$491,000 available to draw down on as we require further plant and equipment.

In addition to the existing loan facilities we have established a separate \$2million facility for providing Letters of Credit and Bank Guarantees to assist in the purchase of plant and equipment from both in Australia and overseas. We have used this facility to purchase 3 new compressors for the UCG site. These compressors were ordered in early December and are due for delivery in mid to late April.

For further information about the company's activities and project plans, refer to [www.lincenergy.com.au](http://www.lincenergy.com.au) or the Managing Director, Peter Bond on 07 3229 0800.