
ASX ANNOUNCEMENT / MEDIA RELEASE

17 November 2008

LINC ENERGY RAMPS UP OIL EXPLORATION AT SAPEX

- Linc Energy commits to oil drilling program in Arckaringa Basin

Linc Energy Limited (ASX: LNC) announced today that it will commence drilling key oil opportunities identified from the recent seismic program which shows at least 18 prospects and leads with a priority target area of 8 drilling locations.

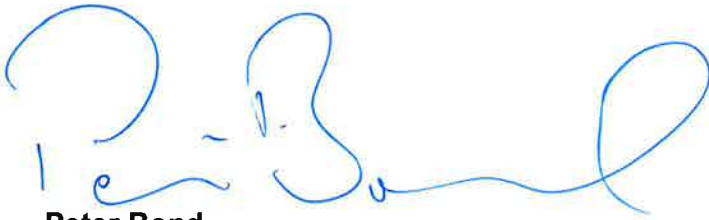
Linc Energy will commit to approximately 10 to 15 oil exploration wells in the Arckaringa Basin, with an initial budget of \$9 to \$10 million. Linc Energy is in negotiations with a North American drilling exploration company based out of Texas, with the aim that a drilling contractor will be on site by second quarter next year to commence the program.

Whilst Linc Energy purchased the SAPEX assets for their coal potential and the added benefits of completing a straight forward operation in an area of abundant coal which has the ability to be moved along quickly in the Arckaringa Basin due to the flat accessible lands, no overlapping tenement issues, great access to infrastructure such as rail and ports, and an internationally recognised pro-business Government; the reality remains that the SAPEX exploration licences hold some excellent petroleum opportunities which could potentially be valued at a considerable sum of money (see attached map showing South Australian exploration licences held). Either as a straight asset sale or as a profit share arrangement, the bottom line for Linc Energy Shareholders is that such a valuable asset needs to be developed to a point that the Company can start to 'book' some of that value to the balance sheet, either as 'cash' or as a developed asset producing cash flow.

With that driving premise, Linc Energy will aim to commence drilling the Arckaringa Basin for petroleum (oil) opportunities in the second quarter of next year, with the program taking approximately 12 to 18 months to complete. Linc Energy should have some excellent early indications of what the Arckaringa Basin is capable of producing by approximately early in the fourth quarter next year (2009).

Mr Peter Bond, Linc Energy's Chief Executive Office said "We know we have a great asset in what has been obtained via the SAPEX merger but the oil exploration was always potentially a significant bonus for the Shareholders. I have no other way of unlocking that potential to a point of solid value without drilling the Arckaringa Basin and frankly, the faster Linc Energy can drill the area and the more aggressive the initial program is, the more likely we are going to be successful. This is a very exciting opportunity for Linc Energy and with drilling costs decreasing and availability of people and equipment 'freeing up', this is a very good time to commence as it sets the company up nicely for when oil prices recover".

For further information please contact Peter Bond.



Peter Bond
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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.

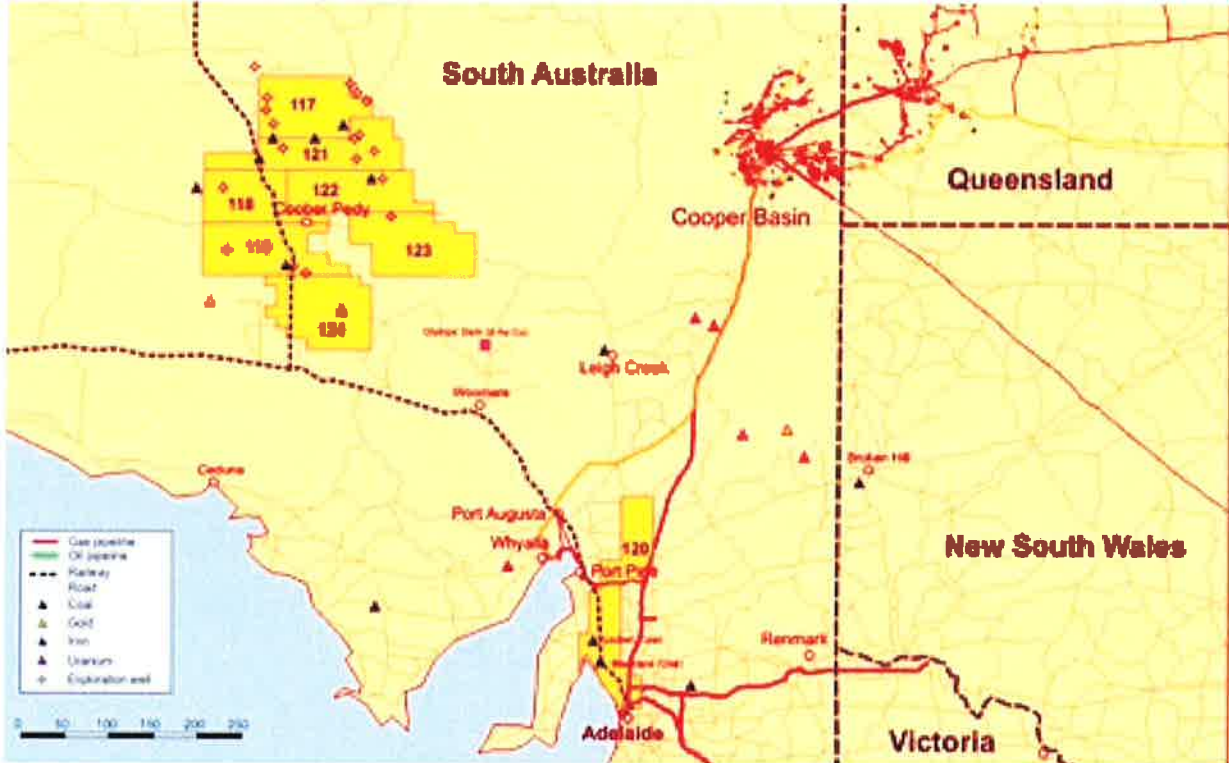
Linc Energy aims to achieve this vision by bringing together, for the first time anywhere in the world, two proven production processes known as Underground Coal Gasification (UCG) clean coal technology and Gas to Liquids (GTL).

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.



Map showing SAPEX/Linc Energy exploration licences held in South Australia