



ABN: 60 076 157 045
ACN: 076 157 045
Level 7, 10 Eagle St
(GPO Box 1315)
BRISBANE QLD 4001
Telephone: (07) 3229 0800
Facsimile: (07) 3229 6800

ASX ANNOUNCEMENT / MEDIA RELEASE

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EMERALD (TERESA) COAL TENEMENT SALE UPDATE

- Xinwen Mining Group have re-emphasised their commitment to complete the \$1.5 billion purchase of the Emerald (Teresa) Coal Tenements from Linc Energy
- Emerald (Teresa) Coal Tenements have now been developed to an inferred resource of 852 million tonnes of coal in accordance with the JORC Code*, with a 200 million tonne open cut mine area identified

Linc Energy Ltd (ASX : LNC) announced today that recent verbal and written communications from the Xinwen Mining Group Ltd has confirmed their commitment to complete the \$1.5 billion purchase of Linc Energy's Emerald coal tenements (known as "Teresa").

Linc Energy has continued to drill its Emerald tenements, in particular EPC 980, which has produced outstanding results with the coking and thermal coal deposit being upgraded to an inferred resource of 852 million tonnes in accordance with the JORC Code*, which is a significant increase above the exploration target resource¹ of 470 million tonnes* when the original sale and purchase heads of agreement was completed.

This increase in the coal tonnage at Emerald, combined with the fact that 200 million tonnes of 'open cut' minable coal has been clearly identified, is making the Emerald (Teresa) coal tenements a compelling and key coal asset purchase.

In a letter to Linc Energy, the Xinwen Mining Group Ltd have confirmed their commitment to purchase the Emerald (Teresa) Coal Tenements from Linc Energy. Mr Chen Jie (Chairman of the Xinwen subsidiary involved in the Emerald purchase) said "We are very happy with the data supplied by Linc Energy and the quality and quantity of the coal for the Emerald tenement. Despite the current financial problems with International Markets, China still needs good quality thermal and coking coal. We are working very closely with our regulators in order to complete the acquisition."

Linc Energy is aiming to have the formal sale and purchase agreement for the Emerald (Teresa) Coal Tenements executed before Christmas 2008, with the first payment of the

¹ In accordance with the requirements of clause 18 of the JORC Code regarding exploration, the following compulsory statement concerning exploration targets is included: "[T]he potential quantity and [quality] is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource."

\$1.5 billion settlement to be received immediately following Australian government approvals.

Linc Energy's Chief Executive Officer, Mr Peter Bond said "The Emerald Coking Coal sale is a fantastic opportunity. The more Linc Energy drill the site, the more the Emerald coal deposit has proven to be a very prudent purchase by the Xinwen group. When Linc Energy first agreed to sell Emerald, it was on the basis of a price of approximately \$3.19 per tonne in ground. With additional drilling by Linc, this has nearly doubled the size of the asset and subsequently the in-ground price has gone down to approximately \$1.75 per tonne."

"On top of this, Linc Energy has now identified a 200 million tonne open cut minable area which, in my opinion, is an outstanding mine location. There simply are not many new open cut coking and thermal coal deposits available of this quality and size. In addition, with the slide of the Australian dollar, Xinwen are gaining another 30% reduction in real cost terms, making the Emerald tenements an extraordinary coking and thermal coal asset at a price much lower than what would have been paid just two or three months ago, and in reality representing what anyone will need to pay now and in the immediate future. Let's face it, good coking coal is the 'waterfront property' of the resources sector and Emerald remains a fantastic opportunity for any buyer; which probably explains why Linc Energy has received so many additional queries from other groups which are looking to pursue a potential purchase of Emerald every month".

Linc Energy is continuing to drill the Emerald tenements, with the current committed program expected to be completed over the coming weeks, with the aim of drilling the open cut minable area to a measured resource status in accordance with the JORC Code.

For further information please contact Peter Bond.



Peter Bond
Chief Executive Officer

Information for Media:

Mr Peter Bond
Chief Executive Officer
Phone: +61 7 3229 0800
E-mail: pab@lincenergy.com.au

ASX Contact:

Mr Craig Ricato
Company Secretary
Phone: +61 7 3229 0800
E-mail: cr@lincenergy.com.au

Information for investors:

Ms Janelle Van de Velde
Manager, Corporate Services &
Investor Relations
Phone: +61 7 3229 0800
E-mail: jcv@lincenergy.com.au

* The information in this announcement relating to resources is based on information compiled by Tim Jones who is a member of the Australian Institute of Geosciences and who is employed by Linc Energy Ltd. Tim Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Tim Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.



Mining operations in the vicinity of Linc Energy's Emerald (Teresa) Tenements



Linc Energy drill rig operation on the Emerald (Teresa) Tenements



REPORT
ON

**EMERALD "TERESA" PROJECT
INITIAL JORC RESOURCE STATEMENT
EXECUTIVE SUMMARY**

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Tim Jones
MSc, MAIG
Exploration Manager
Linc Energy Limited
November 2008

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1. EXECUTIVE SUMMARY

This summary report contains the methodology and results of the coal resource estimate, as at 14th November 2008, and incorporates exploration results undertaken up to 1st November 2008.

Linc Energy Pty Ltd holds two Exploration Permits for Coal – EPC 980 and EPC 1226, as well as EPC Application 1267 near Emerald in Central Queensland. The area is easily accessed via the Gregory Highway north from Emerald, with the highway cutting through the EPC area. The Emerald Capella Railway line also cuts through the EPC area.

These permits cover approximately 330 Sq.Km of the Late Permian coal bearing Bowen Basin. The EPC 980 area is shown in Figure 1.

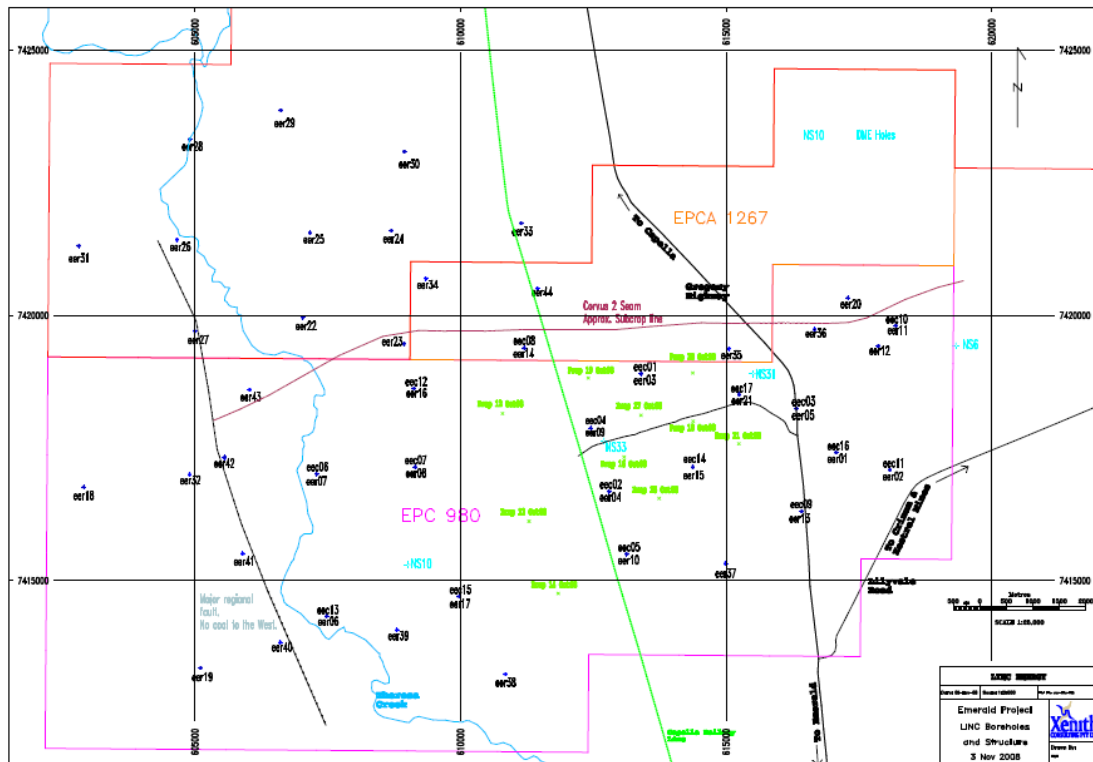


Figure 1 – Project Area Aerial Photo and Current Resource Outline

The coal seams within the Teresa deposit are restricted to the German Creek Coal formation of the Blackwater group. Regionally EPC 980 is located on the western limb of a syncline that is gently plunging to the south west between the Capella block and the Comet Ridge. The regional dip of the coal seams is < 3 degrees to the South - South East. The Permian strata is overlain unconformably by Cainozoic sediments and further east volcanics have also been intersected. Within the project area the German Creek formation is interpreted to be fault bounded to the west against the North West trending Reids Dome Beds. The actual location of this regional fault structure has been determined to within a kilometre and will require further scout drilling along its strike to determine its exact location.

The German Creek Formation is known to exist across the EPC from the eastern boundary with the Rio Tinto Kestrel tenements, to the most westerly exploration hole EER32. The westerly extent of the German Creek formation will be confirmed by further drilling in the coming months. This represents a current strike length of approximately 13.5 kilometres, with the western boundary of EPC 980 a further 4 kilometres to the west.

The coal seams are found to occur in the uppermost 95 – 150 metres of the German Creek formation. There are six seams present and these can be correlated between all of the Linc Energy exploration holes, as well as previous company and Mines Department holes.

The coal seams in the Teresa deposit are equivalent to seams which have been and are currently being mined at a number of the nearby mining operations to the east of the area. The seam nomenclature and correlation adopted for this initial modelling of the Teresa deposit originates from the CSIRO "Bowen Basin Super model", which does not currently cover the EPC area. Changes to seam nomenclature may happen once this occurs.

The coal seams intersected in the current drilling campaign and included in the model in descending order, are as follows -:

- C1 Seam

- CM Seam

- C2 Seam

- German Creek

- GCD Seam

- GCC Seam

Both the C1 and C2 seams average 0.8 and 0.6 meters with the CM seam quite thin in nature (ranging from 0.2m – 0.4m), however the three seams are found to be consistent and can be correlated between holes. The GC seam is the most consistent seam across the deposit. The GC seam is also the thickest seam in the sequence averaging 2.83 metres and is considered the primary resource target in the Teresa deposit. The GC seam has been found to occur at depths ranging from 95 metres in hole EEC08 to 298 metres in hole EEC05 within the project area.

The German Creek seam has 2 splits lower splits (GCD and GCC) across the deposit, with these separated by a stone band ranging from 1 metre up to 5 metres thick. The German Creek formation subcrops to the North of the EPC 980 area just north of hole EER14 within EPC application 1267. Further exploration in the two northern EPC's will determine the location of subcrop lines of the various seams, currently interpreted to be trending NE-SW.

Currently 43 exploration drill holes have been drilled by Linc Energy at the Teresa project area totalling 12332 metres. Of these 43 holes, 20 holes

were cored drill holes with all 20 holes intersecting the GC, GCD and GCC seams. Historical data does exist from previous other company exploration drilling campaigns, and these holes were included in the geological model once their location and data was verified. A total of 4 DME GSQ hole locations were also added to the model.

The exploration open hole spacing is generally at 2000 – 2500 metre spacing with the cored holes spaced at an average of approximately 2500 metres. All core holes have been ply sampled and coal laboratory analysis performed on the samples. Analysis performed on all the samples includes proximate analysis, raw ash, relative density, total sulphur and raw crucible swelling number. The Preston Sanders formula has been applied to the relative densities to convert them to an insitu basis. Further laboratory analysis programs including basic sizing and washability testing as well as specific energy analysis is currently underway on the core hole samples.

Linc Energy Limited has created a geological and coal quality model in the Mincom “Minescape” software package. The model is based on all relevant drill holes as discussed previously. The exploration drill hole data has been audited and correlated by geophysical logs to confirm the named coal seams in each of the holes. A 0.4 metre seam thickness limit has been applied to the model to determine which seams can be included in the resource. Any areas where the coal seams are less than 0.4 metre in thickness have not been included in this resource estimate. This classification has been made for this initial resource statement due to the depth below ground of the main target seams. All six target seams are within current open cut mining depths within the Mining Lease Application area where extensions to the identified open cut will allow for future under ground resources.

Drill holes which were classified as valid points of observation can be

summarised as follows –

1. The entire seam was cored.
2. Core recovery for the particular seam was greater than 95%.
3. The pilot open holes were geophysically logged, and
4. Ash and relative density analysis as a minimum was completed, and the interval depths matched up against the same interval named in the structure model.

Resource polygons were drawn around the observation points based on the JORC category guidelines, and then resources were calculated from the geological model. The coal resources qualified for inferred status where points of observation were no more than 4000 metres apart. Inferred resources were extrapolated a maximum of 2000 metres beyond a point of observation.

No resources were included in the measured or indicated categories for this statement. The target seam resource status areas are shown in Figure 2. Representative Cross Sections are shown in Figure 3. Coal seams were sampled and analysed on a ply basis in the recent drilling campaigns and these form the basis of the coal quality model. The ply samples were then combined into the major seams to estimate coal qualities. All coal quality data has been modeled on an air dried basis. Relative density and tonnages have been converted to an insitu basis, using the Preston Sanders formula. The total moisture value used for this conversion was 10.0%.

Coal seam qualities modeled are –

- Inherent moisture %

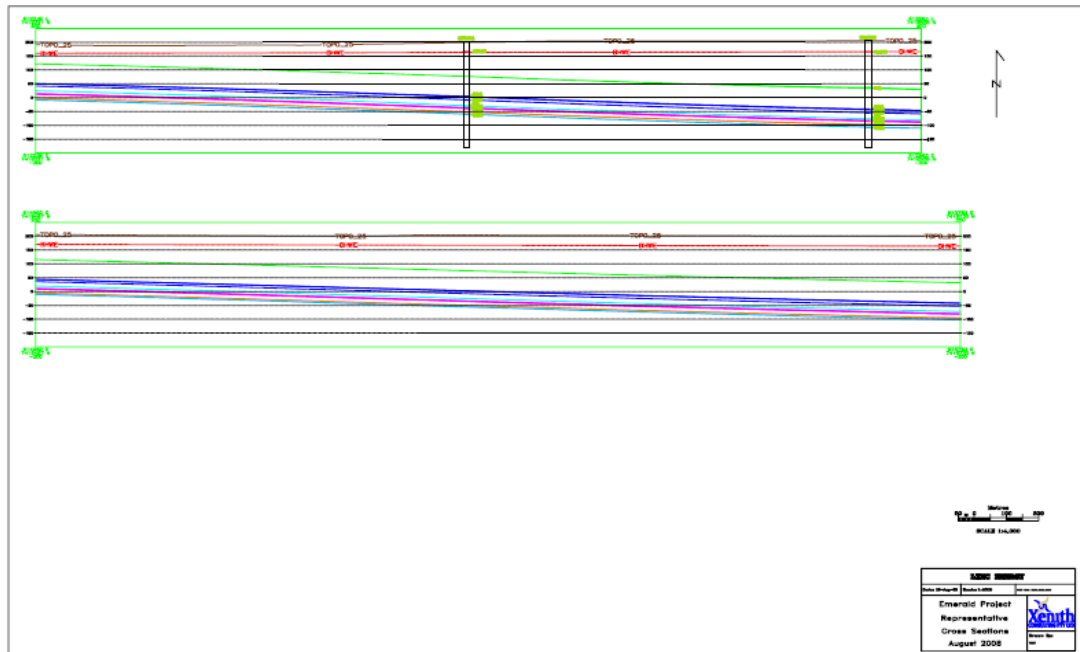
- raw coal ash %,
- volatile matter %,
- relative density
- raw CSN, and
- total sulphur %.

All the seams have been sampled. Generally the upper part of the seams are higher in raw ash, with the bottom part being a brighter, lower ash coal. The coal quality for the upper and lower seams also shows a trend in the raw coal CSN results, with the top averaging 1.0, while the bottom ply results average 5.5. The CM and GC sample from hole EEC04 result has a raw CSN result of 5.5. Total sulphur results for the GC seam are showing some moderately high areas within the deposit with the average sulphur at 1.17% (ad). Samples with the high total sulphur results have had forms of sulphur testing completed with the results ranging from 0.2 to 0.65%.

Table 1 Average coal quality ranges

Seam	Thickness (m)	Moisture (%adb)	Volatile Matter (%adb)	Ash (%adb)	Relative Density	CSN (range)	Sulfur (%adb)	SE (MJ/kg)
PL1	4.4	5.93	21.30	45.25	1.76	0.5 - 0.5	1.33	
PL2	0.6	3.82	33.26	22.02	1.53	1.0 - 1.5	5.21	
PL3	0.7	3.90	30.76	27.66	1.57	0 - 1.5	3.81	
C1	0.9	5.58	35.12	9.97	1.39	1.0 - 4.5	1.78	
CM	0.2	3.98	28.56	35.78	1.77	0.5 - 5.5	7.04	
C2	0.5	5.78	32.98	15.70	1.45	0.5 - 4.0	1.73	
GC	2.7	5.84	32.47	16.61	1.44	0.5 - 4.5	0.98	24.06
GCD	1.1	4.90	30.56	24.63	1.52	0.5 - 5.0	0.73	22.15
GCC	0.8	5.50	31.63	17.36	1.45	0.5 - 5.5	0.77	26.87

Further sizing and product composite laboratory analysis is currently underway to increase the level of understanding of the coal quality of the Teresa resource, including theoretical product splits.



2. JORC STATEMENT

The information in this report relating to coal resources is based on information compiled by Mr Tim Jones who is a member of the Australasian Institute of Geoscientists and is a full time employee of Linc Energy Limited. Mr Jones is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Jones consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Tim Jones
MAIG
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