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ASX ANNOUNCEMENT / MEDIA RELEASE

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LINC ENERGY MAKES STRATEGIC US COAL ACQUISITION

- **Linc Energy signs Letter of Intent to purchase Gas Tech Inc (Wyoming, USA), a company which holds tenements with a coal deposit exploration target range of 7 to 19 billion tonne¹ (Non JORC standard) in the Powder River Basin, Wyoming.**
- **Consideration for the US\$50 million transaction will be entirely in Linc Energy scrip with LNC shares issued at AU\$4.03 – representing greater than a 60% premium to current market price.**
- **The transaction establishes Linc Energy's presence in the United States and the platform for the company's UCG/GTL development program in North America.**

Linc Energy Ltd (ASX : LNC) announced today that it has signed a Letter of Intent with Gas Tech Inc (GasTech), a Wyoming USA energy company, for Linc Energy to purchase 100% of GasTech's shares on issue for US\$50 million.

Linc Energy will pay for the entire acquisition with the issuance of Linc Energy Australian Stock Exchange (ASX) listed shares at a pre-agreed price of AU\$4.03 per share; which represents a premium of greater than 60% to Linc Energy's current market price.

The GasTech coal areas, which cover approximately 172,000 acres in the Powder River Basin (Wyoming), have been extensively explored with in excess of 1,000 drill holes across GasTech's holdings. As such, it is anticipated that Linc Energy will only be required to complete a modest drilling program in order to test the key potential UCG (Underground Coal Gasification) sites and define the resource in accordance with the JORC Code.

Subject to acquiring the required State permits, it is Linc Energy's intention to proceed with a UCG pilot plant in the Powder River Basin region in the coming

¹ The potential quantity and quality is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

twelve months, with the aim of breaking ground on the UCG pilot plant in the fourth quarter of 2009.

The Wyoming UCG pilot plant will be the commencement of the first stage of Linc Energy's planned UCG commercial operations in USA. Linc Energy aims to produce a minimum of 40,000 barrels per day of Gas to Liquids (GTL) diesel and jet fuel from its initial commercial USA operation.

The 172,000 acre GasTech area has a coal deposit exploration target range of 7 to 19 billion tonne² (Non JORC Code standard) of which the primary coal seam is the Wyodak seam. The Wyodak seam is up to 80 feet (24.4 metres) in thickness and between 600 to 1,200 feet (183 to 366 metres) deep; making the seam an ideal prospect for Linc Energy's UCG process.

Linc Energy has already completed its initial due diligence on the GasTech acquisition and is expected to finalise the purchase in late January 2009.

Part of the GasTech coal areas included in the transaction are subject to an existing agreement between GasTech and a major petroleum company. Issues regarding the rights of the parties under the petroleum company/GasTech agreement and any assignment of those rights to Linc Energy will be finalised prior to completion of the GasTech acquisition by Linc Energy.

Mr Peter Bond, Linc Energy's Chief Executive Officer, said "Linc Energy sees the Powder River Basin coal that it will gain from the GasTech acquisition as an exceptional opportunity for the Company to take its first step towards delivering on its strategic goal of the development of production facilities in the USA. I believe the GasTech tenements to be a well placed and exceptional coal asset, which will provide a proactive developer like Linc Energy with an excellent stepping stone into the USA clean fuels market."

"Additionally, the fact that Linc Energy has negotiated this purchase with GasTech with a LNC share price consideration at a premium is a tremendous outcome for our shareholders, particularly when you take into account the quality of the asset we are gaining. I am very pleased that Linc has met another key milestone articulated prior to our IPO by establishing a presence in the USA, the world's biggest energy market."

For further information please contact Peter Bond.



Peter Bond
Chief Executive Officer

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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.