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ASX ANNOUNCEMENT / MEDIA RELEASE

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3 August 2009

Linc Energy announces successful \$77.4M capital raising

- **The \$77.4M was raised via the completion of a \$57.4M institutional share placement and;**
- **An upcoming underwritten and capped \$20M Share Purchase Plan (SPP)**

Linc Energy Limited (ASX:LNC) has successfully completed an institutional placement of 41,000,000 new ordinary shares at \$1.40 per share to raise \$57.4 million in capital. The placement was heavily oversubscribed, receiving strong support from a range of existing and significant new institutional investors. The placement and the underwriting of the SPP were managed by BBY Limited.

Settlement is scheduled to take place on 7th August 2009 and the placement shares are expected to be allotted and quoted on the Australian Securities Exchange (ASX) on or about 10 August 2009.

The capital raising has been undertaken by the Company to provide additional working capital in order to:

- accelerate and expand the Company's drilling and exploration programs within South Australia and upon its Queensland Galilee basin tenement;
- accelerate the design of the 20,000 barrels per day commercial Gas to Liquids (GTL) facility planned for development in South Australia;
- to complete the 4th Underground Coal Gasification (UCG) generator at the Company's Chinchilla demonstration site in Queensland;
- accelerate site selection, feasibility engineering and design for the first commercial UCG gas field operation within the Company's South Australian tenements;
- complete the previously announced acquisition of the coal tenements located in the Powder River Basin in Wyoming, USA and the establishment of the Company's USA operations;

- complete Stage 1 of the Vietnam project consisting of the UCG pilot operations;
- undertake additional seismic and traditional oil and gas exploration work within the Company's Arckaringa basin tenements in South Australia;
- substantially expand the Company's engineering, research and corporate work force; and
- redeem the majority of convertible notes issued by the Company and cancel the current convertible note facility.

The trading halt that was implemented in respect of Linc Energy securities on 30 July 2009 is expected to be lifted from the commencement of trading today, 3 August 2009.

In addition, following the completion of the placement, Linc Energy will offer eligible shareholders the opportunity to participate in an underwritten share purchase plan (**SPP**). The SPP will enable eligible ordinary shareholders (**shareholders that are on the register at 5pm Sydney time on Wednesday 5th August 2009**) to subscribe for up to A\$15,000 worth of Linc Energy ordinary shares (subject to obtaining an ASX waiver). The price at which the shares are issued under the SPP will be equal to the institutional placement price of \$1.40. The SPP will be capped at a maximum amount of AU\$20 million.

Full details of the SPP will be provided to eligible ordinary shareholders shortly.

Mr Peter Bond, the CEO of Linc Energy, said regarding the Company's placement, "The raising of the \$77.4 million allows Linc Energy to aggressively pursue its core business outcomes of building a world class UCG to GTL business, and take the key steps forward to the commercialisation of that business upon our Sapex tenements in South Australia; as well as expanding our coal tenement and resource footprint across Australia and the world, via acquisitions like the Wyoming Powder River Basin coal purchase. The raise allows Linc Energy to get on with the job and take control of its own destiny, whilst letting the process of the coal asset sales occur at the best time and pricing, which I'm confident in due course will result in an excellent outcome for our shareholders."

For further information please contact Mr Peter Bond.



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Company Profile

Linc Energy is an innovative, forward-thinking company developing a significant energy business based on the production of cleaner energy solutions.

Linc Energy has successfully combined two known technologies and demonstrated its vision of being a leading supplier of a new source of clean liquid transport fuels for the future.

The technologies are Underground Coal Gasification (UCG) and Gas to Liquids (GTL). UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon (CO) and hydrogen (H₂). Aboveground, in the GTL process, syngas is processed via Fischer-Tropsch technology to produce high quality, sulphur free synthetic hydrocarbons.

Linc Energy plans to combine its UCG and GTL technologies commercially at sites in Australia and around the globe as it realises its vision of becoming the world's leader in providing clean synthetic diesel and jet fuels from stranded coal resources.

UCG produced syngas can also be used as a feedstock to generate gas turbine combined cycle power, resulting in reduced greenhouse gas emissions.

With significant coal deposits suitable for UCG technology, Linc Energy can provide alternative sources of liquid fuels and power generation well into the foreseeable future.

Linc Energy represents a new future for liquid fuels production and high efficiency energy generation.