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ASX ANNOUNCEMENT / MEDIA RELEASE

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COMPANY UPDATE

Linc Energy Ltd (ASX:LNC) (OTCQX:LNCGY) is pleased to announce the following update to the market, including information on:

- **UCG Generator 4 and the GTL campaign at the Chinchilla Demonstration Facility**
- **Progress in the United States**
- **Coal asset sale update**

UCG Generator 4

Linc Energy's UCG Generator 4 marks 120 days of continuous operation. Results since ignition validate Linc Energy's UCG modelling and new enhancements to the technology.

"Linc Energy is aggressive about the development of its technology and in the last few months we have achieved 19 world-firsts in UCG," said Chief Executive Officer Peter Bond.

"We have the most talented UCG team in the world. With clear UCG technology development plans, site selection guidelines, a fierce protection of our intellectual property and a sense of urgency to achieve desired results, we are setting the pace for the commercialisation of UCG", said Mr Bond.

One of the world-firsts for UCG includes the acquisition of a new coil tubing unit to provide faster UCG down-hole drilling. "The coil tubing unit offers Linc Energy fast mobilisation and demobilisation to more economically execute UCG drilling and well maintenance. The coil tubing unit was manufactured and imported from Houston, Texas, and an operational agreement has been executed with Titeline Energy Pty Ltd, a Brisbane based company with extensive experience in the field of directional drilling. This arrangement has substantial benefits for Linc Energy, both commercially and in terms of operational availability and flexibility to support our aggressive schedule moving forward," said Mr Bond.

During this time Linc Energy has also continued to advance its initiatives for cleaner energy from coal using UCG. Further testing of the previously announced hydrogen fuel cell

technology is scheduled to be conducted at the Chinchilla Demonstration Facility on synthesis gas produced from Generator 4 during the next quarter.

GTL Update

The conceptual design study for the South Australian Gas to Liquid (GTL) facility was successfully completed at the end of February 2010 with Aker Solutions, on schedule and below budget. The study confirmed the business case for a UCG to GTL commercial scale complex at a capacity of 20,000 bpd. One significant positive taken from the study was the confirmation of the calculated product yield for the proposed Linc Energy facility at 1.7 barrels of total liquid product produced per tonne of coal (dry-ash free basis) consumed. This figure increased to 1.9 if the product yield is expressed as equivalent barrels, where power export has been converted to an equivalent number of barrels of liquid product, based on energy content. The focus moving forward is to optimise capital efficiency by modularisation of plant equipment which would facilitate construction in low cost centres.

The recently upgraded Chinchilla GTL demonstration plant modifications and equipment upgrades have been successfully tested, and are performing to design expectations. The Fischer-Tropsch catalyst regeneration, activation and reduction were completed according to protocol based on laboratory scale testing with international research facilities. The latest test run campaign of the plant proved very successful with a substantial improvement to catalyst activity and conversion, with conversion of carbon monoxide (CO) above 70 per cent having been achieved. The next step in this development, as per the program, is to produce larger quantities of synthetic fuel product for testing and assessment by third parties.

The above progress and results are substantial and Linc Energy congratulates its partners both in the conceptual design (Aker Solutions) and also in the pilot plant development work (Süd-Chemie and EFT in the USA) with the progress made and delivering to very aggressive deadlines.

UCG in the United States

Linc Energy is pursuing UCG for cleaner energy in North America on a fast track basis and has now acquired a total of over 180,000 acres of coal lease tenure. Work continues for Linc Energy's first UCG trial operation in Wyoming's Powder River Basin, including the evaluation of site geology, hydrogeology, environmental conditions, access and infrastructure for potential UCG sites.

"Work is underway in Wyoming to understand the thickness and depth of the coal seams. Initial geological assessments indicate that the Company's Wyoming coal deposits are very significant and in accordance with previous estimates. The full results of the current geological assessments will be reported when evaluations are complete," said Peter Bond.

"We have had great support from Wyoming's Governor Dave Freudenthal. He recently visited the Chinchilla Demonstration Facility in Australia to see Linc Energy's UCG technology first hand," said Bond.

"Our progress into Wyoming is fantastic, and our presence in Alaska is very exciting."

Linc Energy has secured over 120,000 acres of Alaskan petroleum and gas leases via its agreement with GeoPetro Alaska LLC. Assessment of initial drill sites in the Cook Inlet Basin for immediate natural gas prospects is well advanced, while close examination is

underway on the potential and suitability of additional known coal deposits for Linc Energy's UCG technology.

"Linc Energy will always look for opportunities that benefit its shareholders. Our foothold on Alaskan tenements is both strategic and measured," said Mr Bond.

Upon successful drilling, Linc Energy plans to commercialise and produce the natural gas, channelling it into the nearby natural gas transmission line for domestic use. Alaska's current energy shortage provides opportunities for potential natural gas discoveries and Linc Energy's UCG technology.

Coal asset sale

Over the past six weeks Linc Energy has continued working with various parties in differing stages of the due diligence process across all three of the coal assets which Linc Energy is seeking to divest. The detailed interest by potential buyers in the Linc Energy's coal assets has increased significantly since the first quarter of 2010, reflecting both the surge in the coal business in general, and buyer's realisation of the quality and potential of the assets.

Linc Energy can confirm it has received written indicative offers on each of the assets and is working with these parties to take these offers to formal binding sales agreements. In addition, the Company is continuing to work with several more groups actively working on the data and looking to make written offers in the near future.

Linc Energy will announce the relevant coal sale transactions and their specific details in due course, as and when the commercial-in-confidence process has been completed and formal binding agreements have been concluded.

Peter Bond said, "we have the best and most reliable UCG operations in the world, with the UCG Gen 4 operation at Chinchilla going from strength to strength, especially now the Linc Energy team has its own coil tubing "drill" rig. In addition, we are making fast progress in Wyoming towards UCG, and we are about to spud our first gas exploration well in Alaska. Linc Energy has also significantly increased its Australian coal tenement position over the past 90 days with the granting of three large coal exploration permits in Queensland, giving the Company another 540,000 acres of highly prospective coal exploration territory."

"But as impressive as all this is, the initiative which has made the most progress over the past weeks has been the coal asset sales. We are, as mentioned, working on completing the relevant due diligence and sales agreements based on indicative offers received to date and those still being finalised with differing groups from differing nationalities across all three assets. The work load to complete all this is significant, and it's a testimony to the Linc Energy team that we've been able to handle what are quite complicated transactions in size, scope and diversity of bidder as well as we have."

"I do look forward to updating you further in the near future."

For further information please contact Mr. Peter Bond at Linc Energy.



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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, Underground Coal Gasification (UCG) and Gas to Liquids (GTL) and has demonstrated its vision of being a leading supplier of a new source of cleaner liquid transport fuels for the future.

UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon monoxide and hydrogen. 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 cleaner 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.