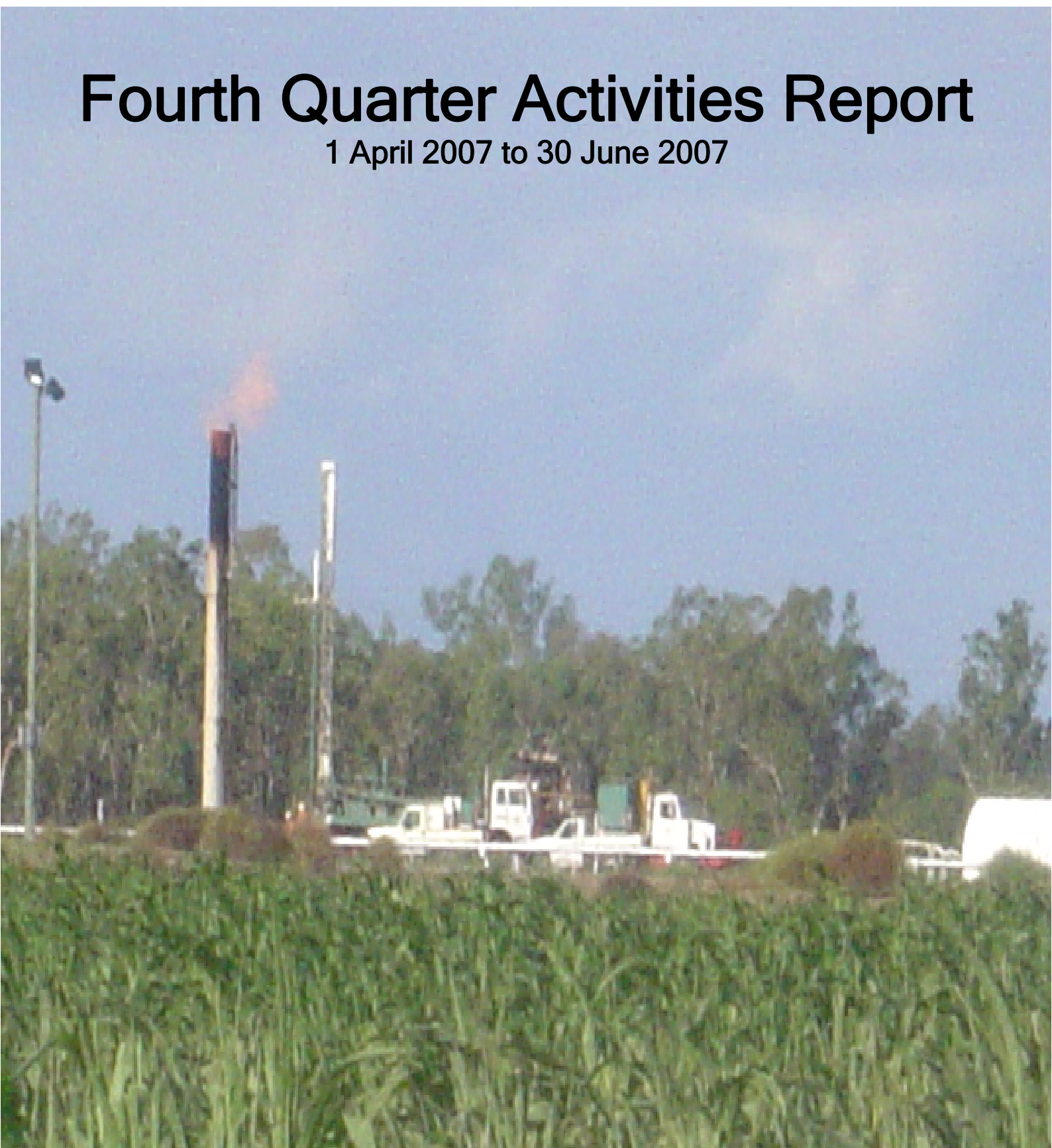




Fourth Quarter Activities Report

1 April 2007 to 30 June 2007



EXPLORATION ACTIVITIES

Linc Energy is continuing its drilling program to prove the extent of the coal tenement beyond its initial expectations. An interim report was provided last quarter however, there are approximately 19 more holes to drill in the expanded drilling program. The drilling depths have been between 140 metres and 200 metres, intercepting the Macalister Seam.

Linc Energy's drill rig was commissioned this quarter and is currently in drilling at "Capowie", one of Linc Energy's properties located near Chinchilla (EPC 635). Upon completion of the drilling at "Capowie" the drill rig will move onto other tenements in particular EPC 704, EPC 897 and EPC 898. The commissioning of Linc Energy's drill rig now gives Linc greater operational and costs controls over its exploration activities than it would normally have if Linc relied on external contractors.

Linc Energy's current coal tenements are detail in the following table.

| <u>Tenure</u> | <u>Status</u> | <u>Sub-Status</u> | <u>Granted</u> | <u>Expires</u> | <u>Principal Holder</u> | <u>Linc Interest</u> | <u>Sub-Blocks</u> | <u>Basin</u> |
|----------------|---------------|-------------------|------------------|------------------|-------------------------|----------------------|-------------------|--------------|
| MDL 309 | GRAN | - | 25 Nov 99 | 30 Nov 08 | Linc Energy Ltd | 100% | 154Ha | Surat |
| EPC 635 | GRAN | - | 24 Dec 98 | 24 Dec 06 | Linc Energy Ltd | 100% | 32 | Surat |
| EPC 704 | GRAN | - | 17 Sep 01 | 16 Sep 07 | Linc Energy Ltd | 100% | 111 | Surat |
| EPC 897 | GRAN | - | 5 Aug 05 | 4 Aug 10 | Linc Energy Ltd | 100% | 54 | Surat |
| EPC 898 | GRAN | - | 5 Aug 05 | 4 Aug 10 | Linc Energy Ltd | 100% | 85 | Surat |
| EPC 899 | GRAN | - | 5 Aug 05 | 4 Aug 10 | Linc Energy Ltd | 100% | 87 | Surat |
| EPC 938 | GRAN | - | 15 May 06 | 14 May 11 | Linc Energy Ltd | 100% | 80 | Surat |
| EPC 902 | GRAN | - | 3 Dec 04 | 2 Dec 09 | Linc Energy Ltd | 100% | 111 | Surat |
| EPC 854 | GRAN | - | 30 Aug 04 | 29 Aug 07 | Linc Energy Ltd | 100% | 82 | Galilee |
| MDL 361 | APPL | - | - | - | Linc Energy Ltd | 100% | 2712Ha | Pentland |
| EPC 908 | GRAN | - | 9 Feb 05 | 8 Feb 10 | Linc Energy Ltd | 100% | 300 | Biloela |
| EPC 909 | GRAN | - | 28 Apr 05 | 27 Apr 10 | Linc Energy Ltd | 100% | 289 | Biloela |
| EPC 910 | GRAN | - | 9 Feb 05 | 8 Feb 10 | Linc Energy Ltd | 100% | 160 | Ipswich |
| EPC 980 | GRAN | - | 4 Nov 05 | 3 Nov 10 | Linc Energy Ltd | 100% | 59 | Bowen |
| EPC 526 | GRAN | RENL | 27 Apr 93 | 26 Apr 06 | Linc Energy Ltd | 99% | 25 | Pentland |
| EPC 1046 | GRAN | - | 16 Nov 06 | 15 Nov 11 | Linc Energy Ltd | 100% | 32 | Surat |



CORPORATE ACTIVITIES

LINC ENERGY GAINS QUEENSLAND GOVERNMENT'S "SIGNIFICANT PROJECT" STATUS

Linc Energy was advised that Queensland's Coordinator-General had declared Linc Energy's Underground Coal Gasification (UCG) project near Chinchilla, incorporating the Company's UCG gas to liquids proposal as well as its UCG gas turbine power generation, to be a "Significant Project".

Linc Energy is delighted to have gained Significant Project status as it greatly enhances and potentially accelerates its Chinchilla UCG Coal to Liquids Environmental Impact Study (EIS) and approvals process.

The Deputy Premier and Minister for Infrastructure, Hon Anna Bligh said "underground coal gasification technology offers the potential to utilise parts of Queensland's vast coal resources that are currently uneconomic to recover".

"In addition, Linc Energy's proposed 200 megawatt gas fired power station using fuel from the UCG process would produce lower greenhouse gas emissions than a conventional coal fired power station", said Ms Bligh.

Linc Energy is a Queensland company that is progressing towards becoming one of the world's leading producers of ultra clean synthetic diesel and jet fuels from stranded coal resources.

Linc Energy is achieving this outcome via utilising underground coal gasification to transform vast stranded coal resources into synthesis gas while still in situ. There is minimal impact upon the surrounding environment, whilst unlocking considerable amounts of energy which is capable of powering Australia and world economies.

LINC ENERGY SIGNS M.O.U. WITH SHIV-VANI OF INDIA

Linc Energy Ltd has signed an international Memorandum of Understanding (MOU) with one of India's largest oil and gas drilling and exploration companies.

Linc Energy Ltd has entered into a significant MOU with Shiv-Vani, based in New Delhi, but also working in the Middle East and the United States.

The MOU provides for the establishment of potential joint ventures between Linc Energy Ltd and Shiv-Vani in the field of UCG (underground coal gasification) with the aim of utilising the UCG gas production for power production, and in the medium term, coal to liquids diesel fuel production.

The MOU is a coup for Linc Energy, which plans to turn stranded coal deposits in various locations around the world starting in Chinchilla (Queensland) into clean power and ultra clean diesel by bringing together two proven production processes of UCG clean coal technology and Gas to Liquids (GTL).

Shiv-Vani is India's largest non-government oil, gas, drilling and exploration company and one of the fastest growing companies in India. Linc Energy's Managing Director, Mr Peter Bond, said it is their growth, knowledge of the industry and vision that initially attracted Linc Energy to commence negotiations with them.

The immediate focus of the MOU is to ensure the joint venture, between Shiv-Vani and Linc Energy Ltd, gain and develop coal blocks (resources) that the Indian Government is releasing for the specific purpose of UCG development. In coming years India, via its keen eye for developing energy projects to meet its growing needs like UCG, will be one of the largest producers and consumers of cost effective UCG gas operations in the world.

In addition to the Shiv-Vani MOU, Linc Energy is currently undertaking pre-feasibility studies and negotiations on possible UCG fields in a number of other energy-hungry locations around the world, in conjunction with a number of potential Joint Venture partners.

LINC ENERGY SIGNS M.O.U. WITH MARUBENI CORPORATION OF JAPAN.

The MOU is a coup for Linc Energy. Part of this MOU with Marubeni Corporation includes consideration of making an investment in Linc Energy of which final terms of the investment have yet to be finalised.

The purpose of the MOU is to establish a framework for mutual cooperation between Linc Energy Ltd and Marubeni Corporation in responding to business opportunities with regards to UCG, CTL and Integrated Gasification Combined Cycle (IGCC) power generation.

Marubeni Corporation is one of Japan's largest Trading Companies with an asset base of greater than \$US40 billion and annual revenue in excess of \$US76 billion. Marubeni Corporation has 121 overseas offices and is based in 72 countries, with interests in coal, iron-ore, oil and power etc.

EXTENSION OF MAJOR OIL COMPANY M.O.U.

Linc Energy is pleased to announce that it has signed what is effectively an extension to the existing Memorandum of Understanding (MOU) between Linc

Energy and a global oil company for a further twelve months covering the potential future off-take agreement for the supply of up to 70% of the syn-fuel produced from Linc Energy's proposed Chinchilla UCG to GTL (diesel) facility. Linc Energy is delighted to have extended this MOU.

UCG

Linc Energy's new UCG field at its site at Capowie is 90% complete. The creation of a new UCG reactor will eliminate any potential problems that may have arisen from restarting the existing reactor. Linc Energy expects UCG gas production to commence by the end of July 2007

GTL

The GTL Demonstration Plant is well in advance with key components such as the Fischer Tropsch reactors currently under construction or nearing completion in South Africa. The initial civil works for the GTL site at "Capowie" are complete. We expect delivery of most of the plant and equipment by September at which time we can start commissioning the plant.

FINANCE ACTIVITIES

Linc Energy ended the quarter with over \$7.6 million in cash reserves. The company has invested almost \$2.7million dollars in the last quarter in exploration and development of its UCG and GTL demonstration plant.

Linc Energy has maintained its debt level as per the previous quarter. We expect an increase in the first quarter of the 2008FY which will be drawn down from an existing loan facility which has approximately \$500,000 available credit. These funds will be used to purchase further plant and equipment for site which will assist in the construction phase of the GTL Plant.

In addition to the existing loan facilities we have established a separate \$2million facility for providing Letters of Credit and Bank Guarantees to assist in the purchase of plant and equipment from both in Australia and overseas. We have utilised this facility to assist in the purchase 3 new compressors for the UCG site.

For further information about the company's activities and project plans, refer to www.lincenergy.com.au or the Managing Director, Peter Bond on 07 3229 0800.