LINC ENERGY MAKES ITS FIRST MOVE INTO CHINA ENERGY MARKET

- Linc Energy announces MOU with the Huadian Coal Industry Group from China.

Linc Energy Ltd (ASX LNC) is pleased to advise that a Memorandum of Understanding (MOU) has been executed with the Huadian Coal Industry Group (Huadian Coal) from China.

The Huadian Coal is owned by both the China Huadian Corporation and the Huadian Power International Corporation. The China Huadian Corporation is one of only five companies within China that is permitted to generate power.

The Huadian Coal is one of China’s largest coal mining companies. They produce over 30 Million tonnes of coal a year and own in excess of 23 Billion Tonnes of coal in over 21 provinces throughout China. Huadian Coal see Underground Coal Gasification (UCG) as an important source of clean energy for both power and liquid fuels production.

Linc Energy and Huadian Coal intend to jointly pursue opportunities to utilise Linc Energy’s UCG technology and expertise in Gas-to-Liquids within China. In addition the two groups will investigate investment opportunities whereby Huadian Coal may invest in Linc Energy and possibly some of Linc Energy’s Australian projects.

Justyn Peters, Linc Energy’s General Manager of Business Development, stated: “Linc Energy has been approached by numerous international companies with proposals to enter into commercial agreements. We choose our partners carefully and we are pleased to join with the Huadian Coal Industry Group. They are an extremely large and ambitious company, with a growth philosophy similar to ours at Linc Energy. The potential for UCG to become a major supplier of clean fuels to China is enormous, and the MOU is a first step towards unlocking some of this potential growth.”

CEO of Linc Energy, Peter Bond, stated: “Huadian Coal Industry Group and their parent company, China Huadian Corporation, are one of the largest producers of coal and power in China. As we are all aware, China has a huge and growing demand for energy in both power and liquid fuels. This growing demand for clean energy and liquid fuels presents Linc Energy with not only a great commercial opportunity, but it will also allow Linc Energy, as an Australian clean coal company, to make an important contribution to the reduction of greenhouse gas emissions in China. We very much look forward to working closely with the Huadian Coal Industry Group.”
Linc Energy and Huadian Coal will commence detailed negotiations during 2008 to establish their first joint venture UCG project in China.

It should also be noted that this is a non-exclusive MOU, subsequently allowing Linc Energy to pursue other prospective partnerships in China as they appropriately arise.

For further information about this announcement please contact Mr Justyn Peters, General Manager, Business Development (07) 3229 0800.

Craig Ricato
Company Secretary & General Counsel
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