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## ASX ANNOUNCEMENT / MEDIA RELEASE

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2 March 2010

### **LINC ENERGY ACQUIRES ALASKAN LEASES**

- **Linc Energy has signed an agreement to acquire 123,000 acres of Oil & Gas Leases in the resource abundant Alaskan Cook Inlet Basin**
- **Acquisition provides strategic entry point into Alaska with potential to gain future access to an estimated 18 billion tonnes in coal deposits**
- **Short-term revenue opportunities for Linc Energy**

Linc Energy Ltd (ASX:LNC) (OTCQX:LNCGY) is pleased to announce that its wholly owned subsidiary, Linc Energy (Alaska), Inc., has executed an agreement with GeoPetro Alaska LLC to acquire onshore oil and gas leases in the resource abundant Alaskan Cook Inlet Basin, securing potential short-term revenue opportunities.

#### **The Cook Inlet Basin**

The acquired leases fall in Alaska's Cook Inlet Basin, which is abundant in coal resources and home to numerous oil and gas pipelines feeding the State's energy needs. Gas pipelines from the basin run to Kenai, where gas is primarily used to fuel a liquefied natural gas (LNG) plant, and to Anchorage where it is consumed for domestic use. Anchorage Gas pricing is currently approximately US\$7.00 per mcf, due to long term gas shortages in the region.

There is an estimated 18 billion tonnes of coal deposits within the area covered by the acquired oil & gas leases, with a large percentage of this coal believed to be

suitable for Underground Coal Gasification (UCG) once the relevant leasing access and State permitting has been completed.

Geological data also indicates a number of locations within the acquired leases to have formations with the potential to contain significant accumulations of natural gas, capable of rapid development and delivery into the nearby pipelines for domestic use in Alaska, making this asset a potential early cash-flow opportunity for the company. Based on this information, it is Linc Energy's intention to conduct an exploration program within these locations in 2010 immediately following the transfer of leases. Linc Energy is aiming to drill its first well later this year at a location already developed by GeoPetro known as "Frontier Spirit - 1". The drill pad for this well is already in place, and site is in a convenient location with easy access from a sealed road within 100 metres of the drill pad, and a gas pipeline is just over a mile (approx 1.9km) from the location.

### **Key Terms of the Agreement**

The key terms of the agreement between Linc Energy (Alaska) and GeoPetro Alaska are as follows:

- The total area of the leases is approximately 123,000 acres
- The acquisition involves three sets of oil and gas leases granted separately to GeoPetro by the Cook Inlet Region, Inc (CIRI) the Alaska Mental Health Trust (AMHT) and the State of Alaska
- Linc Energy will pay US\$1 million to GeoPetro upon approval of the assignment of the leases to Linc Energy (Alaska). This is expected to take place over the next 3 months
- Linc Energy will pay an additional US\$4 million to GeoPetro from the proceeds of any oil and gas commercial production revenues generated on the acquired leases. As such, if no revenue is generated from production upon the leases, there is no liability upon Linc Energy to pay the additional US\$4 million
- Following payment of the US\$4 million, GeoPetro will thereafter be entitled to receive an overriding royalty from commercial oil and gas production upon the leases in the following percentages:
  - 10% from production upon the leases granted by the State of Alaska;
  - 10% from production upon the leases granted by AMHT; and
  - 7% from production upon the leases granted by CIRI.

Alaska is well known for its vast oil and gas resources and contains about half the known coal reserves in the United States. Estimates based upon Alaska's current gas production forecasts are for its own domestic gas supplies in the Anchorage region to be depleted by 2012.

The acquisition of these leases provides Linc Energy with a tangible opportunity in the short-term to supply a new natural gas resource into the Alaskan domestic market, whilst also continuing to secure additional coal opportunities within the area unrestrained by competing overlapping resource tenements.

Prior to the completion of this agreement, Linc Energy established Linc Energy (Alaska), Inc., to pursue this and other opportunities in Alaska, and will soon establish an office in the State's largest city, Anchorage. In addition, Linc Energy has already appointed an experienced Project Manager, with an extensive experience in the Alaskan region, to oversee and coordinate Linc Energy's Alaskan interests.

"Linc Energy has been studying the potential of Alaskan resources for some time and we have been quietly looking for the right opportunity to enter the region."

"The leases we are acquiring from GeoPetro, whilst containing considerable oil and gas resource potential that could be quickly brought to market, also overlap massive known coal deposits of around 18 billion tonnes. The acquisition strategically positions Linc Energy within the Cook Inlet Basin and complements the Company's core UCG business for cleaner energy solutions in a location that has a clear and present demand for gas for both domestic and industrial applications in the immediate future."

"Planning is already underway for our 2010 Alaskan drilling program. In a nut-shell, the formations around our first Frontier Spirit well area are of a size that we believe have the potential to generate revenue of up to US\$100 million a year from natural gas flows if the planned gas field can be brought to full production. We also still have the huge upside from UCG opportunities in the area that this acquisition positions the Company to pursue. This asset adds significantly to the coal areas Linc Energy already owns in the Powder River Basin of Wyoming and Montana in the USA. I look forward to sharing details on our progress with shareholders and the market as we continue to develop these outstanding assets." said Linc Energy's Chief Executive Officer, Mr Peter Bond.

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



**Peter Bond**  
**Chief Executive Officer.**

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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 realizes 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.