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# ASX ANNOUNCEMENT

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## LEA #1 Update

- **Analysis of LEA #1 has confirmed three significant sand formation intervals that appear to be gas charged**
- **All LEA #1 gas samples shown to contain 99% to 100% purity of dry natural gas**

As previously announced by Linc Energy (ASX:LNC) (OTCQX:LNCGY) late last year, the Company's gas exploration well (LEA #1) in the Point Mackenzie Block of the Cook Inlet Basin was completed in November 2010 with a number of gas bearing horizons encountered.

Immediately following the completion of the drilling campaign in 2010, external contractors were engaged to conduct advanced petrophysical well log analysis and Linc Energy staff commenced planning of the gas flow testing program to define the commercial outcome.

The advanced petrophysical well log analysis (ELAN analysis by Schlumberger) was performed on the geophysical logs run in the hole after drilling. The results of the analysis have confirmed three significant sand formation intervals that appear to be gas charged and which possess apparent permeability values indicating they are good candidates for a flow test.

This data continues to support the strong gas shows that were observed throughout the initial drilling of the LEA #1 exploration well. The gas shows were first encountered soon after drilling penetrated the top of the target Tyonek Formation. Down hole gas pressures increased as the LEA #1 well was drilled deeper, which meant that the drilling team had to increase the density of the drilling fluids to maintain safe conditions and constrain the free flow of gas to the surface. Linc Energy's well site team collected physical samples of the gas for lab analysis.

Gas from LEA #1 was sampled from 31 intervals from depths of 1500 feet (457 metres) to the total depth of 6,323 feet (1,927 metres). The completed analysis of that gas confirms that all 31 samples contain pure, dry natural gas (methane: CH4) content in the range of 99% to 100%. Natural gas produced at this purity requires no treatment or conditioning before it can be delivered to market. The LEA #1 well is located approximately 1.5 miles (2.4 kilometres) from major pipeline infrastructure capable of carrying the gas to market.

Linc Energy could not complete the planned flow tests over the Christmas break due to adverse weather in Anchorage as freezing conditions can alter the results of the flow tests and significantly increase testing costs. The Company is planning to carry out these tests as soon as the severe cold temperatures of the Alaskan winter have passed. Linc Energy is aiming to have the Flow Test Rig on site in late March 2011.

Peter Bond, CEO of Linc Energy, said, "The recent results received from Schlumberger are extremely positive for LEA #1. It clearly shows that the gas we encountered whilst drilling could have come from a reasonable source of a considerable size, which opens up the commercial potential for not just this well but for the additional leases which Linc Energy holds in this area."

"LEA #1 is just the start of the Company's drilling operations in the Cook Inlet region. Whilst we continue to develop our Point Mackenzie Block acreage, we will also be pushing forward to start our second gas well in the area by the middle of this year upon our Trading Bay block lease which also holds a number of very promising sites that we plan to aggressively pursue," Bond said.

Linc Energy looks forward to updating the market as it gains further information on LEA #1 in the future.

**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 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.