



# **ASX Small to Mid Caps Conference**

**Hong Kong**

October 2010

# PRESENTATION AGENDA

- Who is Linc Energy?
- Our position, strengths and opportunities
- Business model
- Key milestones for the next 18 months.

# WHO IS LINC ENERGY?

- Publicly listed in Australia since 2006 and an ASX200 company
- Traded in the United States on the OTCQX
- Market capitalisation of ~AUD 1 billion and dividend paid October 2010
- A diversified energy company 'LINCing' resources with Linc Energy processes to develop assets and energy
- The world leader in Underground Coal Gasification (UCG) technology and process.
- Over 380 staff in seven offices across three continents.

# OUR LOCATIONS

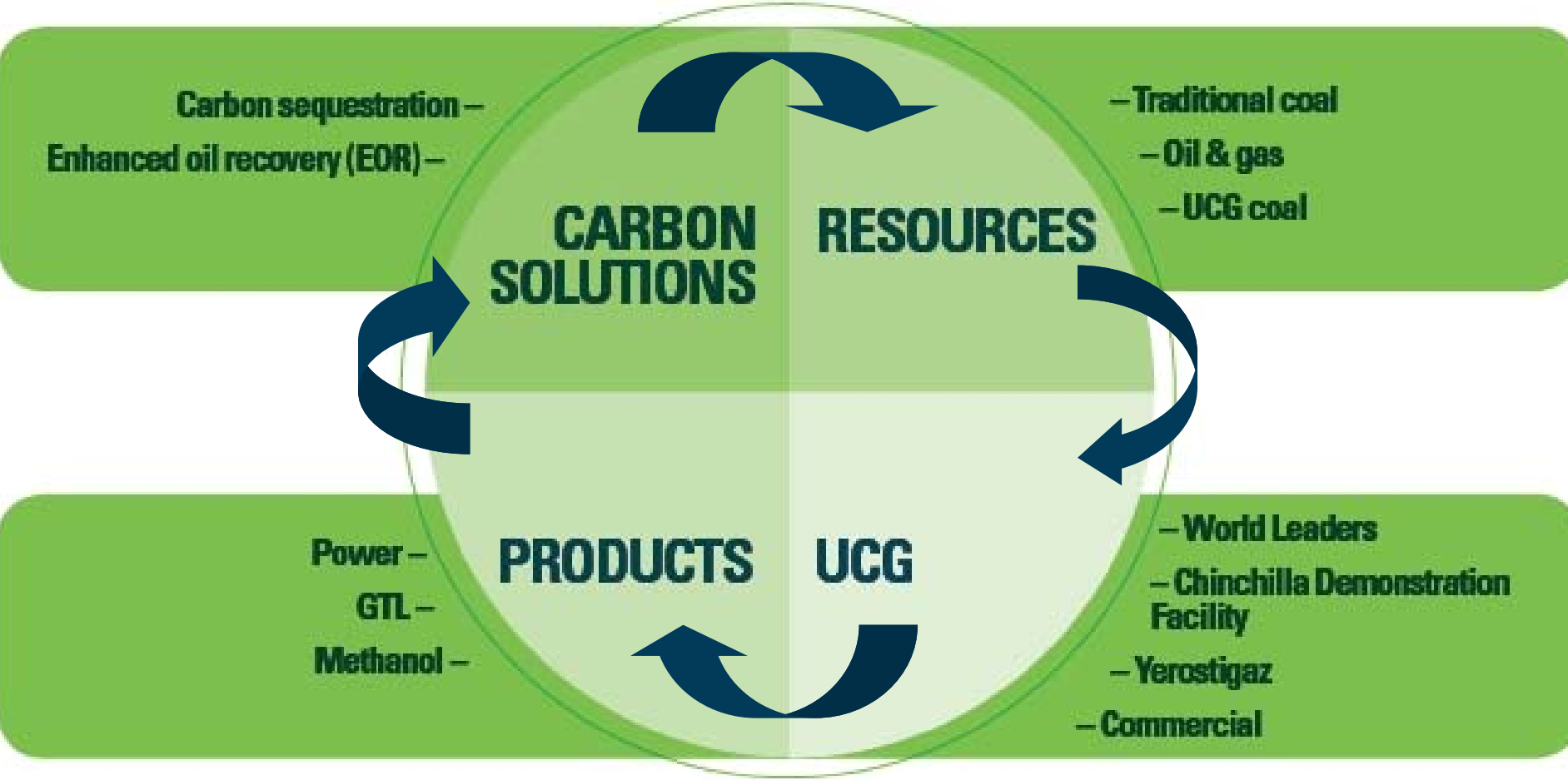


# STRENGTHS

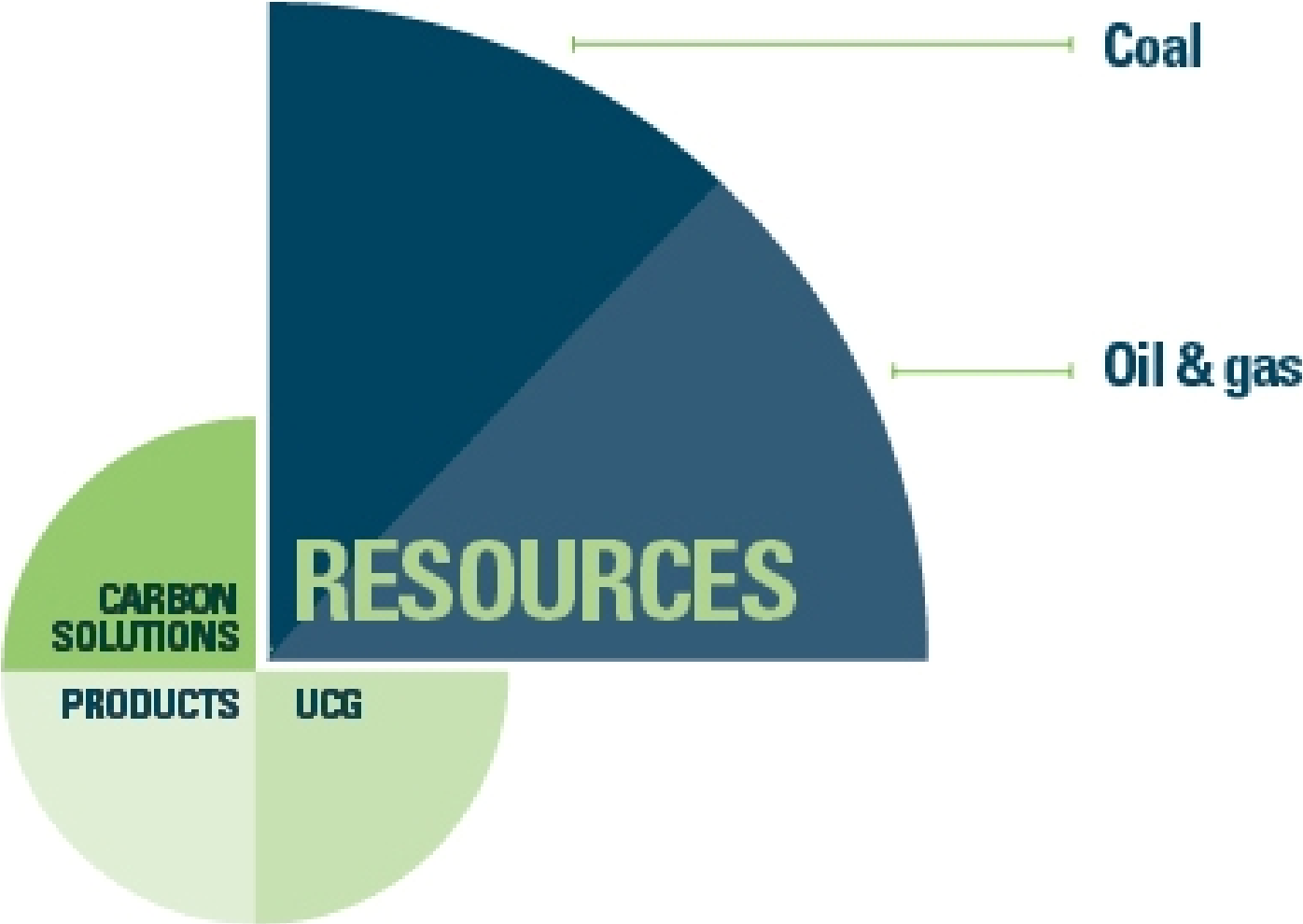
# OPPORTUNITIES

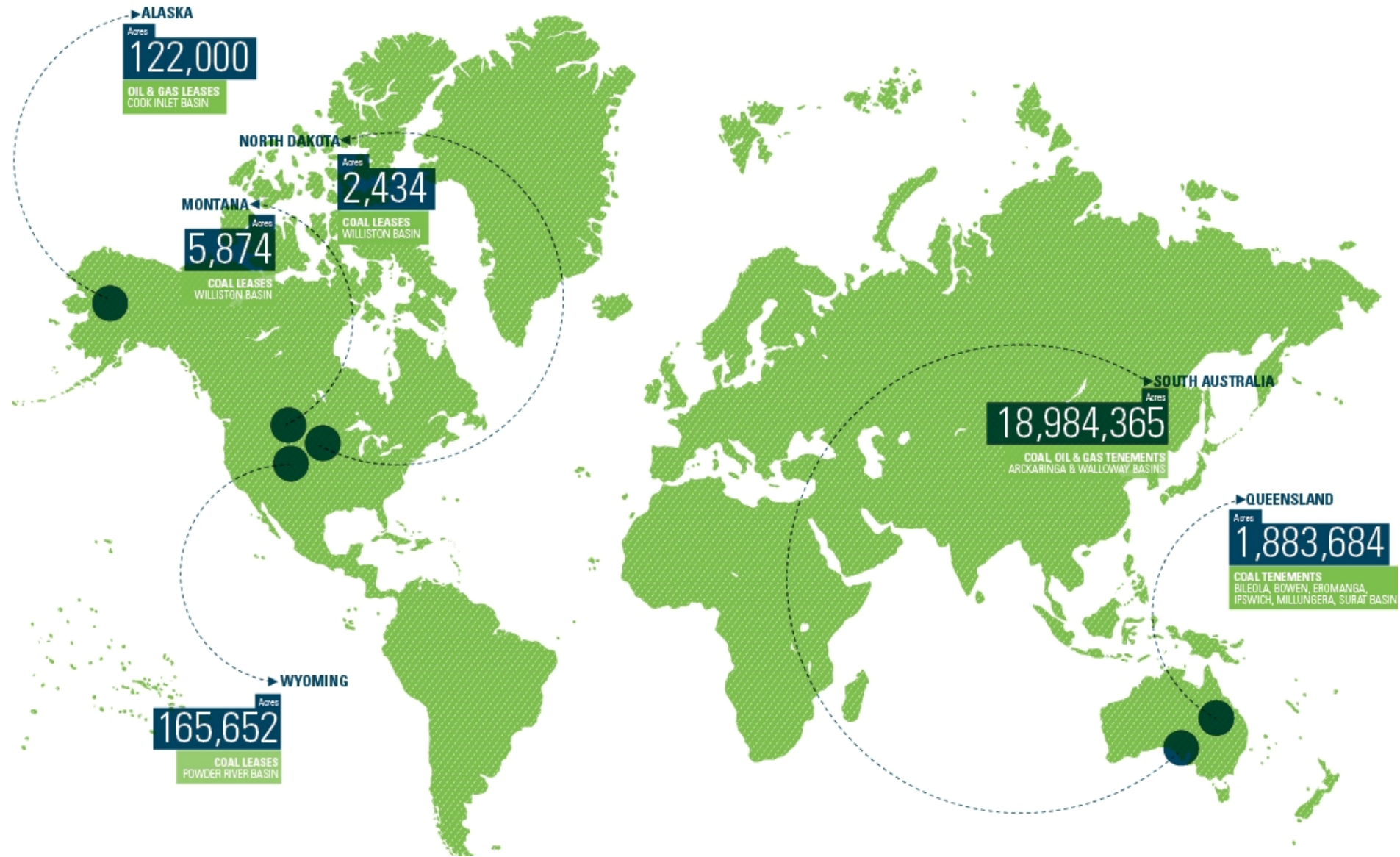
|   |  |
|---|--|
| <p>Strong balance sheet<br/>AUD400 million cash and no debt<br/>No future dilution events required</p>  | <p>Strong long-term forecast<br/>on coal and oil price increasing<br/>over time</p>  |
| <p>Strong resource position<br/>Significant deposits of mineable coal<br/>with upside and prospective targets<br/>Access to vast deposits of UCG coal<br/>21,164,009 acres around the world</p> | <p>UCG has clear opportunity for<br/>Enhanced Oil Recovery (EOR)</p>   |
| <p>Diversification of resources and<br/>operating jurisdictions</p>   | <p>Ability of CO<sub>2</sub> to increase oil<br/>viscosity for enhanced oil recovery</p>                                   |
| <p>World leaders in UCG and GTL<br/>processes</p>   | <p>Significant opportunities in UCG<br/>growth from Asia, North America<br/>Europe and Former Soviet Union<br/>nations</p> |

# BUSINESS MODEL



# RESOURCES |





# RESOURCES | COAL



- SOLD**
- Galilee tenement: AUD500Mn cash and royalty of AUD2.5Bn
  - **Theresa tenement: Under negotiation - conservative independent valuation over AUD500Mn**
  - Northern Queensland tenements
  - South Australian tenements
  - Powder River/Williston Basin.

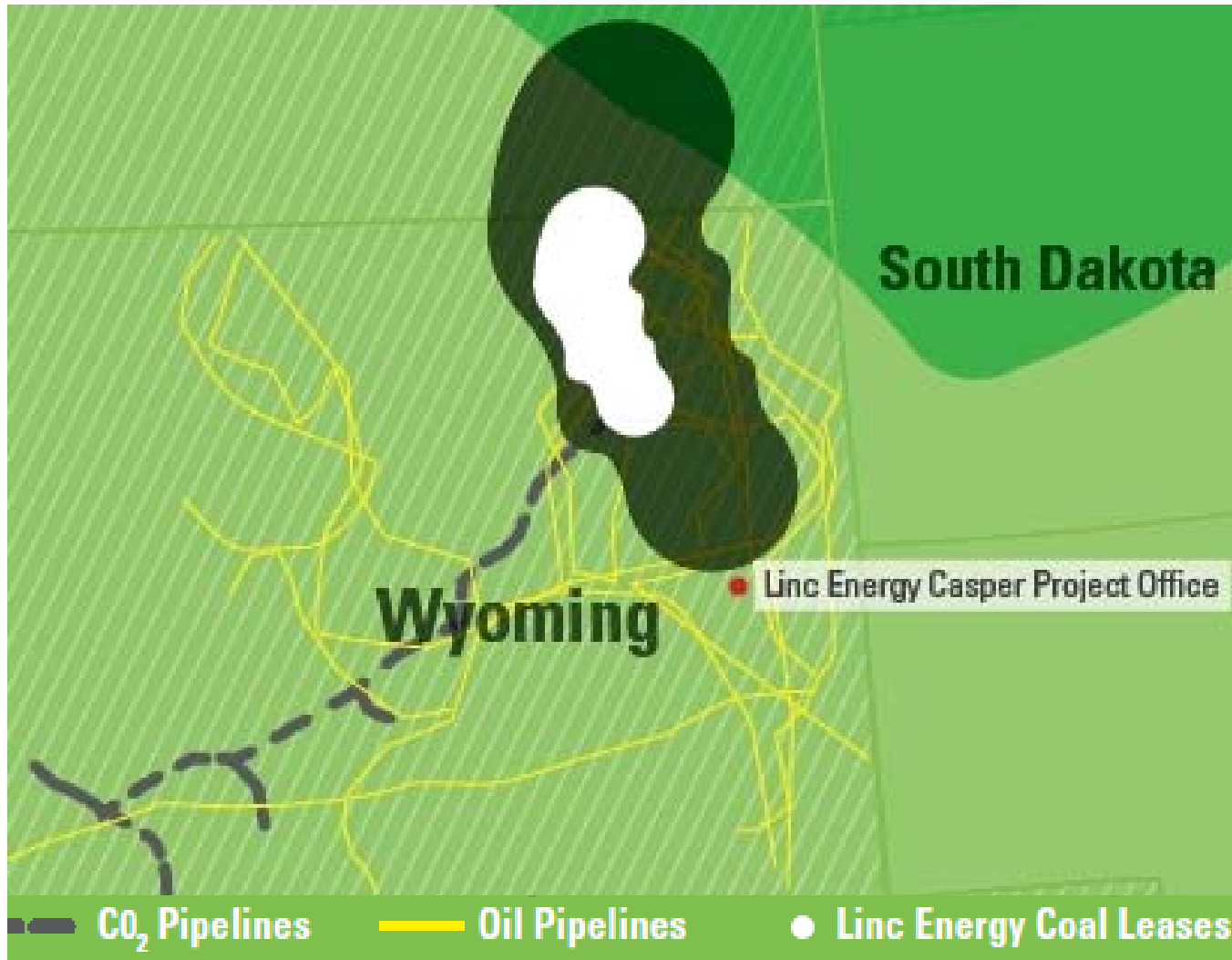
# COAL | QUEENSLAND, AUSTRALIA



# COAL | SOUTH AUSTRALIA



# COAL | WYOMING, UNITED STATES

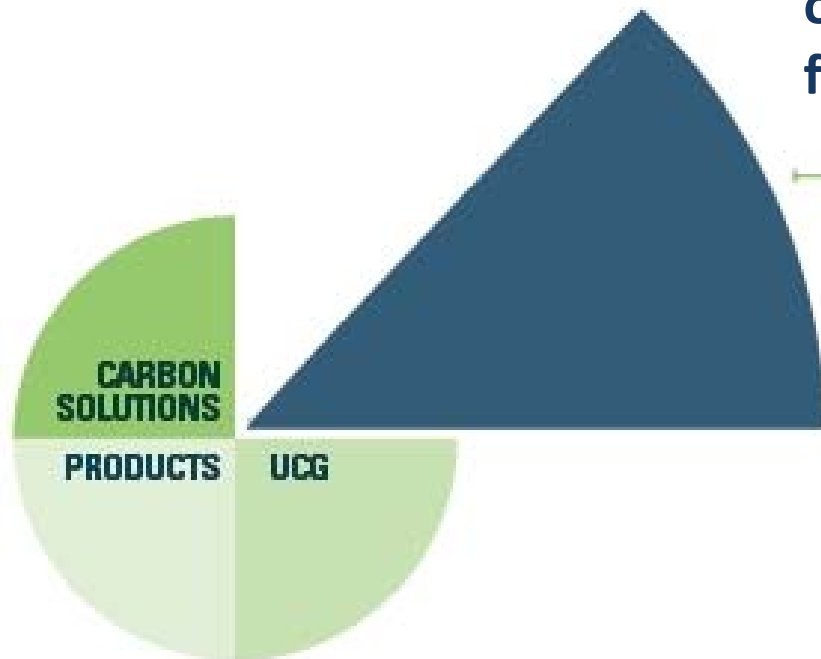


# RESOURCES | OIL AND GAS

## Arckaringa Basin, South Australia

Largest 'oil show' to date in region

- 2D seismic underway on identified priority areas > 500 line kilometres
- Five to ten exploration holes for oil over next 12 months, with another five in the following six months.



Oil & gas

## Alaska, USA

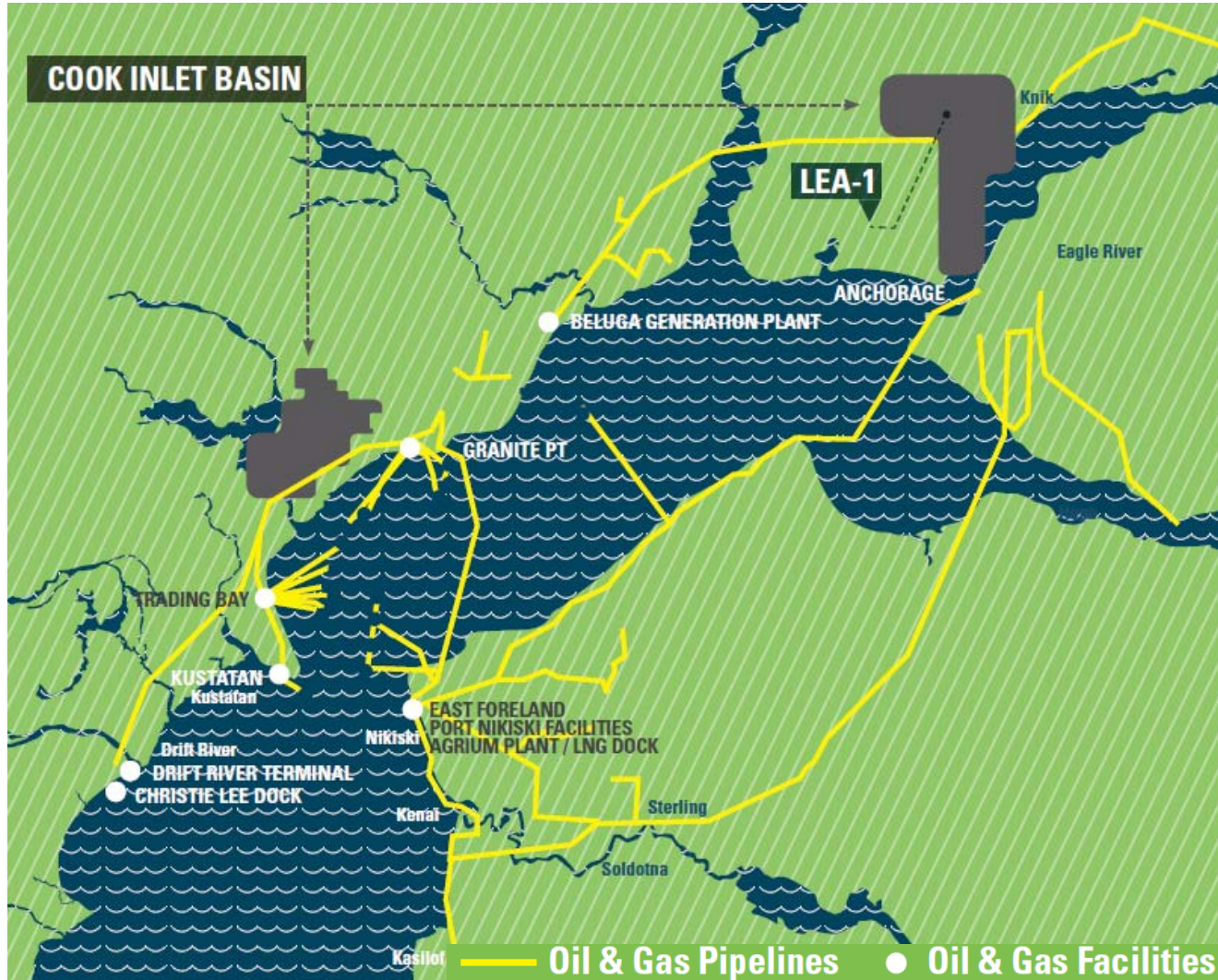
- 122,000 acres
- 'Spud' natural gas opportunity LEA-1 Q4 2010. Analyze LEA-1 and plan well pattern drilling.

# OIL AND GAS | SOUTH AUSTRALIA



Arckaringa Basin: 74,027 km<sup>2</sup> is the largest contiguous owned oil and coal basin in the world.

# OIL AND GAS | ALASKA



# UCG |

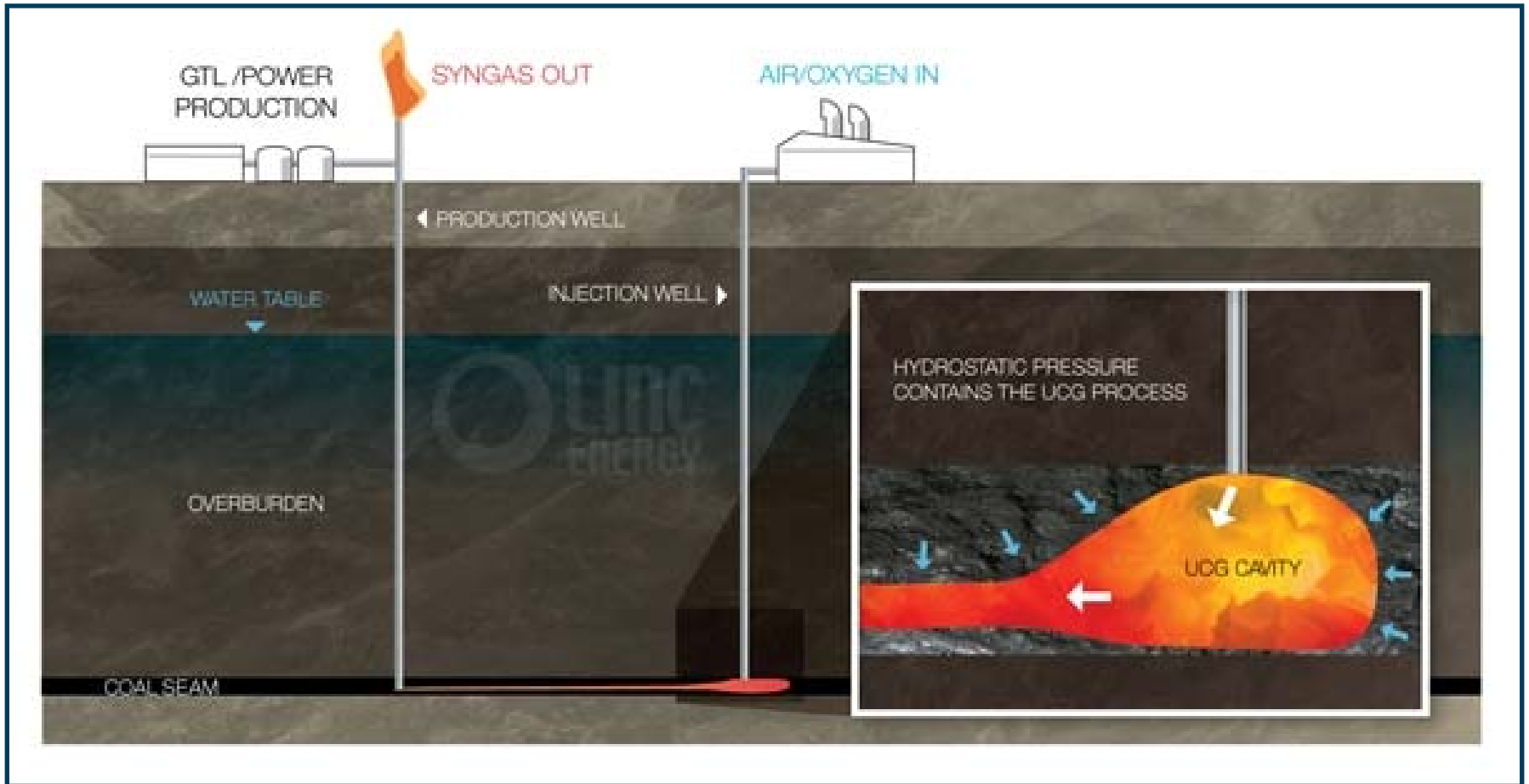


- 10 years of continuous UCG at the Chinchilla Demonstration Facility
- 2011 marks 50 years of commercial UCG operation at Yerostigaz, Uzbekistan
- UCG is the next big energy story since coal bed methane and shale gas, and is larger in potential
- Strategic Joint Ventures for EOR/GTL and power generation opportunities.

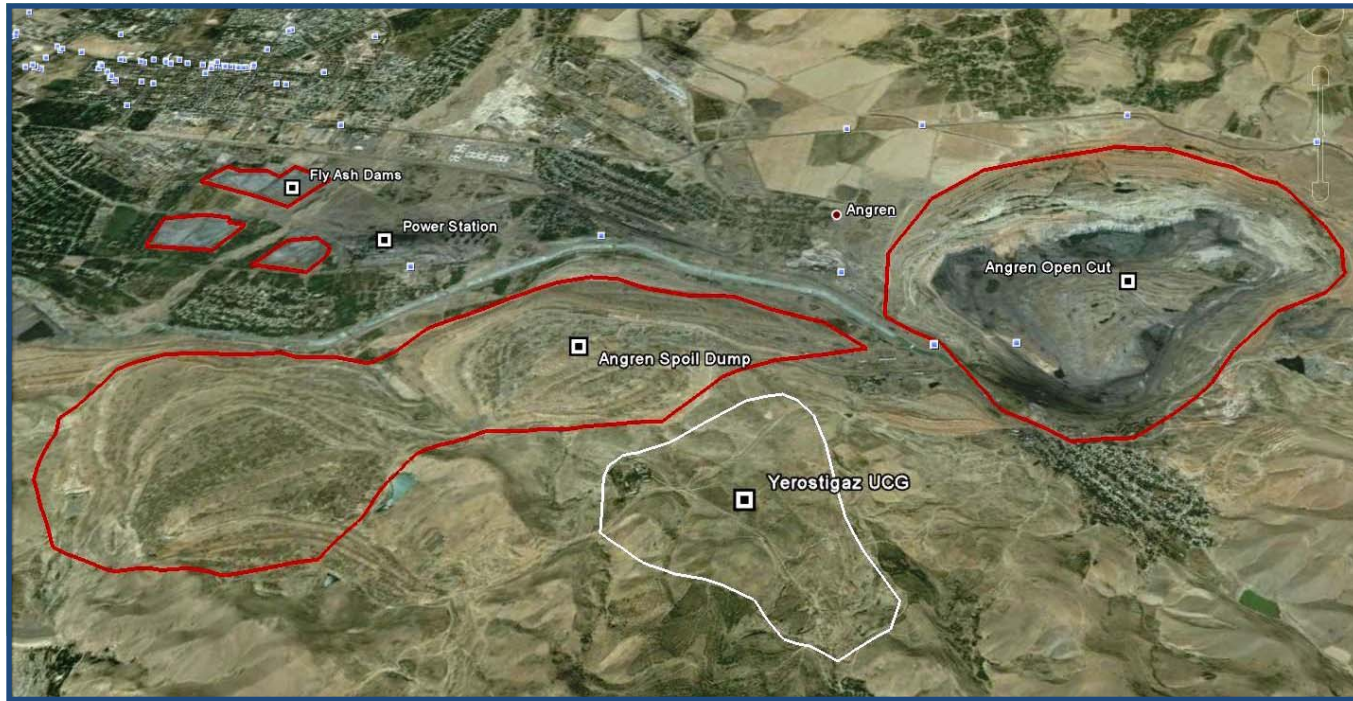
# WHAT IS UCG?

- UCG converts coal to a gas while it still in the ground
- Two wells are drilled into the coal seam and connected with a linking well
- Oxygen/air is injected, heat and steam are generated, creating a chemical reaction
- Produces synthesis gas (syngas) of mainly hydrogen and carbon monoxide.

# THE UCG PROCESS



# YEROSTIGAZ UCG FOOTPRINT



- Continuous operations since 1961
- Produces 1,000,000Nm<sup>3</sup> of syngas per day into the power station
- Over 230 staff with long operational experience.

# YEROSTIGAZ UCG FOOTPRINT



# UCG | MILESTONES



- First operational gasifier in Wyoming due late 2011, leading to multiple gasifiers for revenue and EOR production
- Joint Venture arrangements in Asia, including India to be announced late 2010
- Multiple gasifiers operational in Chinchilla by Q3 2011.

# PRODUCTS |

- 30% less CO<sub>2</sub> when compared with coal-fired power generation
- Gas turbine technology already available for syngas
- Better performance at high temperatures
- CO<sub>2</sub> is easily sequestered from syngas and emissions
- AFC Energy hydrogen fuel cell partnership, hydrogen fuel cell operating first quarter 2011.

Power / Hydrogen Fuel Cell

GTL

CO<sub>2</sub>



# PRODUCTS | GTL

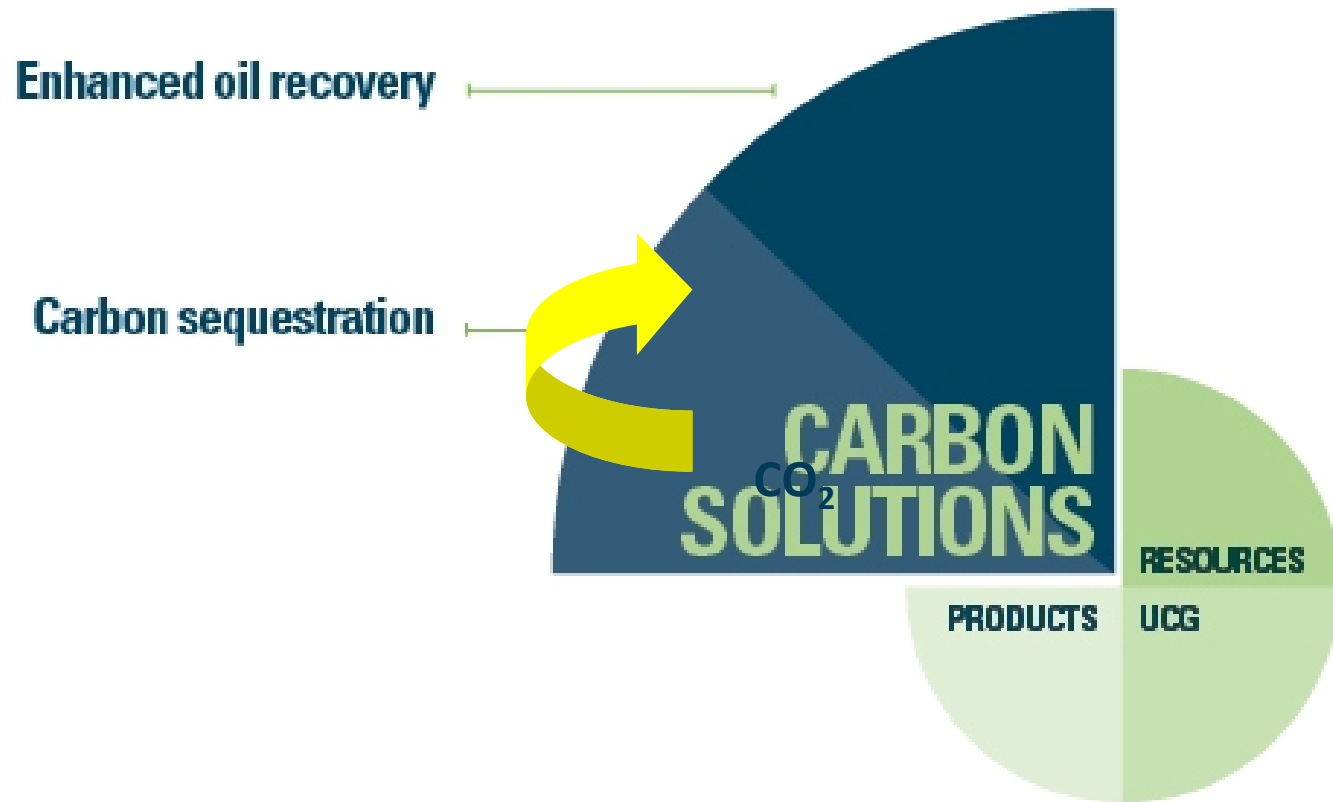
- Gas to Liquids is the 'game changer'
- UCG to GTL = energy security
- Focus on smaller, **modularised plants** for fuel production
- Better value, better CAPEX
- Fuels easily distributed
- **June 2011: Contracts on modularised plant.**



**Linc Energy is the only company with Resources + UCG + GTL**

# CARBON SOLUTIONS |

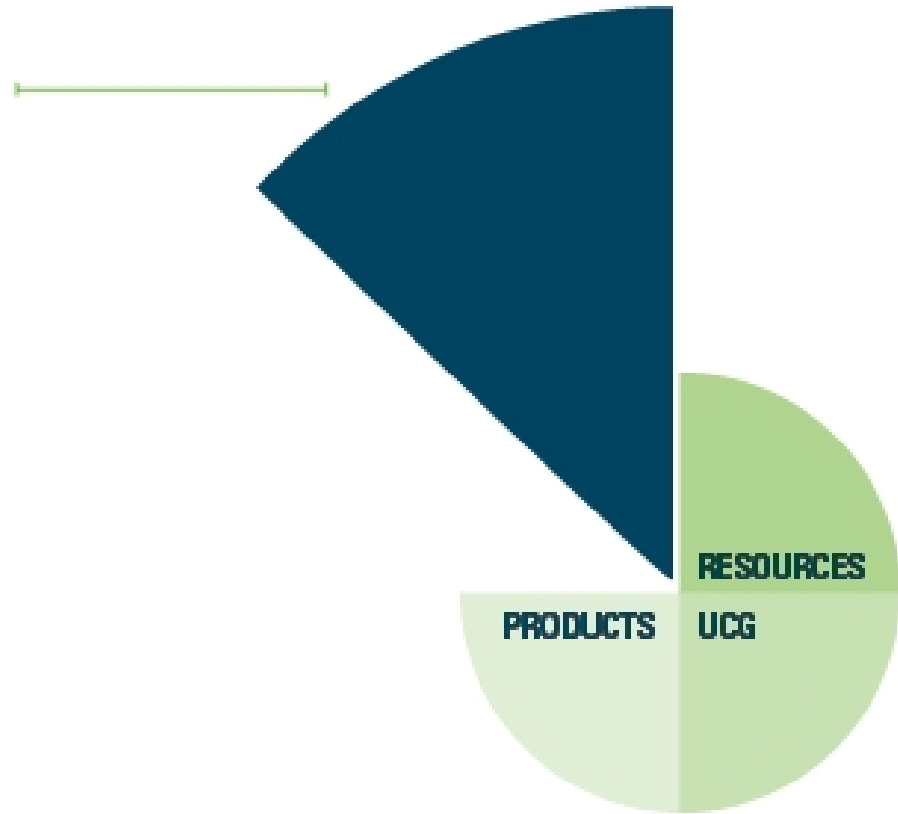
- Enhanced oil recovery
- Carbon sequestration (GFZ).



# CARBON SOLUTIONS | EOR

- EOR is proven oil industry technology
- LNC has its own EOR team in Casper, Wyoming
- Shortage of CO<sub>2</sub> at quantities for EOR to which UCG is the answer.

Enhanced oil recovery

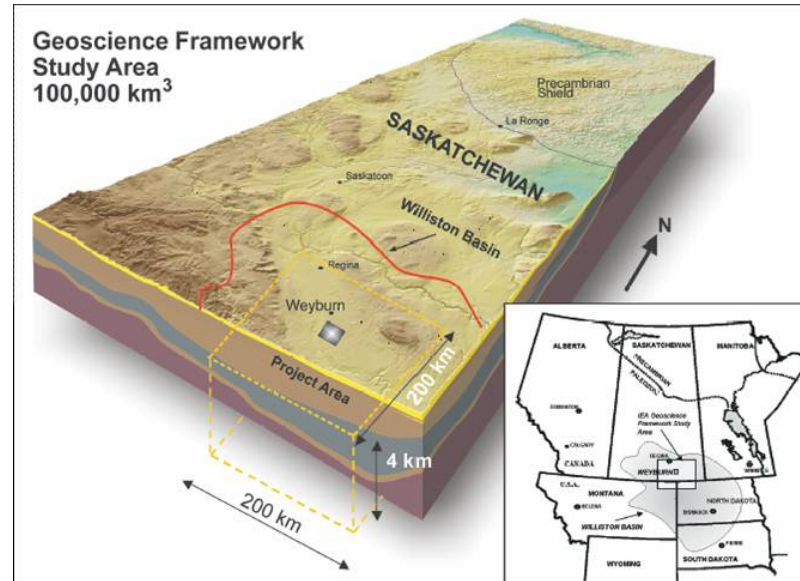


# CARBON SOLUTIONS | EOR

## Weyburn, Saskatchewan

- Use CO<sub>2</sub> flooding since 2001, average 20,000 barrels per day
- Reservoir size 515Mn barrels
- Oil recovery (before CO<sub>2</sub>) 154Mn barrels
- Oil recovery with CO<sub>2</sub> flooding is an extra 67Mn barrels recovered.

Enhanced oil recovery

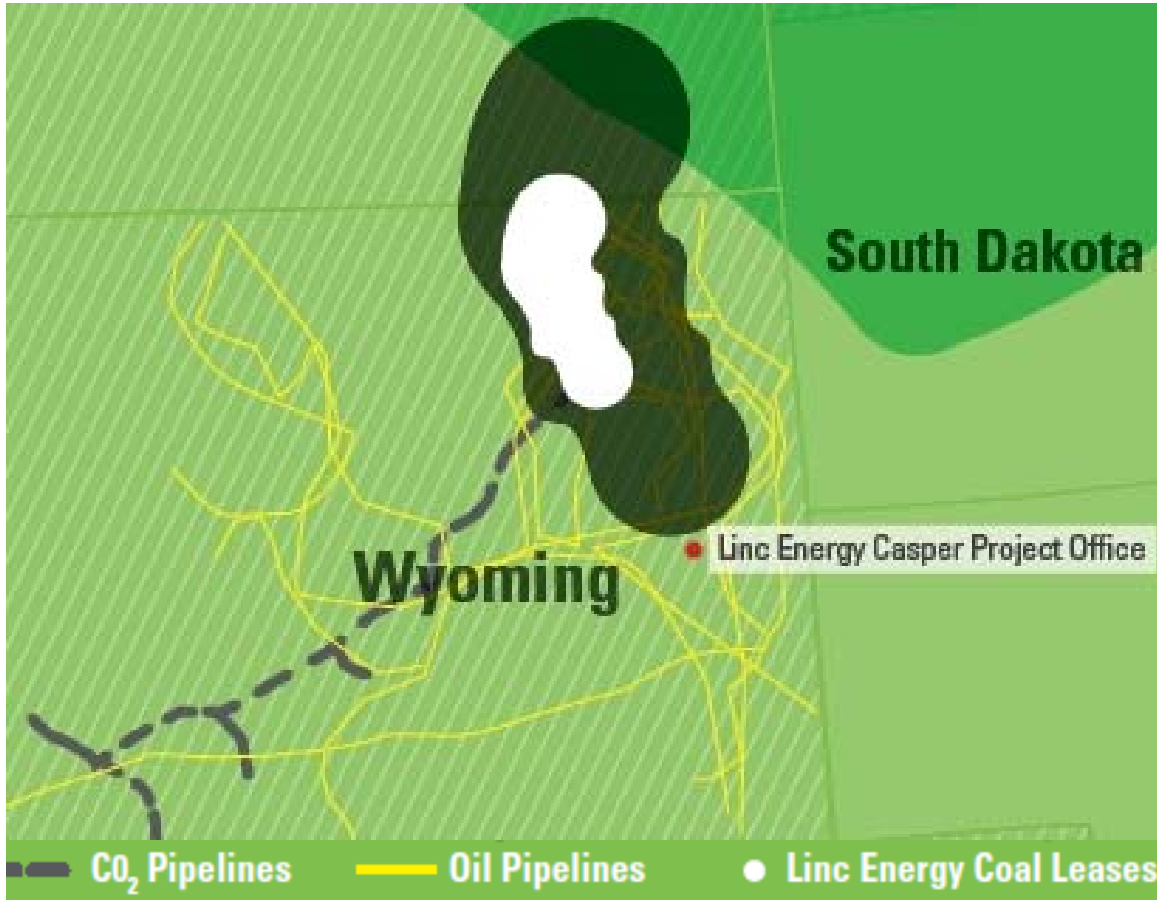


Source: [www.ptrc.ca/weyburn\\_overview.php](http://www.ptrc.ca/weyburn_overview.php)



# CARBON SOLUTIONS EOR | WYOMING

- The CO<sub>2</sub> pipeline can supply 2 or 3 fields.
- Linc Energy can supply large amounts of CO<sub>2</sub> from UCG.



# SUMMARY | MILESTONES (18 months)

- Announce EOR sites for revenue generation – Q1 2011
- UCG to EOR project commencement Q4 2011

**CARBON SOLUTIONS**

**RESOURCES**

**PRODUCTS**

**UCG**

- To sell another coal resource in Q1 2011 – Qld
- Complete LEA-1 well in December 2010 – Alaska Gas
- 2D Seismic and 10 exploration wells – South Australia, Oil
- Develop UCG and EOR in Wyoming by late 2011.

- Contracts on GTL modularised plant – June 2011
- First steel laid for construction of UCG commercial products site in late 2011.

- Develop JV with companies in Asia/India/Europe
- Gasifier 5 operating in Chinchilla, for multiple generation.
- First gasifier in PRB in operation November 2011
- Multiple gasifiers approved in PRB for revenue.

# SUMMARY

- Linc Energy is set to unlock its vast coal resources, with UCG producing huge volumes of syngas and CO<sub>2</sub> for Enhanced Oil Recovery (EOR)
- UCG combined with EOR makes the process carbon neutral and delivers energy security for a hydrocarbons future
- Early revenue streams and an enhanced business model of significant EOR (oil production), linked to UCG, revalues Linc Energy in the market.

# SUMMARY

- Target of ~AUD1Bn in the bank by Q2, 2011
- Company fully underwritten by cash on hand and the coal sales. Free upside option on oil and coal as downside is mitigated
- No stock dilution
- Strengthened Board and Executive Team to manage risk and diversification
- Diversification of geographies and resources manages risk in cyclical markets
- UCG and EOR for energy security and diverse energy products is a compelling story.

# QUESTIONS ...



## Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with the petroleum and mining businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.