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ASX ANNOUNCEMENT / MEDIA RELEASE

18 November 2009

Linc Energy increases Galilee Coal Tonnage to 7.8 Billion Tonnes

- **7.8 billion tonnes of Coal mineralisation identified in accordance with JORC Code comprising 7.3 Billion tonnes at *Indicated Resource* status and 500 million tonnes at *Inferred Resource* status**

Linc Energy Limited (ASX: LNC) (OTCQX: LNCGY) is pleased to announce an initial resource statement in accordance with the JORC Code of **7.8 billion tonnes of coal** at its Galilee tenement in Queensland (see attached JORC report for the detailed JORC estimate summary outlining the quantity and quality of the coal resource).

The JORC report is based on 47 exploration core holes (representing part of a total of 63 holes drilled to date) from a 126 hole program, which has been completed within the Linc Energy's Galilee Mineral area MDLa 372. The initial results have been modeled in MINCOM by Xenith Consulting, creating a 3D resource model, providing a resource assessment in accordance with the JORC code.

The exploration program in MDLa 372 commenced in early June and over 15,000 metres of chipped or cored drilling has been completed to date. The MDLa area represents in excess of 261 square kilometres and as this large resource area is further defined, the results continue to exceed previous expectations including those released by the Company on 24th August indicating a target of 5.0 to 5.5 billion tonnes.

Drilling confirms that the Permian age coal seams in the MDLa area attain cumulative coal thicknesses in excess of 35 metres with an implied strip ratios averaging around 3:1 (this equates to approx 3 cubic meters of overburden dirt removed for every one tonne of recovered coal) in the area targeted for open cut mine development, suggesting a very cost effective open cut/strip mine would operate in that area.

In the period since the completion of resource modelling by Xenith Consulting, further drilling has occurred in the sub-crop area adjacent to the target open cut mine area. This has confirmed that the Tertiary cover (the overburden) is thinning to the east, even more than had been indicated by previous modelling and means an improved strip ratio in these areas may be expected once further drilling has been completed. Overburden thicknesses of less than 30 metres have been encountered in some areas and Linc Energy is confident that a

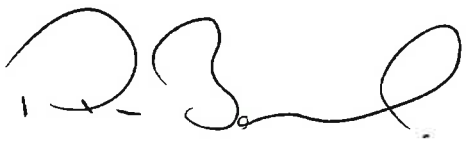
very attractive open cut coal mineralisation target of in excess of a billion tonnes will be measured, in the near future.

Further coal quality and washability studies have confirmed export thermal coal yields in the range between 75 to 90%. Analysis of individual 2m thick plies in areas of the resource show unwashed MDLa 372 ash levels between only 8 and 12% raising the possibility of initial mine development and production without coal washing.

In announcing these results, Linc Energy's Chief Executive Officer, Mr Peter Bond commented that "we are very excited by the results of the mid-phase of our drilling program. This deposit continues to amaze us as we explore it further. The increasing size of the deposit and the increased potential of the open cut area are all fantastic outcomes. The possibility that you can plan and operate an open-cut mine at 30 million tonnes per annum for 30 years, at such a potentially low mine cost base and with such a degree of confidence of production rates is a rare thing in the coal industry."

Mr Bond further stated that "as I have previously announced, we will continue to drill and better define this resource at a pace. These results reflect what an increasingly valuable asset Linc Energy has within this Galilee coal area. I am increasingly convinced that this acreage represents the best area of the Galilee basin, and can host a very large, long life, low cost mining operation producing high quality thermal coal for export for a generation ahead."

For further information, please contact Peter Bond on + 61 7 3229 0800.



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** Competent Persons Statement*
The information in this announcement relating to resources is based on information compiled by Troy Turner, who is a member of the Australian Institute of Mining and Metallurgy and who is employed by Xenith Consulting Pty Ltd. Troy Turner has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the 2004 Edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Troy Turner consents to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

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 and demonstrated its vision of being a leading supplier of a new source of clean liquid transport fuels for the future.

The technologies are Underground Coal Gasification (UCG) and Gas to Liquids (GTL). UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon (CO) and hydrogen (H_2). 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 clean 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.

Xenith

Linc Energy Ltd

Galilee Project – MDLa 372
Insitu Coal Resource Estimate

November 2009

Xenith

Document Issue Approval

Project & Document No:	Date:
Linc Energy Ltd - Galilee	12/11/09
Title:	**Revision No:**
Galilee Project – Insitu Coal Resource Estimate	1
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Linc Energy Ltd	

	Name	Position	Signature	Date
Prepared by:	Troy Turner	Mining Consultant		13/11/09
Reviewed by:	John Thrift	Mining Consultant		13/11/09
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Distribution

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Linc Energy Ltd	Nick Cox	1	1	

1 – To be initialed and dated by the person who actions the issue of the documents.

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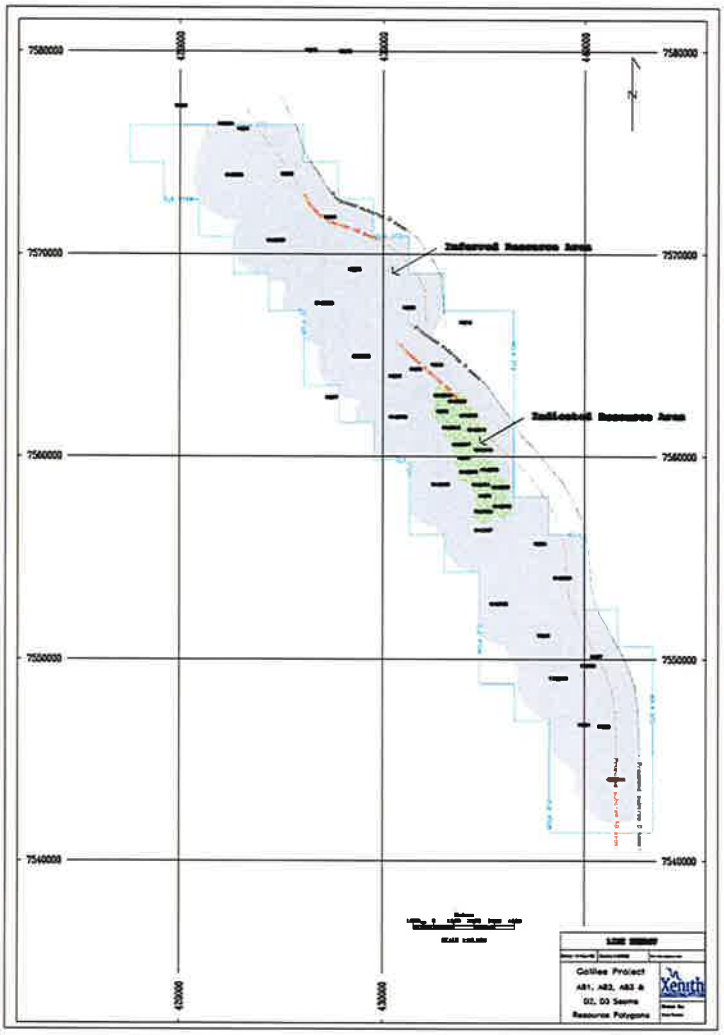
1. EXECUTIVE SUMMARY

Overall the Galilee project contains an estimated coal resource of 7.8 Billion tonnes, as shown in table 1-1.

Table 1-1 - Resource Estimate Summary

Resource Estimate	(Billion Tonnes)
Total Resource	7.8
Total Indicated	0.5
Total Inferred	7.3

Figure 1-1 – JORC Resource Area



The Galilee Coal project tenement MDLa 372, is located in the Galilee Basin approximately 160 km North West of the township of Clermont in Central Queensland.

Xenith were commissioned by Linc Energy in October 2008 to assist in a coal exploration program they were planning to undertake in the Galilee Basin within tenement MLDa 372. This program had to be delayed with the high summer rainfall that occurred in early 2009, but then commenced in June 2009. Once the planned drilling program was completed within the tenement, Xenith were to complete a Coal Resource Estimate in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition.*

Coal seams are present in three Late Permian units of the Galilee Basin: the Colinlea Sandstone and overlying Bandanna Formation which occur in the southern and NW parts of the basin; and the lateral equivalent of these two units, the Betts Creek Beds which exist in the other Linc Energy deposit in the Galilee Basin at Pentland, approximately 180km to the North West. *Individual seams are up to 20 m thick with an aggregate maximum thickness of 45 m developed in the western part of the Koburra Trough.* (Leblang, 2005)

The majority of the lease area is mantled by a sequence of sediments of Tertiary age. The Tertiary ranges in thickness from 45m to 100m, comprising red and yellow, clayey mudstone and soft sandstone.

The Triassic sequence in this area consists of the Dunda Beds and underlying Rewan Formation with thicknesses of up to 200 m of Triassic sediments penetrated in the deepest drill holes in the West of the lease. The Dunda Beds consist of yellow to red-brown, medium-grained, quartz sandstones with minor mudstone interbeds. The Rewan Formation comprises interbedded grey-green, fine to medium-grained, lithic sandstone and grey-green mudstone.

The Late Permian sequence in the Moray Downs area is approximately 150 m thick and dominated by sandstones with coal seams and minor mudstone beds. Mudstone beds are generally thin and commonly carbonaceous, ranging in colour from dark grey through grey to fawn and brown. Fawn coloured carbonaceous mudstones are typically associated with coal seams, particularly near the C seam horizon.

Coal seams occur in three (3) main seam groups in the project area.
They have been named previously by Carr and Matheson as –

- AB seam
- C and D seams, and
- E and F seams

The AB seam has been divided into 3 intervals based on consistent, identifiable parting bands. These have been named -

- AB1
- AB2
- AB3

The C seam exists across the deposit as a single interval.
The D seam has been divided into 3 intervals based on stone bands, and are named –

- D1
- D2
- D3

The E and F seams occur as single seams.

The general structure of the area shows a gradual gentle dip to the west with the seams sub-cropping along the eastern lease boundary.
The seams are generally dipping at 2-4 degrees to the West with some slight steepening to the South and in the middle of the deposit where a fault has been interpreted.
The overburden cover of the AB seam varies from approximately 50 metres near the eastern subcrop line to over 400 metres in the western part of the deposit.

A total of twenty three (23) boreholes were drilled in two phases by the DME in the late 1970's generally in a straight line along the strike of the coal seam immediately down dip of the AB seam sub-crop line.
A total of twenty four (24) exploration drill holes were completed by Linc in the period from early June 2009 to late October 2009.
All holes were HQ core holes with some having a open hole pilot drilled first that allowed accurate starting core depths for the target coal seams.

Results from the structural geological model show the AB and D seams to be the thickest coal seams in the sequence and attain maximum cumulative coal thicknesses up to 18 metres each.
The B splits and C seams show the greatest variability in the deposit and in most cases are carbonaceous and have therefore been excluded from any resource estimates
The E and F seams also show some variation across the deposit in thickness and quality, however they can attain thicknesses up to 5 metres and have been included in the resource estimate where they meet the classification criteria.

Table 1-2 – Average Coal Seam Thickness

Coal Seam	Average Thickness (m)
AB1	6.76
AB2	2.13
AB3	4.47
D1	4.87
D2	3.51
D3	3.15
E	2.22
F	2.15
Sum	29.26

All coal samples taken from the drilling program were double bagged at the drill site and were sent to the laboratory to be analysed for proximate analysis, relative density, specific energy and total sulphur and results have been reported at an air dried moisture basis (adb).

Model results show the D3 seam to have the lowest average ash of 21.5%, with the AB1, D1 and D3 seams also showing low raw ash results. The seam with the highest raw ash results is the AB2 which is reasonably high at 38.4%.

Raw specific energy ranges from 17 Mj/Kg to 23 Mj/Kg across the deposit.

Total raw sulphur results are very consistent and appear to lie in a narrow range from 0.38% to 0.51%.

Valid points of observation used for this resource estimate are –

- slim core holes that have been geophysically logged,
- have acceptable core recovery results (>95%), and
- have raw ash and relative density quality results as a minimum.

Resource categories qualify for indicated status where points of observation are no more than 1000m apart.
Resource categories qualify for inferred status where points of observation are no more than 4000m apart. Inferred resources have been extrapolated a maximum of 2000 metres beyond a point of observation.

The total resource of 7.8 Billion tonnes has been subset on a depth cut-off of every 100 metres below ground level. The subset results show that the majority of the coal resource is contained in the depth range of 100 – 400 metres, with approximately 0.3 Billion tonnes contained in the less than 100m depth range.

2. INTRODUCTION

2.1 Introduction

Xenith Consulting Pty Ltd ("Xenith") has been commissioned by Linc Energy Ltd ("Linc") to report an initial JORC compliant coal resource estimate for the Galilee Coal project tenement MDLa 372, which is located in the Galilee Basin approximately 160 km North West of the township of Clermont in Central Queensland.

This report describes the methodology and results of the coal resource estimate as at 13th November 2009, and incorporates all exploration results received up to 6th November 2009.

2.2 Scope of Work

Xenith were commissioned by Linc Energy in October 2008 to assist in a coal exploration program they were planning to undertake in the Galilee Basin within tenement MLDa 372. This program had to be delayed with the high summer rainfall that occurred in early 2009, but then commenced in June 2009.

The final deliverables agreed for this project can be summarised as –

- Exploration planning assistance as required targeting the most prospective areas of the tenement area.
- Creation of a preliminary geological model for use in further studies in the MDLa 372 area, using Mincom "Minescape" software with all relevant historical exploration information supplied by Linc.
- Preparation of a coal mineralisation target statement for the area with drilling data received by a mid-point of the program.
- Once the planned drilling program was completed within the tenement, complete a Coal Resource Estimate in accordance with the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition*.

2.3 Previous Studies

No previous published studies have been undertaken by Xenith for Linc on this area.

A number of open file DME reports were used as a background for the planning of the exploration program, which are –

- G.S.Q Record 1974/28 – Galilee Basin, Exploratory Coal Drilling, Moray Downs Area, (A.F.Carr).

- G.S.Q Record 1987/28 – Coal Exploration in the Galilee Basin, Moray Downs North and South 1976-1978, (S.G. Matheson).

Xenith were also provided an internal Linc Energy Report on their tenements by Coal Search Consultants, December 2005.

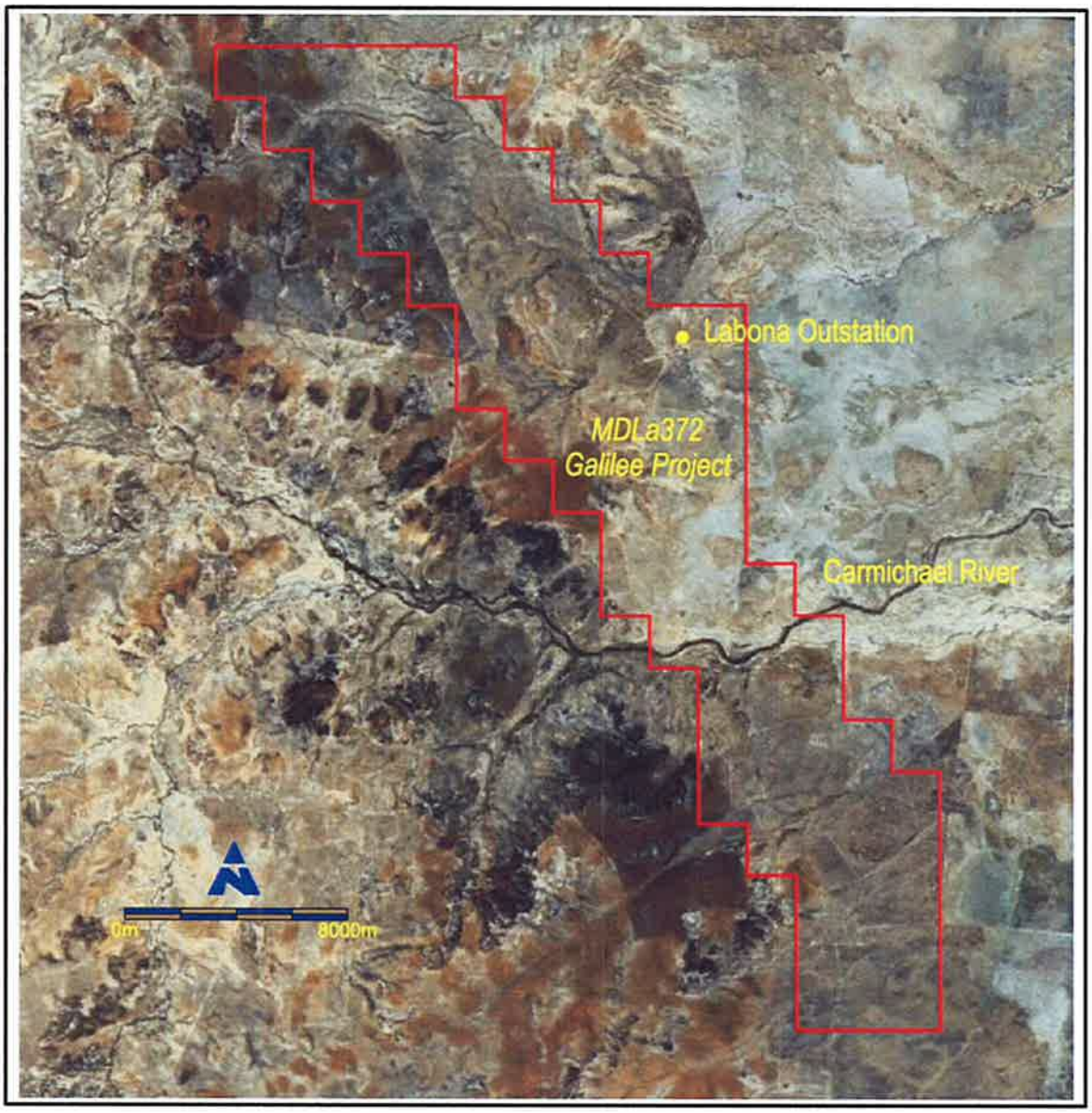
3. TENEMENT DETAILS

3.1 Deposit Location

The tenement MDLa 372 covers an extensive area of approximately 26,000 Hectares (260 Sq.Km).

The lease is mostly located on the Moray Downs cattle station, which is located approximately 160 kilometres to the North West of the Clermont township, which inturn is located approximately 100 kilometres North of the major Central Queensland regional town of Emerald. The site is accessed by the bitumen Gregory Development road which runs from Clermont to Charters Towers, and then the property access road called the Moray Carmichael Access Road.

Figure 3-1 - General Location and Tenement Plan



4. GEOLOGY

4.1 Topography and Drainage

The Galilee project area lies within an area that comprises generally flat grazing country with some gentle ridges in the Western section of the lease. The Carmichael River cuts across the southern section of the lease, which then flows into the Belyando River to the east of the lease which is part of the Burdekin River catchment.

4.2 Regional Geology

The Galilee Basin is an intracratonic basin that covers approximately 247,000 km2 in central Queensland. The maximum stratigraphic thickness is 2800 m and ranges from Late Carboniferous to Middle Triassic in age. The basin fill accumulated in alluvial plain environments and contains thick, widespread coal seams of Permian age. Permo -Triassic rocks are only exposed along the eastern margin of the basin with the remainder covered by fill of the Jurassic-Cretaceous Eromanga Basin. (Leblang, 2005)

Coal seams are present in three Late Permian units of the Galilee Basin: the Colinlea Sandstone and overlying Bandanna Formation occur in the southern and NW parts of the basin; and the lateral equivalent of these two units, the Betts Creek Beds which exist in the other Linc Energy deposit in the Galilee Basin at Pentland, approximately 180km to the North West. *Individual seams are up to 20 m thick with an aggregate maximum thickness of 45 m developed in the western part of the Koburra Trough.* (Leblang, 2005)

The Late Permian coal seams are designated A to F in order of increasing age with most seams comprising dominantly dull, clean coal. Seam C is generally highly banded with carbonaceous mudstones.

4.3 Local Geology

The majority of the lease area is mantled by a sequence of sediments of Tertiary age. The Tertiary ranges in thickness from 45m to 100m, comprising red and yellow, clayey mudstone and soft sandstone.

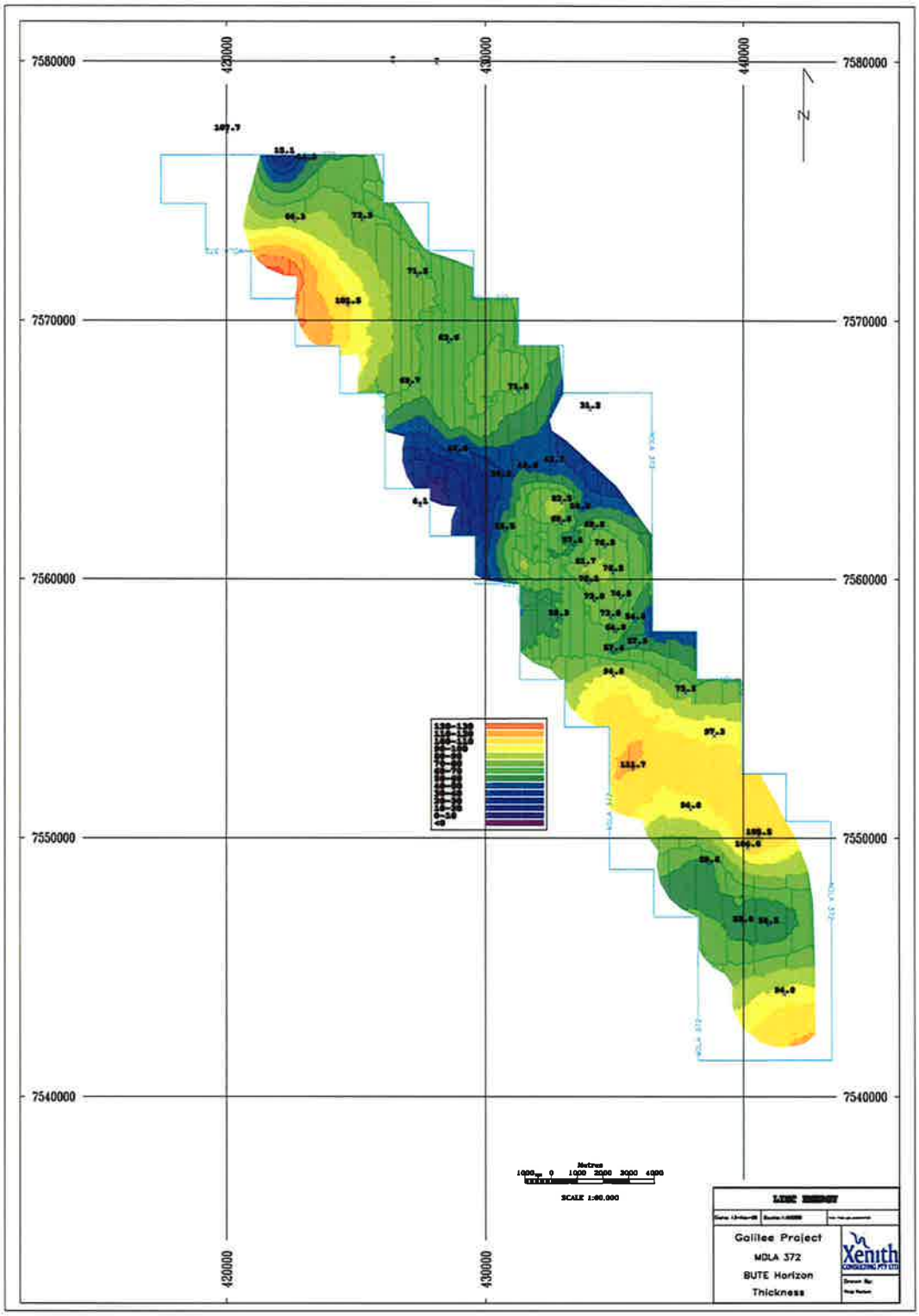
This formation overlies the Permo-Triassic sequence unconformably. See Figure 4-1 for the Tertiary thickness contour.

The Triassic sequence in this area consists of the Dunda Beds and underlying Rewan Formation with thicknesses of up to 200 m of Triassic sediments penetrated in the deepest drill holes in the West of the lease. The Dunda Beds consist of yellow to red-brown, medium-grained, quartz sandstones with minor

mudstone interbeds. The Rewan Formation comprises interbedded grey-green, fine to medium-grained, lithic sandstone and grey-green mudstone.

The Late Permian sequence in the Moray Downs area is approximately 150 m thick and dominated by sandstones with coal seams and minor mudstone beds. Mudstone beds are generally thin and commonly carbonaceous, ranging in colour from dark grey through grey to fawn and brown. Fawn coloured carbonaceous mudstones are typically associated with coal seams, particularly near the C seam horizon.

Figure 4-1 – Tertiary Horizon Thickness Contour



4.4 Coal Seam Geology

Coal seams occur in three (3) main seam groups in the project area.

They have been named previously by Carr and Matheson as –

- AB seam
- C and D seams, and
- E and F seams

The AB seam and the D seam are the thickest seams in the area, attaining a maximum cumulative coal thickness of approximately 19 metres each.

The C seam as previously mentioned is generally highly banded with carbonaceous mudstones and attains a maximum thickness of approximately 4 metres.

The E and F seams appear to vary in thickness across the lease with thicknesses ranging from 0.5m up to 5 metres for the F seam in hole GLC018.

The major coal seams have been subdivided further in the new geological model to allow the limit parameters to be applied for the resource estimate, and to ensure that any parting stone bands are excluded from the coal seams.

The AB seam has been divided into 3 intervals, based on stone bands identified from geophysics and core.

- AB1
- AB2
- AB3

The C seam exists across the deposit as a single interval.

The D seam has been divided into 3 intervals, based on stone bands identified from geophysics and core.

- D1
- D2
- D3

The E and F seams have been modelled as single seams.

Figure 4-2 – Stratigraphic Column

Age		Lithology	Stratigraphy	Thickness
Tertiary		Clays / Mudstones		40 - 100m
Triassic		Mudstone / Siltstone	Rewan Formation	
Late Permian		Sandstone	Bandanna Formation	
		COAL - AB Seam		12 - 18m Resource Seam
		Sandstone / Siltstone		10m
		COAL - B splits		1 - 2m
		Siltstone / Mudstone		60 - 70m
		COAL - C Seam (carbonaceous)		3 - 4m
		Siltstone / Sandstone	Colinlea Sandstone	2 - 20m
		COAL - D1 Seam		4 - 6m Resource Seam
		Sandstone		5 - 30m
		COAL D2/D3 Seam		8 - 10m Resource Seam
		Siltstone / Mudstone		10 - 20m
		COAL - E Seam		1 - 3m Resource Seam
		Sandstone / Siltstone		5 - 10m
		COAL - F Seam		1 - 5m Resource Seam
Early Permian		Sandstone		

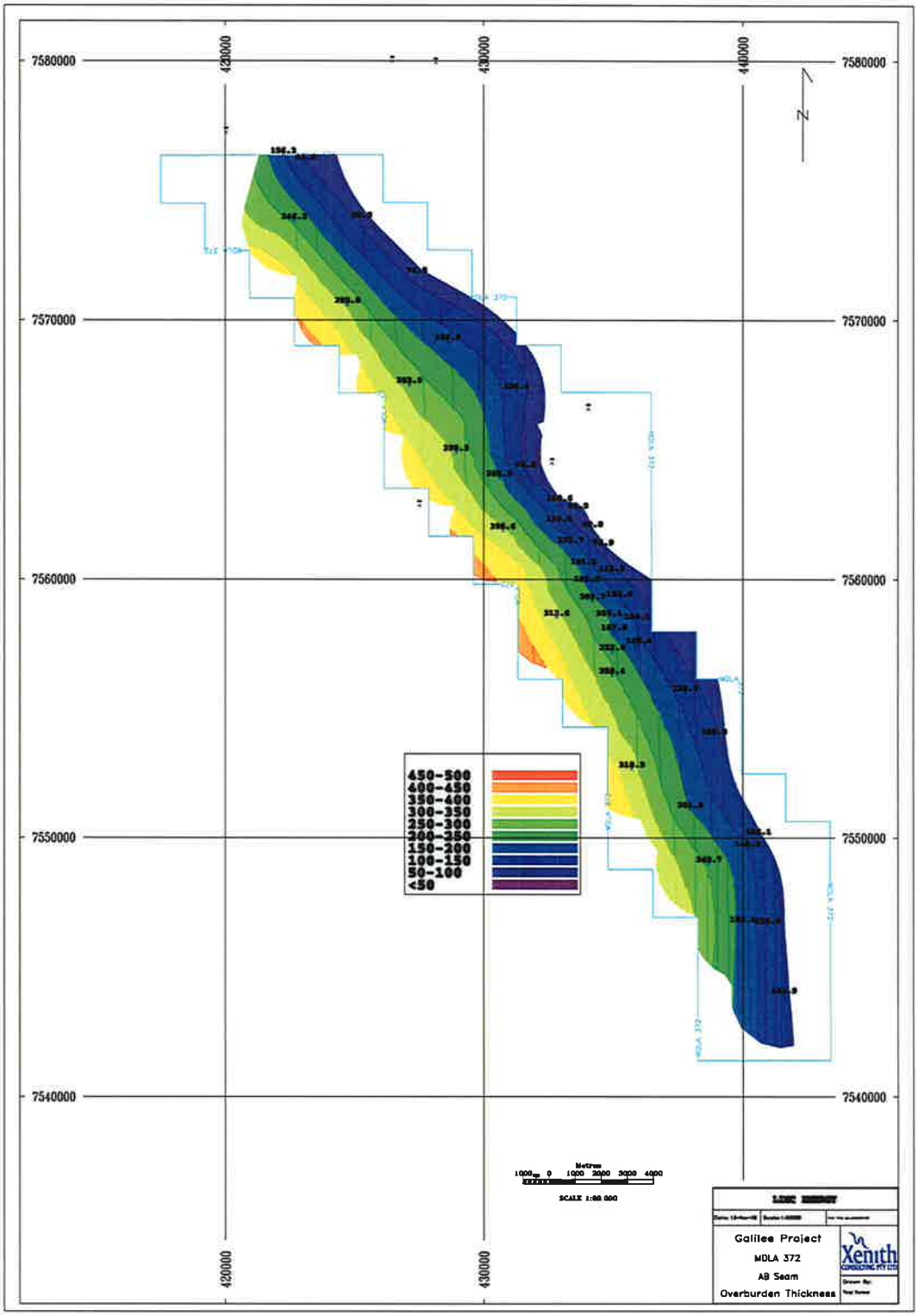
4.5 Structural Interpretation

The general structure of the area shows a gradual gentle dip to the west with the seams sub-cropping along the eastern lease boundary. More drilling will be required to more accurately define the D, E and F seam subcrop lines with some evidence to suggest the Tertiary sequence is thinning in this direction as is evident in hole GLC013 which has a tertiary thickness of 50 metres.

The seams are generally dipping at 2-4 degrees to the West with some slight steepening to the South and in the middle of the deposit where a fault has been interpreted. This fault has not been included in this geological model as it will require further definition drilling to accurately map the throw and trend. No evidence exists for any other significant structures in this deposit.

The overburden cover of the AB seam varies from approximately 50 metres near the eastern subcrop line to over 400 metres in the western part of the deposit.

Figure 4-3 – AB Seam Overburden Thickness Contour



5. EXPLORATION DATA AND EVALUATION

5.1 Exploration Drilling History

Within the lease area the coal seams have been identified during previous exploration campaigns by the DME during scout drilling for coal resources in Queensland, conducted in the late 1970's. The data from these two drilling campaigns has formed the basis for the planning for the Linc drilling campaign.

The data is quite extensive with bore hole logs, detailed descriptions and both raw and washability coal quality data. The washability data has not been used in this report as it was completed on a Float/Sink cut point of F1.90 and these results are deemed to be non-representative of the potential product coal characteristics.

A total of twenty three (23) boreholes were drilled in two phases by the DME, generally in a straight line along the strike of the coal seam immediately down dip of the AB seam sub-crop line.

5.2 Exploration Data Summary

A total of twenty four (24) exploration drill holes were completed by Linc in the period from early June 2009 to late October 2009. Exploration drilling was undertaken by 2 drilling rigs supplied by Watson Drilling and Boart Longyear Drilling.

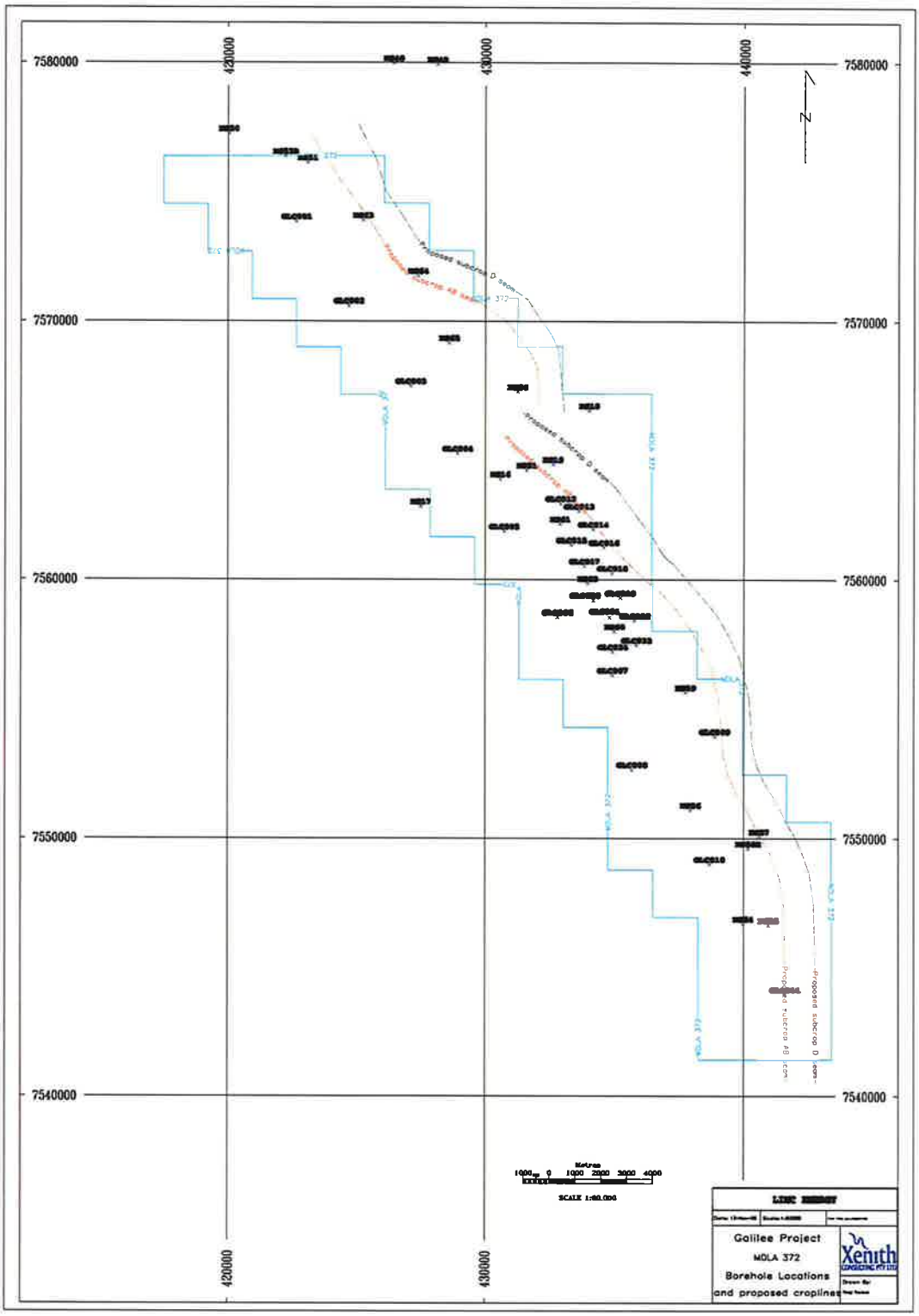
The field geology, logging and supervision were conducted by Linc Energy staff and supported by other contract geologists as required.

All holes were HQ core holes with some having a open hole pilot drilled first that allowed accurate starting core depths for the target coal seams.

The seams that were intersected in the core holes were sampled into plies on site and samples were then transported to the Bureau Veritas laboratory in Emerald for all analytical testing.

All holes were also geophysically logged by Coal Seam Wireline Services and included Denisty/Gamma/Caliper, Resistivity and Verticality logs.

Figure 5-1 – Borehole Location Plan



5.3 Core Sampling Methodology

Core holes have been sampled on a ply basis. The plies have then been combined if required to give a seam sample for analysis. Generally any parting bands greater than 0.20 metre was sampled separately to allow these to be modelled as discreet parting zones in the geological model. In most cases the seam roof and floor has also been sampled for geotechnical purposes.

5.4 Topography Surface and Survey Data

All drill holes were surveyed on the 15th September for final positions and elevation by the Wilson Survey Group.

The horizontal coordinates were surveyed in GDA94 datum, and the vertical coordinates were surveyed in AHD.

The topographic surface used in the geological model was surface contours at 10m intervals, which were downloaded from satellite spatial data. The surface was validated against the surveyed borehole data and although shows some inconsistencies which are believed to result from heavy scrub country in the North of the lease, the majority of the drillholes are within acceptable limits to be used, generally +- 3 metres.

5.5 Geological Model Parameters

The model is based on all relevant drillholes as discussed previously, with the Finite Element Method (FEM) interpolator used for Thickness, Surface and Trend characteristics. A grid cell size of 50 metres was used for this model.

The base of weathering surface has been applied as the uppermost limit parameter for the coal resource calculations.

5.6 Geological Model Results

The final geological model for the project was built on the 10th November 2009. The model has included the 24 new holes drilled during this exploration program, as well as 23 holes from the DEM historical drilling program.

Results from the structural geological model show the AB and D seams to be the thickest coal seams in the sequence and attain maximum cumulative coal thicknesses up to 18 metres each.

The B splits and C seams show the greatest variability in the deposit and in most cases are carbonaceous and have therefore been excluded from any resource classification.

The E and F seams also show some variation across the deposit in thickness and quality; however they can attain thicknesses up to 5 metres and have been included in the resource estimate where they meet the classification criteria.

Results from the geological model show the following average coal seam thicknesses for each of the seams included in the Resource Estimate are –

Table 5-1 – Average Seam Thickness Results from Model

Coal Seam	Average Thickness (m)
AB1	6.76
AB2	2.13
AB3	4.47
D1	4.87
D2	3.51
D3	3.15
E	2.22
F	2.15
Sum	29.26

Cumulative coal thicknesses for each of these seams are displayed in Figures 5-2 to 5-5.

Figure 5-2 – AB Seam Cumulative Thickness

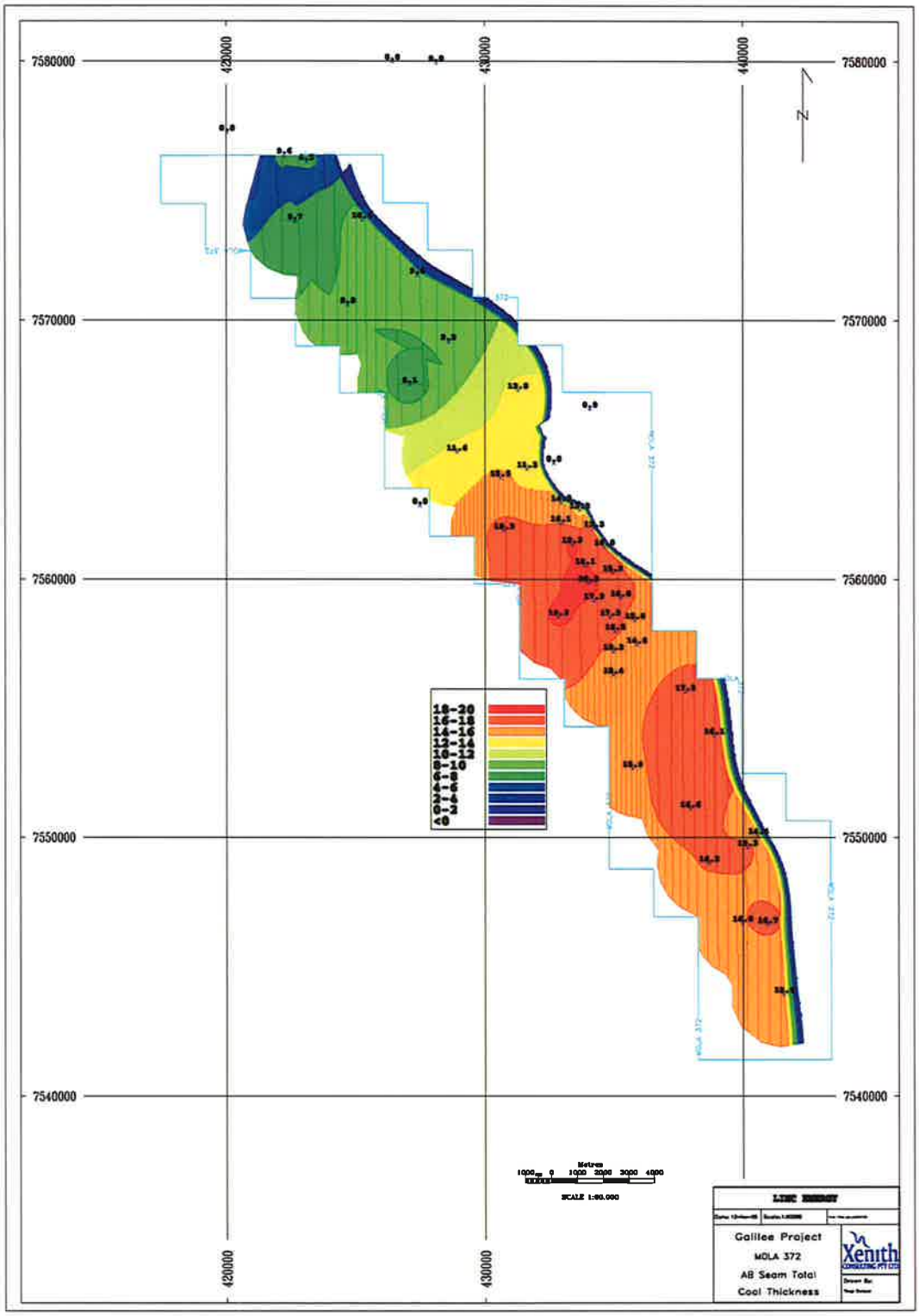


Figure 5-3 – D Seam Cumulative Thickness

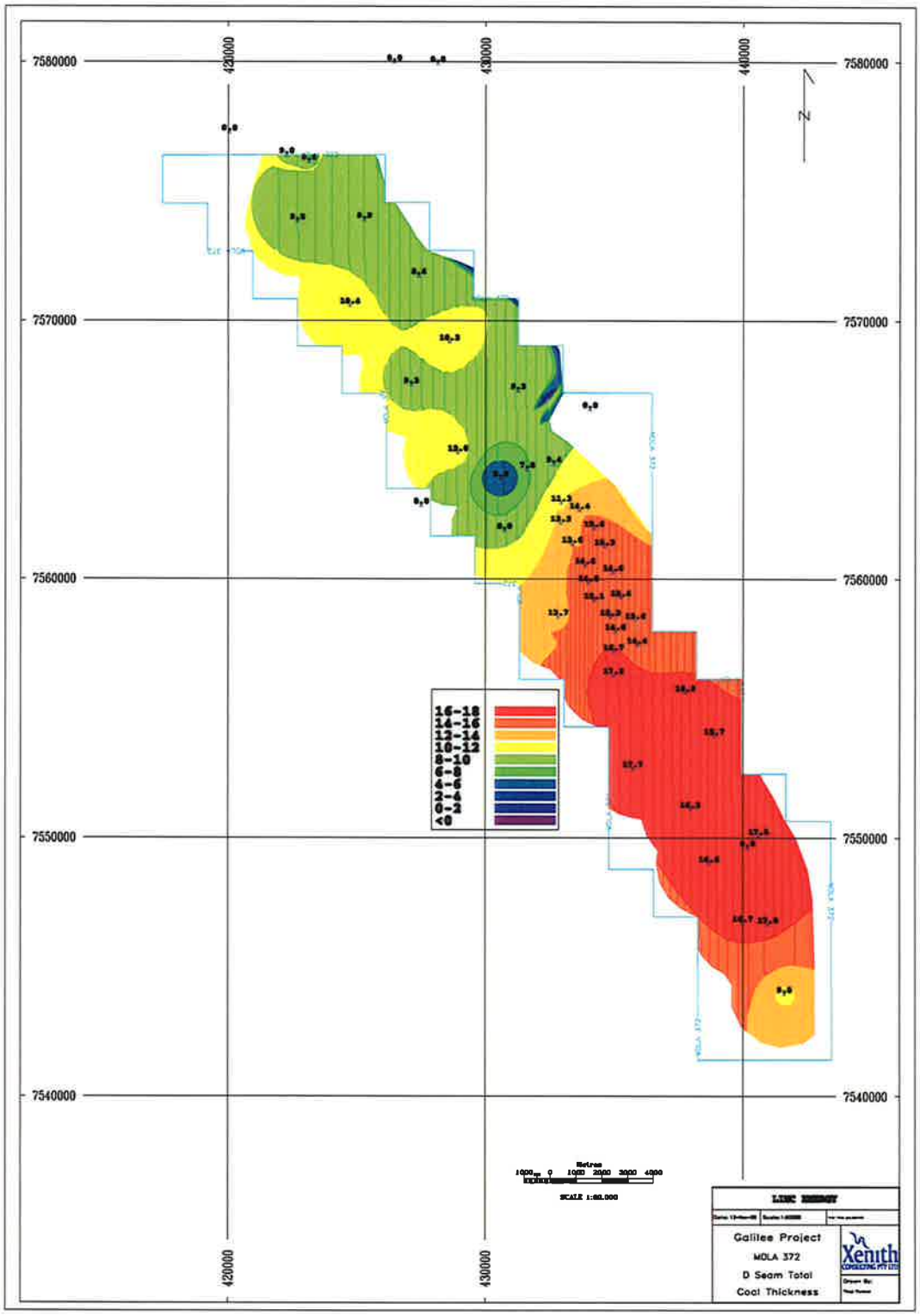


Figure 5-4 – E Seam Thickness

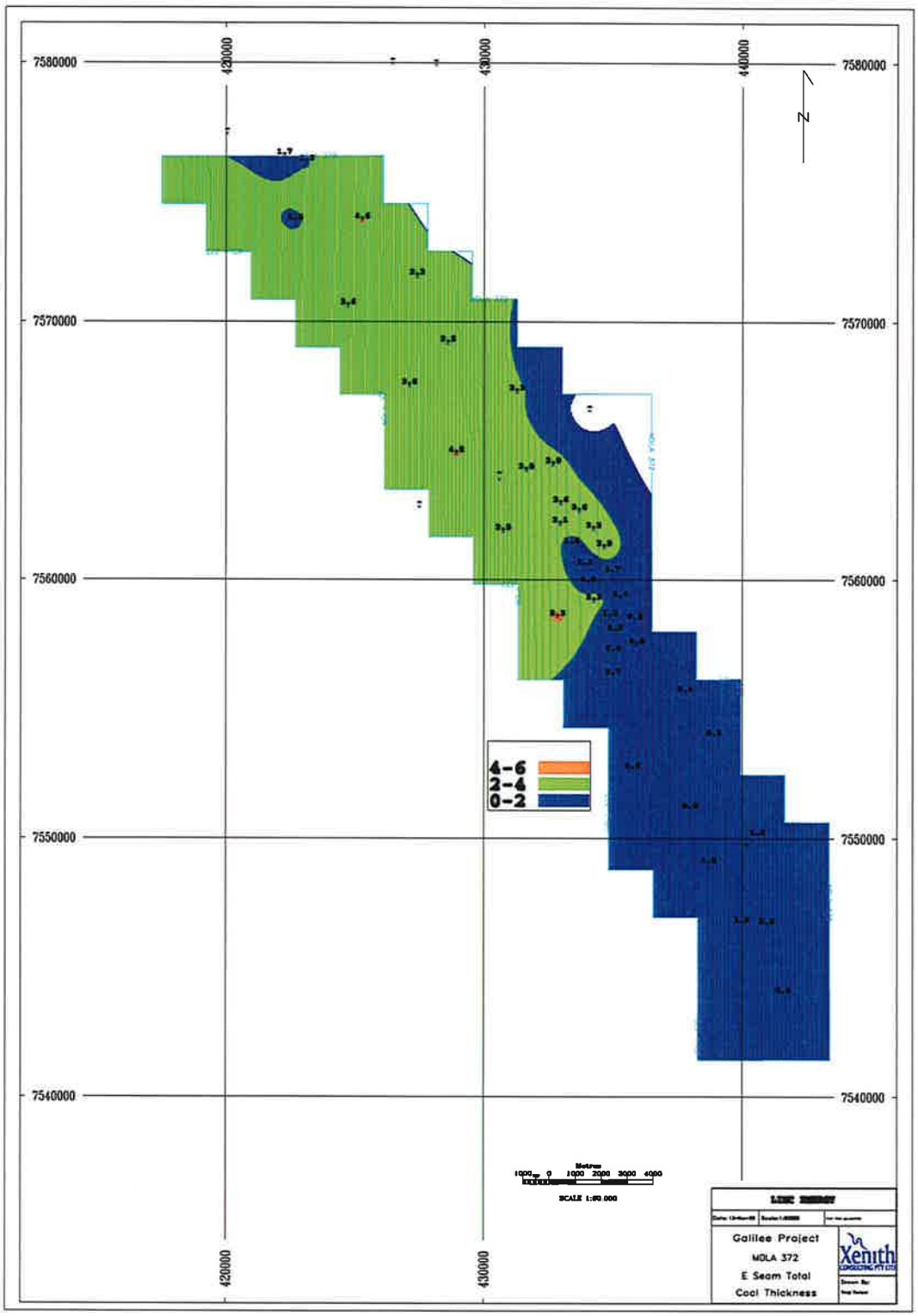
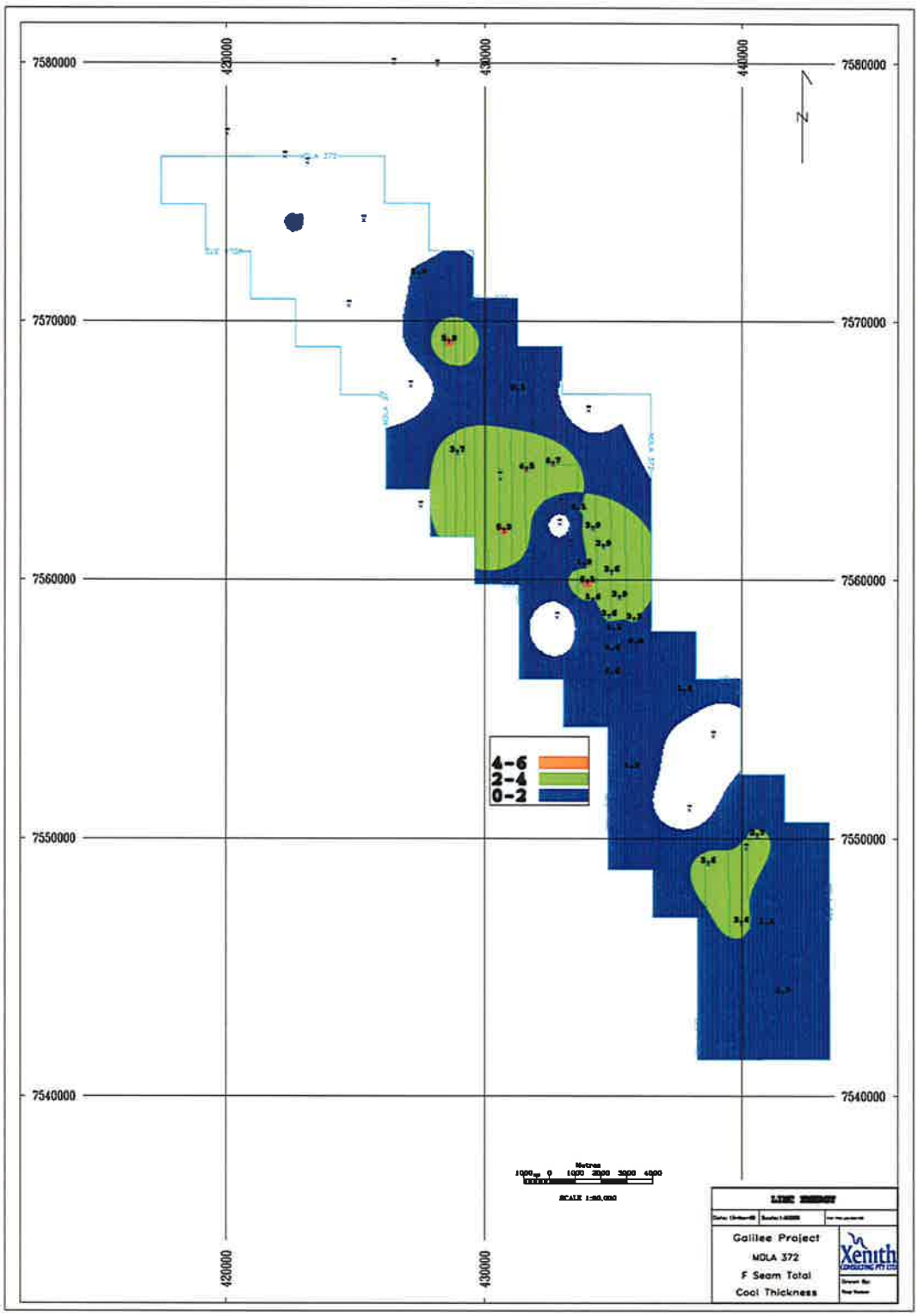


Figure 5-5 – F Seam Thickness



6. COAL QUALITY RESULTS

All coal samples taken from the drilling program were double bagged at the drill site and were sent to the laboratory to be analysed for proximate analysis, relative density, specific energy and total sulphur and results have been reported at an air dried moisture basis (adb).

All results included in this report are raw coal results only, with more detailed washability float sink analysis currently being finalised at the laboratory.

Table 6-1 – Coal Seam Average Quality Results

Coal Seam	Air Dried Mositure %	Average Raw Ash %	Raw Specific Energy (Mj/KG)	Raw Total Sulphur %	Raw Volatile Matter %
AB1	7.8	23.4	21.1	0.41	27.3
AB2	7.1	38.4	16.9	0.40	23.8
AB3	7.4	31.8	19.1	0.40	25.1
D1	7.3	22.2	21.8	0.44	27.5
D2	7.2	22.9	22.8	0.43	27.1
D3	7.4	21.5	23.0	0.51	26.2
E	6.8	25.4	19.7	0.38	24.5
F	6.6	28.6	20.1	0.38	23.9

Model results show the D3 seam to have the lowest average ash of 21.5%, with the AB1, D1 and D2 seams also showing low raw ash results. The seam with the highest raw ash results is the AB2 which is reasonably high at 38.4%.

Raw specific energy ranges from 17 Mj/Kg to 23 Mj/Kg across the deposit.

Total raw sulphur results are very consistent and appear to lie in a narrow range from 0.38% to 0.51%.

7. COAL RESOURCE ESTIMATION

7.1 JORC Code Requirements

Coal Resources have been determined in a manner consistent with the "*Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2004 Edition" (the Code) and the associated 2003 edition of "Australian Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" (the Guidelines).*

The code outlines minimum standards and includes guidelines to standardise terminology for reporting and checklists for criteria to be considered when reporting mineral exploration results.

The guidelines give definitions of the types of data points that can be used at different confidence levels to define resource categories as outlined below -

Measured Coal Resources being that part of the resource estimate in which the quantity and quality can be estimated with a high level of confidence. There are sufficient data points to reliably estimate coal extent, thickness, depth range, insitu quantity and quality. This level of confidence is high enough to support detailed mine plans.

Indicated Coal Resources being that part of the resource estimate in which the quantity and quality can be estimated with reasonable levels of confidence. There are sufficient data points to reasonably estimate coal extent, thickness, depth range, insitu quantity and quality.

Inferred Coal Resources being that part of the resource estimate that can only be estimated with a low level of confidence. There are sufficient data points to allow an estimate of the coal thickness and quality, but are at a level which is insufficient for mine planning purposes.

7.1.1 Observation Points

Valid points of observation for this estimate are –

- slim core holes that have been geophysically logged,
- have acceptable core recovery results (>95%), and
- have raw ash and relative density quality results as a minimum.

7.1.2 Indicated Category

Resource categories qualify for indicated status where points of observation are no more than 1000m apart. Indicated resources are extrapolated a maximum of 500 metres beyond a point of observation. A minimum of three adjacent points of observation are required to define any indicated resources. The zones of influence around each point were based on 500 metre radii and these zones had to touch or overlap to be included. Indicated resources are contained within the limits of the inferred resource area for each coal seam.

7.1.3 Inferred Category

Resource categories qualify for inferred status where points of observation are no more than 4000m apart. Inferred resources have been extrapolated a maximum of 2000 metres beyond a point of observation.

7.1.4 Insitu Density – Preston Sanders Calculation

The insitu density of the coal seams has been adjusted using the Preston Sanders calculation. An insitu moisture basis of 16% has been used to adjust the relative density result from the laboratory.

7.2 Resource Estimates

Overall the Linc Energy MDLa 372 tenement contains a JORC compliant resource of 7.8 Billion tonnes.

- No measured resource is classified in the area.
- A total of 0.5 Billion tonnes are classified in the Indicated category, and
- The remaining 7.3 Billion tonnes are in the Inferred category.

Coal resource tonnage results are summarised in Table 7-1.

Table 7-1 – Resource Estimate Summary Results

Resource Estimate	(Billion Tonnes)
Total Resource	7.8
Total Indicated	0.5
Total Inferred	7.3
Total <100	0.3
Total 100 - 200	2.2
Total 200 - 300	2.3
Total 300 - 400	2.0
Total 400 - 500	0.9
TOTAL AB SEAM	3.4
TOTAL D SEAM	3.8
TOTAL E SEAM	0.4
TOTAL F SEAM	0.2

It can be seen from the results that the majority of the resource is contained within the AB and D seams. The E and F seams combined contribute approximately 7% of the total resource.

7.3 Classification by Depth

The total resource of 7.8 Billion tonnes has been subset on a depth cut-off of every 100 metres below ground level. The subset results show that the majority of the coal resource is contained in the depth range of 100 – 400 metres, with approximately 0.3 Billion tonnes contained in the less than 100m depth range.

7.4 Resource Limit Parameters

Coal resources were limited to seams with a thickness of 1.50m or greater. A maximum raw ash cut off of 40% ash was also applied.

Seam subcrop lines were created during the modelling process and all seams are truncated at the Base of Weathering surface in the resource estimate.

The coal seam resource areas are presented in Figures 7-1 to 7-4.

Figure 7-1 – Resource Areas for AB1, AB2, AB3, D2 and D3 Seams.

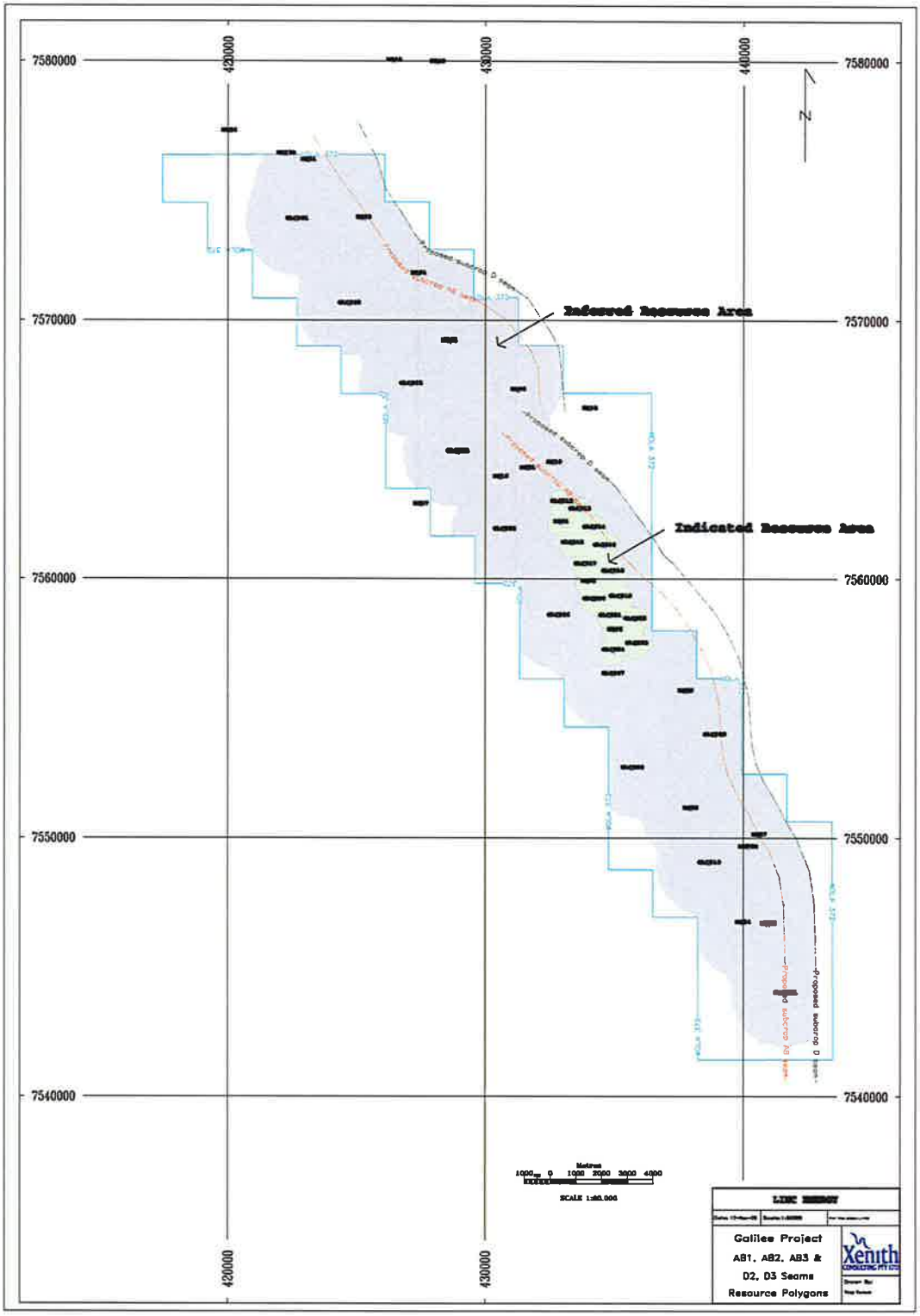


Figure 7-2 – Resource Areas for D1 Seam

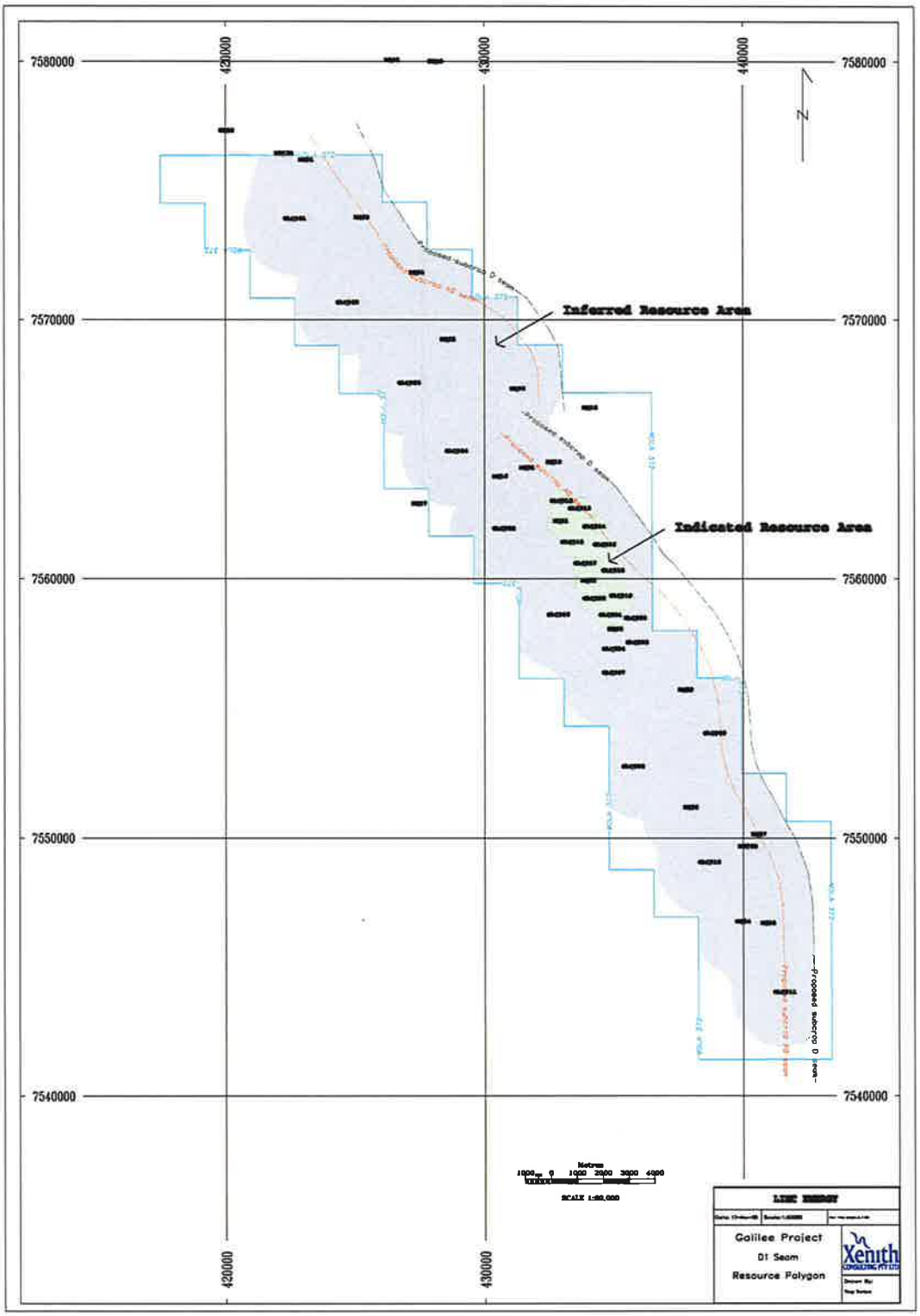


Figure 7-3 – Resource Areas for E Seam

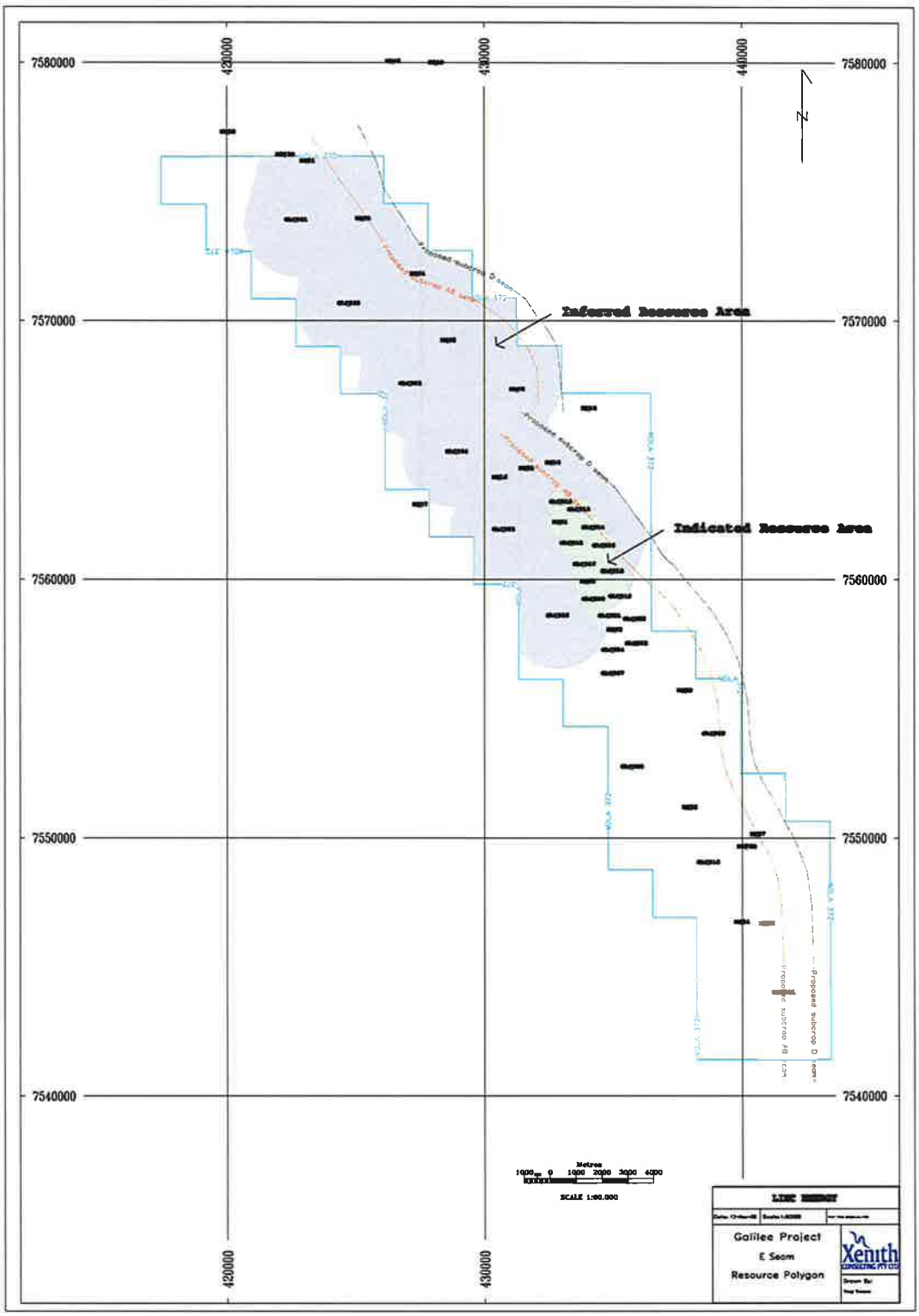
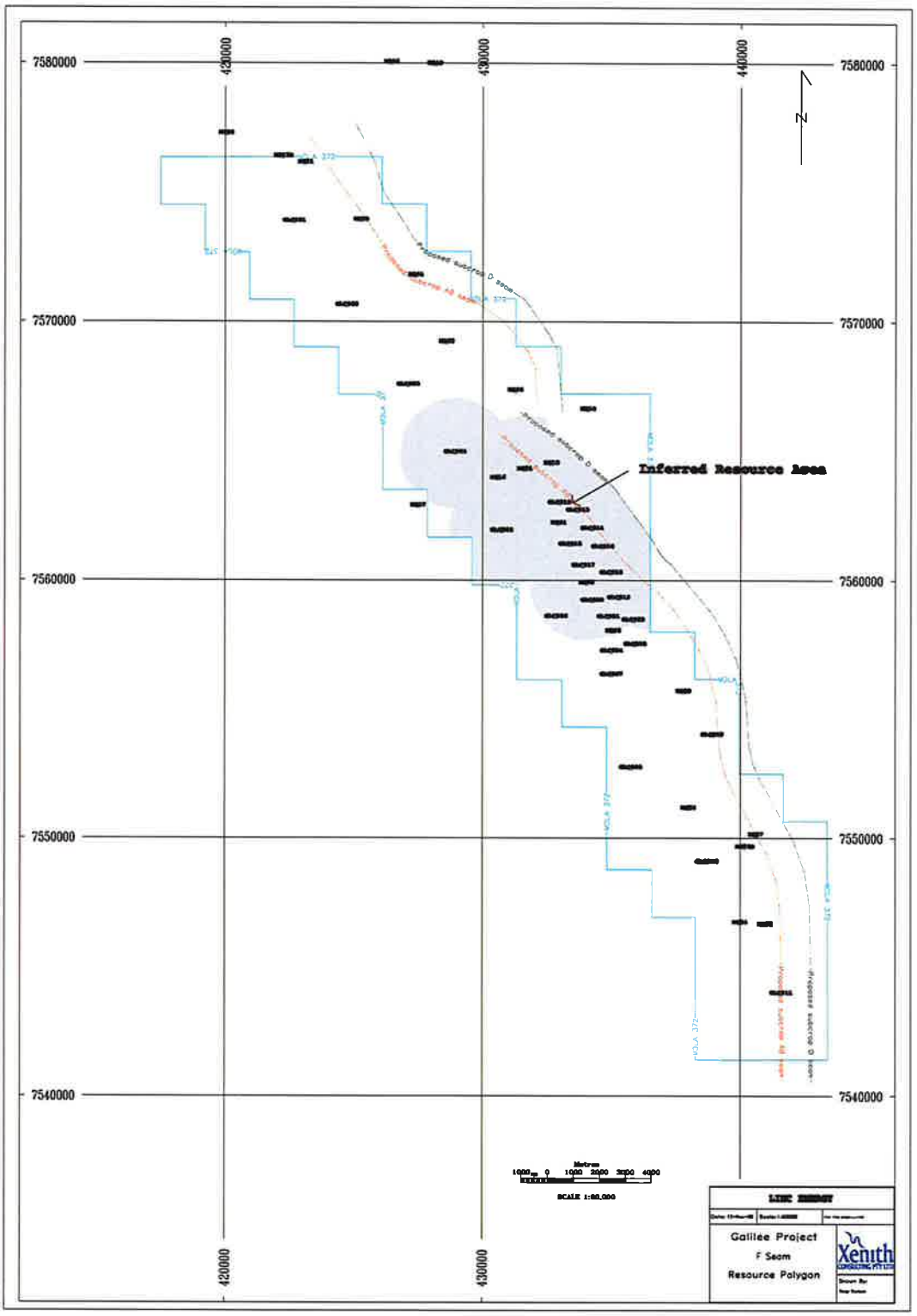


Figure 7-4 – Resource Areas for F Seam



8. RECOMMENDATIONS

Based on the interrogation of the geological model for the Galilee project area, we believe that there is a need to increase the geological confidence around the extent of the deposit towards the eastern subcrop boundary.

Further drilling is recommended to target this area to confirm the Tertiary unit thickness as it appears to thin in the vicinity of drill hole GLC013. The D, E and F seam subcrop lines will be better understood with a series of drill lines perpendicular to the strike of these seams to show the extent of weathering beneath the unconformably overlying tertiary horizon.

Further work should also be considered to increase the understanding of the interpreted fault structure in the middle of the deposit.

When the full suite of coal seam washability results are completed and reviewed in detail it may then be prudent to design another core hole program, targeting the specific coal seam working sections to enable an understanding of possible blending options for the coal seams.

9. REFERENCES

REF 1: G.S.Q Record 1974/28 – Galilee Basin, Exploratory Coal Drilling, Moray Downs Area, **(A.F.Carr).**

REF 2: G.S.Q Record 1987/28 – Coal Exploration in the Galilee Basin, Moray Downs North and South 1976-1978, **(S.G. Matheson).**

REF 3: Leblang, G, 2005. LINC Energy report on coal resource areas (Confidential

10. JORC STATEMENT

The information in this report relating to coal resources is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd.

Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the "*Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.*"

Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

T. Turner.

Troy Turner

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227689.