



ABN: 60 076 157 045  
ACN: 076 157 045  
Smellie & Co Building,  
32 Edward Street  
(GPO Box 1315)  
BRISBANE QLD 4001  
Telephone: (07) 3229 0800  
Facsimile: (07) 3229 6800

---

## ASX ANNOUNCEMENT

---

11 March 2011

### **Linc Energy Signs Above Ground Coal Gasification Technology Deal**

Linc Energy (ASX:LNC) (OTCQX:LNCGY) is pleased to announce that it has signed an exclusive agreement with PowerHouse Energy Inc (PowerHouse), a leading provider of onsite clean energy systems that use traditional and renewable forms of fuel (waste, biomass and coal) to generate electricity and synthetic gas in an environmentally responsible way.

PowerHouse utilises the Pyromex ultra high temperature above-ground gasification process. The benefit of the Pyromex process is that it produces good quality synthetic gas with almost no CO<sub>2</sub> gas emissions, and without the need for the consumption of high volumes of water or power. Additionally, the process does not utilise oxygen injection, which means there is no need for a large air separation unit (oxygen production facility).

The Pyromex gasification process has a very small physical footprint ensuring very fast construction time-frames and construction costs at a fraction of traditional above ground gasifiers.

Linc Energy CEO, Mr Peter Bond said, "Linc Energy's investment in PowerHouse makes good sense. The most impressive thing about the PowerHouse Pyromex gasification system is the fact that it has virtually no greenhouse or CO<sub>2</sub> emissions, and yet opens up the opportunity for the gasification of open-cut coal. At the moment the cost of above ground gasification, combined with the huge greenhouse gas emissions issue means that any traditional above ground coal gasification development presents significant problems to overcome. But with Linc Energy holding the "ace" for underground coal gasification (UCG) and now developing the ability to roll-out a similar clean-coal model on above ground coal, the energy world is our oyster."

"Linc Energy's investment in Powerhouse is similar in many ways to the Company's previous investment in AFC (hydrogen fuel cell technology developer). The PowerHouse agreement secures significant global technology rights for Linc Energy to the commercialisation of the Pyromex above ground gasifier, whilst gaining a 10% exposure to the main business of the AIM listed company. This is just another example of how we at Linc Energy continue to build on our cleaner synthetic fuels capabilities and pursue opportunities wherever there is a potential to yield significant value and optionality for our shareholders," Mr Bond said.

The key terms of the agreement are as follows:

- Linc Energy will invest US\$6m in cash into PowerHouse and grant certain rights to PowerHouse to use its FT gas to liquids technology for PowerHouse's waste to energy applications.
- Linc Energy will acquire a 10% interest in PowerHouse and will maintain that interest when PowerHouse lists on LSE-AIM (expected to occur within the next 90 days). Linc Energy is also granted US\$1m worth of fully paid ordinary share options at US\$0.30 per share, exercisable within 12 months of the LSE-AIM listing.
- PowerHouse has granted Linc Energy a perpetual, exclusive, royalty-bearing licence to use, own, fabricate and operate Pyromex (UHTG) gasification systems for above ground coal to syngas production of 1 MMcf per day and greater in all territories (with the exception of the China licence which will be non-exclusive and Italy which is excluded).
- Linc Energy will pay a licence royalty of 5% of Linc Energy's Pyromex-produced syngas net profits. This royalty does not include any downstream profit exposure, such as may be achieved from gas to liquids production.
- Linc Energy is granted a further option exercisable within the next 2.5 years to invest a further US\$6m into PowerHouse stock at a 20% discount determined by reference to the market price at time of exercise.
- PowerHouse has committed to the development of a larger Pyromex UHTG system within two calendar years of PowerHouse listing on the LSE-AIM, to provide Linc Energy with an enhanced ability to apply the technology in the exploitation of large, mineable coal deposits.

Don Schofield, President of Linc Energy's USA operations, said, "The PowerHouse deal will allow Linc Energy to further open up a number of coal opportunities in the United States, including the state-line coal areas we own in Montana and North-Dakota. These coal areas were originally chosen by Tenneco as some of the better above ground gasification coal available in North America. This PowerHouse agreement allows Linc Energy to start to develop this billion tonne opportunity. When you consider our CEO is currently driving across the Australian continent using ultra clean diesel Linc Energy has already produced, the timing of this agreement, which provides the potential to turn billions of tonnes of coal into billions of barrels of diesel, is just perfect."

For more information visit [www.lincenergy.com.au](http://www.lincenergy.com.au) or contact the Australian head office on +617 3229 0800.



**Peter Bond**  
Chief Executive Officer

**Information for Media:**

Greg Meyer  
General Manager Corporate  
Communications  
Phone: +61 7 3229 0800  
E-mail: [greg.meyer@lincenergy.com.au](mailto:greg.meyer@lincenergy.com.au)

**ASX Contact:**

Brook Burke  
Company Secretary  
Phone: +61 7 3229 0800  
E-mail: [brook.burke@lincenergy.com.au](mailto:brook.burke@lincenergy.com.au)

**Information for Investors:**

Justyn Peters  
General Manager Investor Relations  
Phone: +61 7 3229 0800  
E-mail: [justyn.peters@lincenergy.com.au](mailto:justyn.peters@lincenergy.com.au)

## **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.