

6 December 2012

CARMICHAEL ROYALTY UPDATE

Linc Energy (ASX: LNC) is pleased to note a media release by Adani Mining Pty Ltd ("Adani") on 2 December 2012¹ reporting significant progress to its Carmichael coal project and a further definition of its resources. Adani remains on target to start overburden removal operations at the Carmichael coal project towards the end of 2013 with exports to occur in first quarter 2016. The ramp up to full production (60 Mtpa) is expected by 2022.

Adani, a subsidiary of India's Adani Group, acquired the Carmichael Coal tenement from Linc Energy in August 2010 for \$500 million in cash together with a significant royalty (\$2 per tonne (indexed to CPI) over the first twenty years of production).

With one of the largest single coal resources in Australia, Adani has identified that the tenement has the potential to produce 60 million tonnes of coal per annum.

Since the acquisition, Adani has undergone an extensive drilling campaign, progressed their mine planning studies and has done substantial work on the Environmental Impact Statement (EIS) for both the mine and the rail. Importantly, Adani has also made significant progress on the infrastructure to support the development including acquiring the Abbot Point coal terminal which provides the basis of its proposed T0 expansion and working with North Queensland Bulk Ports (NQBP) as a preferred proponent at the proposed Dudgeon Point coal terminal. The Carmichael mine and rail project was declared a significant project by the Queensland Government in November 2010.

Adani expects to finalise the EIS in mid-2013. Adani has also undergone an extensive exploration program on the asset with the goal to finalising the mine plan ahead of development and construction work towards the end of 2013.

Adani has satisfactorily resolved a majority of the landowner issues relating to the Carmichael tenement and is working with landowners along the rail route. Adani is working closely with the landowners to resolve any outstanding issues and does not see the project being impeded in any manner by land access issues.

Adani is planning the construction of a 185 kilometre rail line from the proposed Carmichael mine to Moranbah. This route has been selected as it offers the most reliable options with the added flexibility to export through Dudgeon Point via the Goonyella system or through Abbot Point via the Newlands system. Importantly, Adani, subject to commercial negotiations, will also be able to access any of the proposed Galilee to Abbot Point networks once they are operational.

On 6 June 2012, the Queensland Government announced two rail corridors to service new and existing coal mines in both the Galilee and Bowen Basins. The east-west corridor is substantially the same as Adani proposed corridor in its EIS and Adani is negotiating with QR National to

1

http://www.adanimining.com/Common/Uploads/MediaTemplate/Download_Adani%20Mining_PR_0212_2012.pdf

determine the best options to reach Abbot Point as well as Dudgeon Point and thus maintain flexibility to evacuate its cargo.

Importantly, the Government stated that they will work towards declaring State Development Areas to define these two preferred corridors within which the Government's powers of compulsory land acquisition can be exercised to fast track the development.

The Adani Group has established itself as one of the key players in the tightly held and extremely valuable Australian port business. This complements their existing port business in India but, more importantly, provides them with multiple options to export the large volumes of coal from the Carmichael mine.

In June 2011, Adani purchased Terminal One at Abbot Point for approximately A\$1.83 billion. This terminal has the capacity to export 50 Mtpa.

Adani plans a new development in the Port of Abbot Point precinct predominantly for its own use with some third party cargo as well (T0 development) with an ultimate capacity of about 70 Mtpa and is undertaking, jointly with NQBP, BHP and GVK a Cumulative Impact Assessment. The T0 terminal is targeted for completion contemporaneously with the Carmichael mine.

Separately, some 30 kilometres south of Mackay, Adani and Dudgeon Point Project Management, a subsidiary of the Brookfield Infrastructure Group, are the preferred proponents for the proposed Dudgeon Point Coal Terminal, a dedicated coal export facility adjacent to the existing terminals of Hay Point and Dalrymple Bay. Both proponents were awarded equivalent areas for the development of two new coal terminals on 14 December 2011. The proposed terminals will provide export capacity of up to 180 million tonnes per year. The Dudgeon Point Coal Terminal was declared a significant project by the Queensland Government in October 2011. The proposed coal terminal at Dudgeon Point is still subject to the requisite EIS and bankable feasibility studies. The EIS is targeted for approval by September 2013 with construction to be completed by 1st quarter of 2017.

Peter Bond, Managing Director and CEO of Linc Energy, said "We are encouraged that Adani has made such great progress since the acquisition of the Carmichael coal project from Linc Energy. They continue to exceed our expectations and we are delighted with their obvious commitment to developing the Carmichael mine and rail project. Obviously, we continue to monitor their progress closely given the significant royalty that we have attached to this development. Linc Energy shareholders stand to earn \$2 per tonne (indexed to CPI) over the first twenty years of production from this enormous project. At full production, Linc Energy stands to earn over \$120 million per year. "

Peter Bond

Managing Director & Chief Executive Officer

Media contact:

Belinda Taylor | GM Corporate Communications
e: belinda.taylor@lincenergy.com

Company Profile

Linc Energy is a globally focused, diversified energy company with a strong portfolio of coal, oil and gas deposits. It is Linc Energy's purpose to unlock the value of its resources to produce energy to fuel the future.

A publicly listed company, Linc Energy is the global leader in Underground Coal Gasification (UCG), which delivers a synthesis gas feedstock to supply commercially viable energy solutions – such as electricity, transport fuels and oil production – through gas turbine combined cycle power generation, Gas to Liquids (GTL) Fischer-Tropsch processing and Enhanced Oil Recovery.

Linc Energy has constructed and commissioned the world's only UCG to GTL demonstration facility located in Queensland, Australia. This facility produces the world's only UCG to GTL synthetic diesel fuel. Linc Energy also owns the world's only commercial UCG operation, Yerostigaz, located in Uzbekistan. Yerostigaz has produced commercial UCG synthesis for power generation for 50 years.

Linc Energy is listed on the Australian Securities Exchange (LNC) and can also be traded in the United States via the OTCQX (LNCGY).

ABOUT ADANI

Adani is a business behemoth with a global footprint across coal mining, power generation, infrastructure, ports, logistics and energy. It is a name well established among the distinguished corporate entities of India with a highly motivated taskforce of professionals who have delivered major projects across the world.

Adani has set itself the following goals to achieve by 2020:

- 20,000 Megawatts of thermal power generation;
- 200Mt of coal resources (mined and managed);
- 200Mt of cargo handling capability; and
- 20 capesize ships with a 170,000 SWT capacity.

The Carmichael tenement is predominantly targeted at meeting the fuel requirements for Adani's own power plants plus its trading portfolio.

Media contact:

Belinda Taylor | GM Corporate Communications
e: belinda.taylor@lincenergy.com