ASX Announcement

OIL & GAS DIVISION

ASX Code: LNC
OTCQX Code: LNCGY

18 December 2012

LINC ENERGY MOBILISES RIG TO UMIAT

- **Rig and equipment has begun mobilisation to site**
- **Spudding of first well expected to commence in January 2013 and program remains on time and on budget**

Linc Energy (ASX: LNC) (OTCQX:LNCGY) is pleased to announce that it has commenced mobilising the Kuukpik #5 drill rig and associated equipment and supplies to the Umiat oil field on Alaska's North Slope in preparation for the winter drilling program. The Company is using both overland travel and C-130 Hercules aircraft to accomplish mobilisation. The drilling program is proceeding as planned and is on time and on budget.

The winter drilling program includes the drilling and testing of shallow vertical and horizontal delineation wells in the Lower Grandstand Formation, as well as drilling and testing of a deep exploration target. The information gained from this program will help to validate the geological model, define the extent of the reservoirs, determine oil and rock properties for input into a reservoir simulation model, determine comparative production rates for horizontal and vertical completions and gather information on deeper reservoirs.

Four wells are initially planned for Umiat this winter program:

- Umiat DS#1, a Class 2 (oilfield waste) disposal well will be the first well drilled in the 2012-13 program, and is scheduled to spud on or about 22 January 2013. The DS#1 allows for the local disposal of drilling fluids and waste;
- Umiat #16, which will be drilled vertically into the Lower Grandstand oil sands. Four 60-foot sections of core will be pulled from the Lower Grandstand, kept frozen and analyzed after extraction. Umiat #16 will be flow tested after completion;
- Umiat #16H, a horizontal well, will be drilled directionally into the same Lower Grandstand intervals being tested in the #16. A side-by-side test of the #16 and #16H is important for assessing the performance of the horizontal production well in contrast to the vertical producer; and
- Umiat #23 will target the deeper horizons below the Lower Grandstand formation where additional natural gas is expected. Natural gas will be required for the Umiat development, as injection of cold gas into the Upper and Lower Grandstand reservoirs will be required to maintain reservoir pressure for production. Well #23 will be plugged back to the Lower Grandstand oil sands and flow tested in that zone (time permitting).

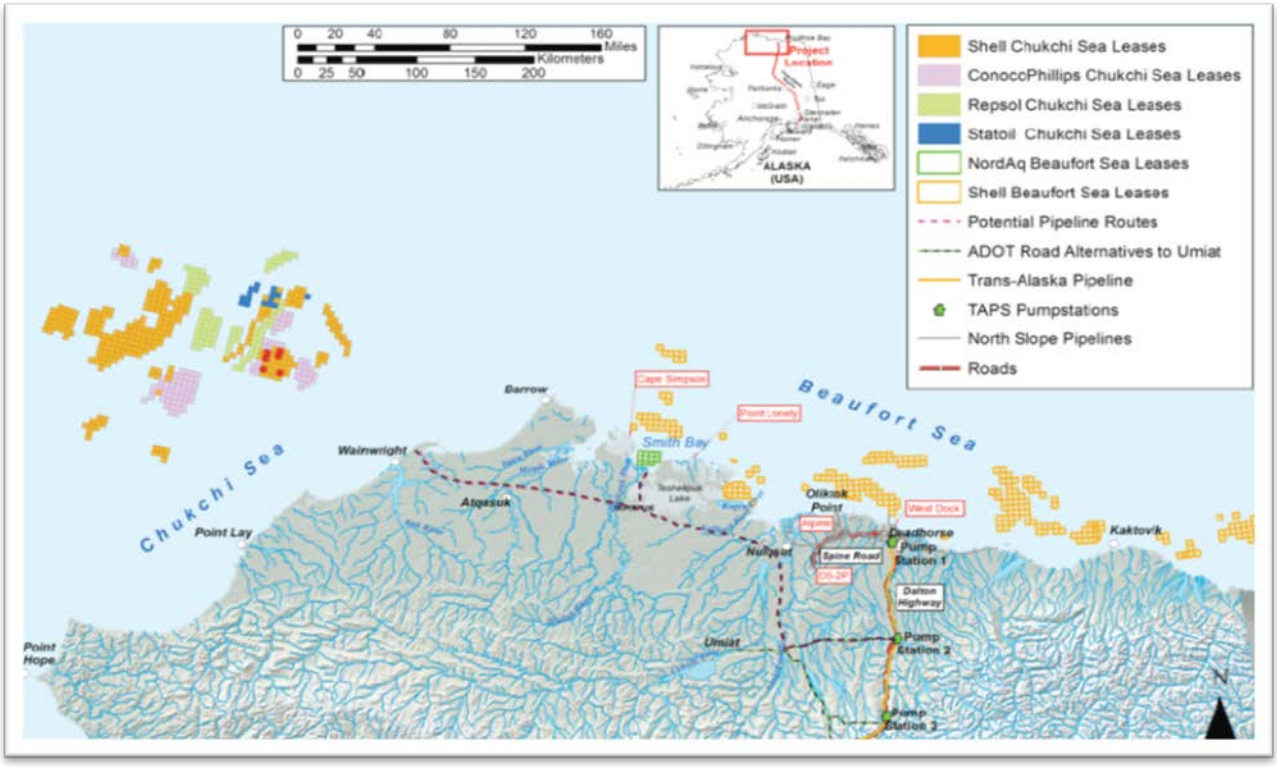
Two additional holes have been permitted (Umiat #18 and Umiat #19), as alternative locations for placement of wells in this winter's program. One or both of these wells could be drilled if time allows.

LINC ENERGY LTD
32 Edward Street
Brisbane, QLD, Australia, 4000
GPO Box 1315,
Brisbane, QLD, Australia, 4001
P +61 7 3229 0800
F +61 7 3229 6800
ABN 60 076 157 045
www.lincenergy.com

ASX Code: LNC
OTCQX Code: LNCGY

Crude oil samples will be taken for assay and further analysis and all wells will be drilled using mineral oil-based muds.

Following the drilling program, demobilisation from the Umiat location will commence by late April 2013. It is anticipated that the rig will be cold-stacked at Umiat through the summer months to save time and money on next year's program.



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).

Umiat Oil Field

Umiat is located on the Alaskan North Slope, approximately 60 miles north of Anaktuvuk Pass and approximately 60 miles south of Nuiqsut.

It has been estimated by Ryder Scott to contain Proved & Probable ("2P") reserves of 154.5 million barrels of oil equivalent ("MMboe"), with a 2P $NPV_{10\%}$ of US$1.496 billion, and Proved, Probable & Possible ("3P") reserves of 194 MMboe, with a 3P $NPV_{10\%}$ of US$1.828 billion.*

Linc Energy's winter drilling program will mark not only the first drilling at Umiat since the late 1970's, but will be the first time modern arctic drilling techniques will be applied to the reservoirs.

Linc Energy anticipates peak production could be approximately 50,000 barrels of oil per day (gross)

The Umiat reservoirs were discovered by the US Navy in the mid-1940's as a part of the exploration of the National Petroleum Reserve #4 (later renamed National Petroleum Reserve - Alaska) and adjacent areas. The US Air Force took over the operation of the Umiat Air Station in the late 1950s.

A total of 12 "legacy wells" have been drilled within the lease area between the years 1944 and 1979. Historical well testing at Umiat has determined that the oil is light, sweet crude with a 37 API gravity and a pour point of less than -5 degrees Fahrenheit.

It is just inside the eastern boundary of the Northeast Planning Area of the National Petroleum Reserve – Alaska (NPR-A), along the Colville River and managed under the rules and guidelines established for (NPR-A).

*The reserve estimates used in this statement were compiled by the Ryder Scott Company, L.P. by Scott J. Wilson (Senior Vice President of Ryder Scott Company LP) who is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which the reserve estimates appear.

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