OIL & GAS DIVISION

ASX Code: LNC
OTCQX Code: LNCGY

25 March 2013

UMIAT OIL FIELD – DRILLING UPDATE NO.2

- **Linc Energy has encountered 100 feet of net pay in the Lower Grandstand**
- **Net pay in Lower Grandstand meeting pre drill estimates**
- **300 feet of Lower Grandstand core recovered**

Linc Energy (ASX: LNC) (OTCQX: LNCGY) is pleased to announce as a further update to the successful start to its winter drilling program at Umiat, Alaska, that it has encountered 100 feet of net oil pay in the Lower Grandstand Formation in the Umiat #18 well. Umiat #18 is currently being cased in advance of deeper drilling the well to examine the potential of a new gas target at depth.

It is expected that Umiat #18 will encounter the deeper gas target within the next week. The commencement of flow testing of the Lower Grandstand in Umiat #18 will then follow and is expected to occur in the next two weeks.

Linc Energy is also pleased to report that it has recovered 300 feet of core through the Lower Grandstand Formation in Umiat #18 which has been sent to laboratories for analysis.

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 logging the deep resource potential at Umiat. Core and crude oil samples will also be taken during drilling. The information gained from this program will help to validate the geological model and define the extent of the reservoirs, determine oil and rock properties for input into a reservoir simulation model which will determine comparative production rates for horizontal and vertical completions and gather information on the deeper reservoirs.

As stated previously, the objectives of this year's drilling program will be achieved through;

- Umiat #18 well which will be drilled vertically into the Lower Grandstand oil sands. Five 60-foot sections of core will be pulled from the Lower Grandstand, kept frozen and analyzed after extraction. The hole will then be drilled below the Lower Grandstand to assess the deeper resource potential. Finally, Umiat #18 will be plugged back to the Lower Grandstand interval and flow tested after completion;
- Umiat #23H, a horizontal well, will be drilled directionally into the same Lower Grandstand interval being tested in the #18. This will provide the comparative flow testing of the vertical and horizontal well configurations important to the overall development scenario for the Umiat oil field.

Crude oil samples will be taken for assay and further analysis and both wells will be drilled using the mineral-oil based mud.

Umiat is located on the Alaskan North Slope, approximately 100 miles west of the Trans-Alaskan pipeline pump station 2.

It has been estimated by Ryder Scott to contain over 1.2 billion barrels of oil in place, with Proved & Probable ("2P") reserves of 154.5 million barrels of oil equivalent ("MMboe"), with a 2P NPV10% of US$1.496 billion, and Proved, Probable & Possible ("3P") reserves of 194 MMboe, with a 3P NPV10% of US$1.828 billion*. Linc Energy anticipates peak production during full field development could be approximately fifty thousand barrels per day.

A total of 12 "legacy wells" have been drilled within the field between 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. Early testing of vertical wells achieved flow rates up to 400 barrels of oil per day.

Peter Bond, CEO of Linc Energy, said, "This is a fantastic outcome as it reconfirms the original data validating the size and scope of the Umiat oil field in Alaska and, importantly, takes us one step closer to our goal of producing 50,000 barrels of oil per day from this field."

*The oil resource estimates in this announcement were compiled by Scott J. Wilson of Ryder Scott Company LP who is qualified in accordance with ASX listing rule 5.11 and who has consented to the form and content in which this statement appears.

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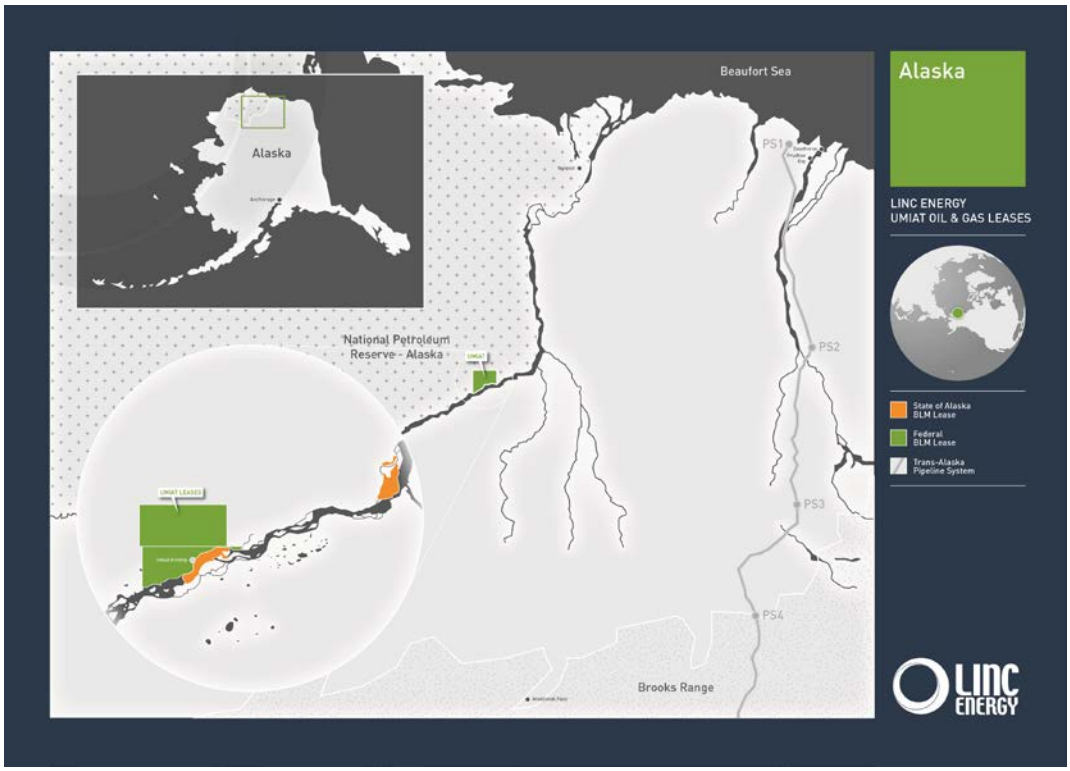

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Company Profile

Linc Energy is focused on both conventional and unconventional oil and gas production. The Company owns a diverse and world-class commodity portfolio that includes oil, gas, shale and coal.

Conventional oil and gas is focused onshore USA (Alaska, Texas, Louisiana and Wyoming) with current production expected to grow significantly from the Company's existing reserves.

Unconventional oil and gas is focused on our world leading capability in Underground Coal Gasification, the process of converting coal into a valuable synthetic gas in situ. Linc Energy has constructed and commissioned the world's only UCG to GTL demonstration facility. The Company also owns and operates the world's only commercial UCG operation in Uzbekistan, which supplies syngas to a nearby power station.

Linc Energy is listed on the ASX (Australia) and the OTCQX (USA).

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