

4 September 2014

Linc Energy Update of operations at its potential 103 Billion BOE* Arckaringa Basin Shale Oil & Gas opportunity in South Australia

- **Linc Energy has commenced operations as part of its first three (3) new drill wells to prove up the deeper parts of the Arckaringa Shale Oil & Gas Basin**
- **The first rig is expected to roll onto site in late September 2014 with spudding of the first well to occur shortly thereafter**

Linc Energy Ltd (SGX:TI6) (OTCQX: LNCGY) is pleased to announce that it has commenced operations as part of its three (3) well drilling program in the Arckaringa Basin in South Australia. The three (3) well locations have been selected following a lengthy and ongoing field appraisal study headed by world leading shale experts Baker Hughes.

This drilling program is focused on the Boorthanna Trough which formed the basis for the majority of the prospective resources separately identified by Gustavson Associates and DeGolyer and MacNaughton as previously announced. To date no previous drilling has intersected the formations at depth and the results of these wells will be important to understanding the basin in detail.

Samples and core recovered during drilling activity will be sent for analysis of rock layers within the targeted formations with the most prospective source rock. Analysis will include:

- Thermal Maturity – to confirm thermal gradient projections in each of the three holes;
- Source Rock – to confirm source rock quality of Stuart Range, Boorthanna and pre-Permian formations;
- Intersection of at least one of the conventional oil and gas targets identified by Gustavson as a prospective resource;
- Logging of all core holes; and
- Open hole well testing if moveable hydrocarbons are detected.

Assessment of the data collected in this first phase of drilling will determine the next development steps.

Linc Energy is committed to attempting to flow hydrocarbons in the Arckaringa Basin at the earliest possible opportunity and will, subject to drilling results and Board approval, look to follow up this initial three well program with a further three wells to commence this financial year. It is envisaged that if the results of these 6 wells are successful, Linc Energy will undertake a focused drilling campaign to start to unlock the significant hydrocarbon potential of this basin.

Linc Energy's research to date suggests that the conventional oil opportunities are also significant with several very good conventional oil well opportunities identified for exploration in the near future.

Peter Bond, Managing Director and Chief Executive Officer, said, "We are looking forward to unlocking the value from this world class asset and are thrilled to have the opportunity to

recommence our drilling program on this remarkable asset and get on with making the Arckaringa Shale (near Coober Pedy) one of the Company's key commercial focus points over the coming months and years. And if you look at the comparison table (*Figure 1*) below, you will see why we are so excited about this opportunity."

Figure 1: Global Shale Play Comparison Table

Shale Property	Eagle Ford	Bakken	Arckaringa Basin Organic-rich Shale
Age	Cretaceous	Devonian, Mississippian	Permian
Lithology	Bituminous Shale	Sandstone, Carbonate	Marine shale, Siltstones
Depth	7,000–14,000 (ft) 2,100–4,300 (m)	8,500–10,500 (ft) 2,600–3,200 (m)	2,000–4,300+ (ft) 600–1,300+ (m)
Thickness	150–300 (ft) 45–90 (m)	10–150 (ft) 3–45 (m)	230–1000+ (ft) 70–300+ (m)
Porosity	6–14 %	3–8 (%)	5–17 (%)
Kerogen Type	Type II	Type I / II	Type I / II
TOC	2–6%	7–22%	4.5–10%
Vitrinite Reflectance (Vro)	0.5–1.4%	0.5–1.0%	0.5–1.35%
Tmax	~833 °F ~445 °C	~800 °F ~425 °C	~825 °F ~440 °C
Estimated Recoverable Resource ⁽¹⁾	~ 10.8 Billion BOE	~ 5.4 Billion BBL	~ 3.5 Billion BOE ⁽²⁾
Area ('000 sq km / million acres) ⁽¹⁾	19.7 / 4.9	16.9 / 4.2	16.2 / 4.0 ⁽²⁾
Data Source	Wall Street Research		Linc Energy

1. Eagle Ford and Bakken estimates based on U.S. Energy Information Administration "Annual Energy Outlook 2012", dated June 2012. Eagle Ford comprises 2.5 billion BBL liquids and 50.2 TCF gas. EIA area estimate for Eagle Ford includes dry gas acreage - liquids rich acreage amounts to 8,300 km² / 2 million acres.
2. Arckaringa Basin prospective resources net to Linc Energy acreage only, adjusted for probability of geologic success, based on D&M report dated 21 January 2013 (3.5 billion BOE at 51% liquids). Area relates to c. 4 million acres within Linc Energy's Arckaringa Basin acreage containing sweet spots where accumulations of organic rich shale are expected.

Linc Energy holds over 65,000 km² (16 million contiguous acres) within the Arckaringa Basin across seven Petroleum Exploration Licences (PELs) and one Application (PELA).

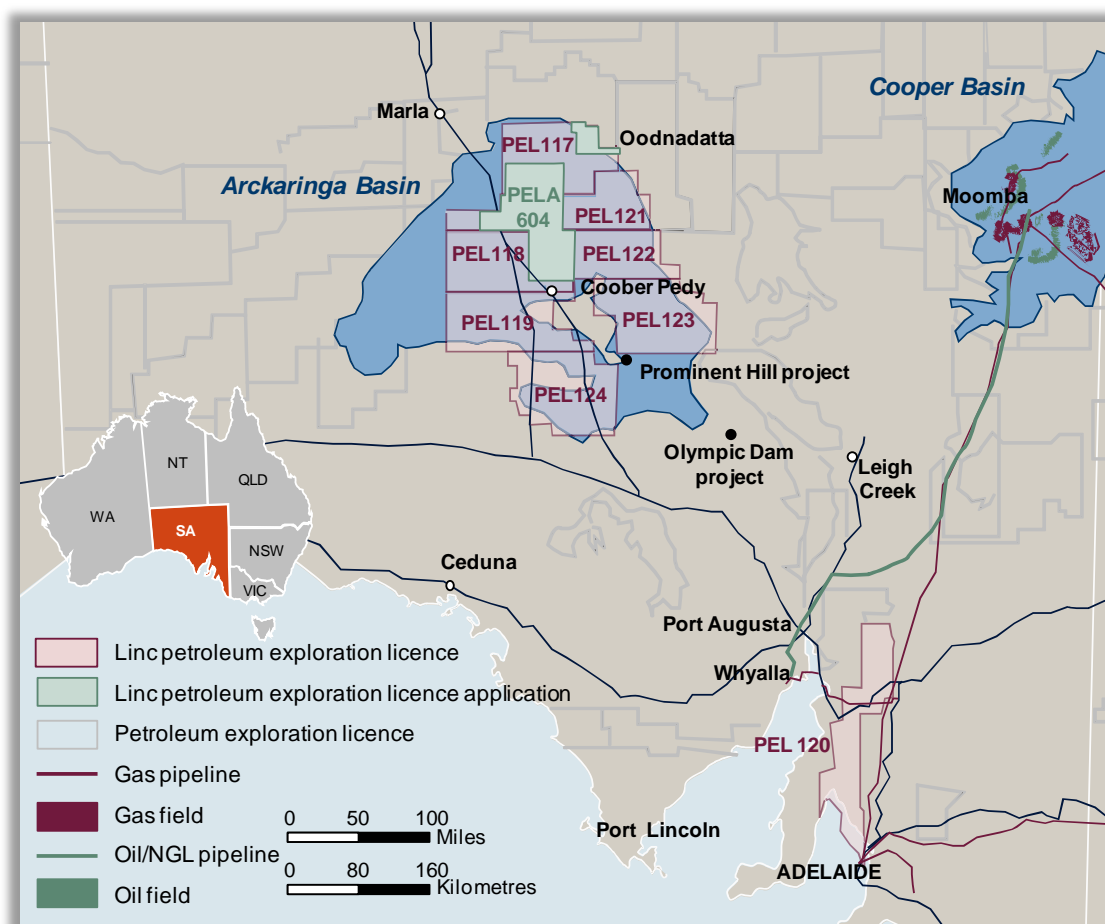


Figure 2: Arckaringa Basin Location



Figure 3: Historical Arckaringa Basin Drilling

***Note:**

- 1) Prospective Resources estimate in DeGolyer and MacNaughton report dated 21 January 2013. The Prospective Resources estimate presented in this report has been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers by DeGolyer and MacNaughton by John W. Wallace (consultant), who has consented to the form and context in which the prospective resource estimate appears.
- 2) Prospective Resources are those quantities that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Application of any geological or economic chance factor does not equate prospective resources to contingent resources or reserves.

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 SGX (Singapore) and the OTCQX (USA).

The initial public offering of the Company was sponsored by DBS Bank Ltd., Credit Suisse (Singapore) Limited and J.P. Morgan (S.E.A) Limited.
