

22 December 2015

Proposed Share Consolidation

- **Linc Energy proposes a 1 for 10 consolidation of issued ordinary shares**
- **Proposed Share Consolidation subject to shareholder approval at Extraordinary General Meeting ("EGM") to be called in early 2016**

Linc Energy Ltd (SGX:TI6) (OTCQX:LNCGY) wishes to announce that in order to meet the share price requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Main Board, the Company proposes to undertake a share consolidation ("**Proposed Share Consolidation**") of 1 consolidated ordinary share ("**Consolidated Share**") for every 10 existing issued ordinary shares in the capital of the Company ("**Shares**") held by the Shareholders, as reflected in the Register of Members of the Company as at a record date ("**Record Date**") to be announced by the Company on SGXNet, with fractional entitlements to be rounded down to the nearest whole Consolidated Share.

The Company will be convening an EGM in early 2016 for, amongst other things, the purpose of seeking approval from Shareholders for the Proposed Share Consolidation. If the Proposed Share Consolidation is approved at the EGM, and subject to review by the SGX-ST, the Company proposes that trading in the Consolidated Shares on the SGX-ST will commence at 9:00 a.m. on the trading day immediately following the Record Date ("**Effective Trading Date**").

The Company will make the necessary announcements on SGXNet to notify Shareholders of the result of the EGM vote with respect to the Proposed Share Consolidation resolution and (if the resolution is approved) the Record Date and Effective Trading Date.

Further details on the Proposed Share Consolidation are set out in Appendix A to this announcement.

Company Profile

Linc Energy is a global oil and gas company with a broad portfolio of oil, gas and coal assets. The Company applies conventional production techniques and its proprietary advanced technologies to extract value from the development of these resources.

Linc Energy is a global business with Oil and Gas operations primarily onshore in the USA (Alaska, Texas, Louisiana & Wyoming); Exploration for Shale Oil & Gas in the Arckaringa Basin in South Australia; developing a proprietary technology for the extraction of Heavy Oil (Moving Injection Gravity Drainage – MIGD) in an efficient and cost effective manner; and a significant number of opportunities to apply its proprietary Underground Coal Gasification (UCG) technology in key target markets including Asia and Africa.

The Company's proprietary UCG technology is a method of converting stranded coal resources into a valuable synthesis gas (Syngas) in situ. Linc Energy owns and operates the world's longest running commercial UCG operation in Uzbekistan (over 50 years in operation), which supplies Syngas to a nearby power station.

Linc Energy is listed on the SGX-ST (Singapore) and the OTCQX (USA).

APPENDIX A

Details of the Proposed Share Consolidation

As a result of the Proposed Share Consolidation (if approved), each Shareholder will receive one (1) Consolidated Share for every ten (10) Shares held prior to the Proposed Share Consolidation as at the Record Date. Shareholders should note that the number of Consolidated Shares to which they will be entitled to as a result of the Proposed Share Consolidation, will be based on their holdings of ordinary shares as reflected in the Register of Members of the Company on the Record Date. Fractional entitlements will be rounded down to the nearest whole Consolidated Share. For the avoidance of doubt, all fractional entitlements resulting from the Proposed Share Consolidation will therefore be disregarded.

Each Consolidated Share, when issued, will rank *pari passu* in all respects with each other and the then-existing ordinary shares in the capital of the Company.

As at the date of this announcement, the total number of issued Shares is 615,966,776. The Company refers Shareholders to the Company's announcement dated 21 December 2015, which states that the Company has agreed to issue an aggregate of 24,000,000 new Shares to various parties by way of placement ("**Placement Shares**"). Thus, for illustrative purposes only, assuming that (a) the Placement Shares have been issued by the Company prior to the Record Date; and (b) there will otherwise be no new Shares issued by the Company up to the Record Date, immediately following the implementation of the Proposed Share Consolidation, the total number of issued Shares in the Company will be 63,996,677 Consolidated Shares.

The Proposed Share Consolidation has no effect on the Shareholders' equity of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

As at the date of this announcement, the Shares are traded on the SGX-ST in board lot size of 100 Shares. It is intended that, following the Proposed Share Consolidation, the Shares will continue to be traded on the SGX-ST in board lot size of 100 Consolidated Shares.

As an illustration, assuming the Proposed Share Consolidation is duly approved and effected, a Shareholder who holds one board lot of 100 Shares (on a pre-consolidation basis) will hold an odd lot of 10 Consolidated Shares (on a post-consolidation basis). Such odd lots may be traded on the SGX-ST's unit share market which has a minimum size of one share (post-consolidation) and accepts trades in quantities of less than one board lot size. Shareholders who wish to trade on the unit share market should contact their own stockbroker, bank manager, or other professional adviser for details on how to do so.

Rationale for the Proposed Share Consolidation

On 1 August 2014, the Monetary Authority of Singapore and the Singapore Exchange Limited jointly announced that from March 2015, all issuers listed on the Main Board of the SGX-ST would be given a one-year transition period to comply with a listing requirement that their share price be maintained at a minimum trading price of S\$0.20 ("**MTP Requirement**"). The MTP Requirement was introduced to improve the overall quality and attractiveness of the securities market in Singapore, as well as to curb excessive speculation and market manipulation. On 10 February 2015, the Singapore Exchange Limited further announced that the MTP Requirement would be introduced with effect from 2 March 2015, with issuers to be assessed for compliance with the MTP Requirement from 1 March 2016. Issuers that fail to fulfil the MTP Requirement at

the first review date on 1 March 2016 or any of the subsequent quarterly reviews will be placed on the Watch-list. The assessment of whether the Company has met the MTP Requirement will be based on the volume weighted average price of the shares for the six (6) months preceding the relevant date of review, calculated in accordance with the applicable listing rules. Issuers placed on the Watch-list on or after 1 March 2016 will have a 36-month period to exit from the Watch-list. Issuers who fail to exit from the Watch-list will be subject to delisting in accordance with the listing rules of the SGX-ST.

Pursuant to a news release dated 3 December 2015, the Singapore Exchange Limited has given all issuers who have carried out a share consolidation exercise prior to 1 March 2016 a six-month extension of time, such that their first review date will be on 1 September 2016, instead of 1 March 2016.

The Company has observed that the Share price on the SGX-ST during the period between July 2015 and November 2015 (inclusive) was generally lower than S\$0.20. As such, the Company proposes to undertake the Proposed Share Consolidation to help ensure that it will be in a position to comply with the MTP Requirement when it comes into force in 2016. The Company intends to convene the EGM for the purposes of seeking Shareholders' approval for the Proposed Share Consolidation prior to 1 March 2016, so as to avail of the six-month extension of time as stated in the Singapore Exchange Limited's news release dated 3 December 2015.

Adjustments to the Company's Existing Convertible Notes as a result of the Proposed Share Consolidation

On 10 April 2013, the Company issued US\$200 million 7% convertible notes due 2018 ("**Convertible Notes**"), prior to the listing of the Company on the Main Board of the SGX-ST. As at the date of this announcement, the principal outstanding on the Convertible Notes is US\$137,475,000.

Under the existing terms of the Convertible Notes, noteholders have an option to convert the Convertible Notes into new Shares based on the applicable conversion price as provided under the terms of the Convertible Notes ("**Conversion Price**"). The Conversion Price is also subject to proportionate adjustments, in accordance with the existing terms of the Convertible Notes, if the Company undertakes certain capital events, including but not limited to a share consolidation.

In the case of a share consolidation, the precise adjustments to the Conversion Price will depend on the total number of Consolidated Shares which is eventually issued by the Company (if the Proposed Share Consolidation is approved and effected). As this number can only be determined as at the Record Date, the Company is unable to determine the precise adjustment to the Conversion Price at this juncture. The Company will make an announcement on the adjusted Conversion Price as a result of the Proposed Share Consolidation (if approved and effected) in due course.

Shareholders should also note that as described in the Company's announcement of 21 December, the Company will also be seeking Shareholders' approval at the EGM for the Proposed Amendments to the Convertible Notes (each as defined in the 21 December announcement). If the Proposed Amendments come into effect before the Record Date, the amended Conversion Price (pursuant to the Proposed Amendments) will be adjusted accordingly as a result of the share consolidation.

Approvals and Conditions

The Proposed Share Consolidation will be subject to the following approvals:

- [A] the approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and
- [B] the approval of Shareholders for the Proposed Share Consolidation.

(collectively, the "**Approvals**").

Further Information

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the SGX-ST. An announcement on the outcome of the application will be made in due course.

Subject to the receipt of in-principle approval from the SGX-ST, the Company will despatch a circular to Shareholders which will contain further details of the Proposed Share Consolidation. The Company will make further announcements on the Proposed Share Consolidation, as appropriate, in due course.

Shareholders and potential investors should note that the Proposed Share Consolidation is conditional upon satisfaction of the Approvals. Accordingly, the Proposed Share Consolidation may or may not finally proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Company's securities. When in any doubt, Shareholders are advised to seek independent advice from their stockbroker, bank manager, accountant, solicitor or other professional advisers.

BY ORDER OF THE BOARD

Janelle van de Velde
Company Secretary