Fueling our Future

Enhanced Oil Recovery Institute CO₂ Conference

Casper, July 2011
Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with the petroleum and mining businesses. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.
About Linc Energy

- Linc Energy is a world-focused, Australian-based energy company with coal, oil and gas deposits
- We are listed on the ASX and OTCQX with a market capitalization greater than $US1.5 Billion
- We are the global leader in Underground Coal Gasification (UCG) technology, with Gas to Liquids and Enhanced Oil Recovery skills for energy solutions
- We have over 400 staff in 10 locations and own a significant amount of coal tenure and oil and gas acreage across three continents.
Underground Coal Gasification
Chinchilla Demonstration Facility

• 12 years of UCG operations, with UCG successive gasifiers producing syngas for energy production
• Gas to Liquids (GTL) facility for the production of cleaner fuels (diesel, jet fuel)
• Waste water treatment and oxygen injection facilities
• Solid community engagement.
Commercial UCG Project Phase I

- A ‘stranded’ coal seam of 30’ thickness:
  - Contains over 34 million tons of coal per 640 ac. section
- A single UCG generator:
  - Consumes approximately 80-90 tons/day
  - Produces over 8.0 mmcf/day of syngas
- An operating panel of six UCG generators:
  - Produces over 50 mmcf/day of syngas
  - Could support a gas turbine plant of 100 MW
  - Could operate for well over 100 years in 34 mt resource.
Commercial UCG Project Phase II

- World class UCG to GTL project:
  - Producing 20,000 bbl/day of clean synthetic diesel, jet fuel and other liquids and valuable by-products
  - Producing all its own power requirements, plus over 200 MW of exported power
  - Consuming approximately 20,000 ton/day of coal
  - Producing commercial quantities of pure CO$_2$ ready for EOR sequestration or other purposes
  - Could operate for over 20 yeas in 3,200 acres of coal seam if 30’ thick (5 sections).
Current UCG Activity in the US

• Wyoming:
  • Drilled 52 wells total (7 core holes)
  • Significant staff hired in the Casper office, 15 since January 2011
  • Final R&D permits to be submitted in August
  • First US UCG gasifier commissioned by end of 2011 (with permit approval).

• Alaska:
  • Over 181,000 acres of coal exploration licenses.
Business Model

- Enhanced Oil Recovery (EOR) – Carbon Sequestration –
- Coal
- Oil & Gas
- GTL - $US28/barrel – Power – Methanol –
- World Leader
- Cheapest man-made conversion of gas and CO in the world
- Operating 50 years
Oil and Gas in the United States

- Began in October 2010
- Have since built a team of Oil and Gas professionals
- Strategically acquire assets to align Linc Energy to take advantage of self-sourced CO$_2$. 
Oil and Gas Strategy

1. Acquire good quality producing oil assets
2. Increase production short term by conventional methods
3. Capitalize on the upside resource potential using CO$_2$ for EOR.
The PRB

Outline of existing coal leases

Recent Rancher leases acquired
Southern PRB Index

Rancher Fields
Powder River Basin

Stratigraphic Column

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BM = Big Muddy
SGB = S. Glenrock B
SCC = S. Cole Creek
## 2007 Nitec Reports

- **South Glenrock B Unit - OOIP/ Remaining**
  - Upper Muddy: 39.6 MMSTB / 28.6
  - Lower Muddy: 42.9 MMSTB / 27.4
  - Dakota: 87.8 MMSTB / 57.1
  - Total: 170 MMSTB / 113

*57.2 Million Barrels Produced*
South Glenrock B Unit Injection Patterns
Base Case Predictions – Upper Muddy

Peak Production 1500 STB/D
Base Case Predictions – Lower Muddy

Peak Production 6500 STB/D
Base Case Predictions – Dakota

Peak Production 11,800 STB/D
CO$_2$ Flood Recoverable Oil

• Simulation predictions of continuous CO$_2$ injection into each of the reservoirs were made. The simulations assumed that each reservoir was operated independently of the other and that the maximum amount of CO$_2$ available for purchase (40 MMSCF/D) was utilized.

• Predicted oil recoveries over a 23 year period were:

  Upper Muddy 6.0 MMSTB
  Lower Muddy 8.1 MMSTB
  Dakota  19.7 MMSTB
  Total  33.8 MMSTB
So what about Big Muddy Field?
2006 Big Muddy Nitec Report

- Contracted by Rancher Energy to evaluate the Wall Creek formation
- OOIP – 245 Million Barrels
- Remaining Oil in Place 215 Million Barrels.
Structure: Wall Creek Sandstone
Gross Thickness Histogram

Maps Histogram: Mean = 68.63311  Stdv = 4.860369
Historical Oil Production

Incomplete water production data

www.lincenergy.com.au
Inverted 9 Spot Injection Pattern
Base Case Prediction
CO$_2$ Recoverable Oil

- Peak production of 12,000 BOPD (during initial depletion peak oil production was estimated at 9,000 BOPD)
- Incremental oil production over the 20 year period = 47.4 Million STB
- Maximum CO$_2$ purchase = 40 MMSCF/D
- Maximum Injection = 120 MMSCF/D.
Summary

• The synergy of Linc Energy’s UCG and oil assets is a solid strategy that leaves nothing behind as a waste product.

• Current PRB coal acreage has the potential to provide UCG/GTL products for decades.

• The oil assets that Linc Energy currently owns have the potential to produce thousands of barrels of oil per day and tens of millions of barrels of recoverable oil.
Thank You

Chris Mullen
General Manager, Oil and Gas Division
Linc Energy Ltd

(307) 472-2175
chris.mullen@lincenergy.com.au
www.lincenergy.com.au