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ASX ANNOUNCEMENT / MEDIA RELEASE

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LINC ENERGY SIGNS EXCLUSIVE FUEL CELL POWER GENERATION DEAL WITH AFC ENERGY

Linc Energy (ASX:LNC) (OTCQX:LNCGY) is pleased to announce that it has signed an exclusive agreement with the UK-based Fuel Cell Technology company AFC Energy Plc (AIM:AFC) (listed on the London Aim Market) and its related company, B9 Coal.

AFC Energy is a UK based company developing low cost alkaline fuel cells that generate clean electricity from hydrogen. The agreement gives Linc Energy the exclusive right to test the AFC Fuel Cell Technology on hydrogen produced from Underground Coal Gasification (UCG).

The AFC Energy fuel cell (known as the Alpha Fuel Cell System) is a compact Alkaline fuel cell system developed for the commercial power generation market.

The key terms of the agreement are as follows:

- AFC Energy has granted to Linc Energy worldwide exclusive rights to utilise and operate AFC Energy Fuel Cells in conjunction with any UCG application for a period of 24 months (with an option to extend this agreement to 3 years if required).
- Linc Energy will purchase the first Alpha Fuel Cell System for £200,000, payable in instalments based on delivery milestones, with delivery to Linc Energy's demonstration facility in Chinchilla, Australia anticipated by late March 2010 but no later than five months from the date of the agreement.
- Linc Energy will have the option to extend the exclusivity period in perpetuity. To exercise this option Linc Energy must invest £2.3 million into AFC Energy stock at a price determined in reference to the market price at the time of exercise. Linc Energy will own the AFC Energy stock and have the right to freely trade the stock as appropriate.
- For Linc Energy owned sites, Linc Energy will pay to AFC Energy an upfront payment calculated on the cost of delivery of fuel cell systems, and a royalty based on profits generated from the use of AFC Energy fuel cells.
- For Linc Energy owned sites, Linc Energy will pay to B9 Coal, as introducer and broker to the transaction, a royalty equal to two percent of the net profits generated from the use of AFC Energy fuel cells.

Testing of the Alpha Fuel Cell System will involve Linc Energy using a simple membrane gas separation process upon the UCG gas to ensure a satisfactory hydrogen mix feed gas is available for the Alpha System Fuel Cell. Linc Energy anticipates commencing testing of the system at Chinchilla by mid April 2010.

The Alpha System Fuel Cell is being developed as a low cost, easy to maintain, mass manufactured unit that can be installed in modular blocks. At the larger commercial end, this will involve container-sized housings (approximately the size of a 12m shipping container). The current design intention is that several of these Fuel Cell containers will provide 400Mw to 500Mw of power generation. The cheap and easy to produce hydrogen from UCG will make an ideal feed source for an inexpensive, easy to maintain Fuel Cell power station, with the only emissions from the power station being clean demineralised water.

One of the points often missed about UCG, is that UCG is in fact one of the cheapest and easiest producers of hydrogen in the world. Consequently where you are looking for hydrogen production, then Linc Energy's UCG operations is an ideal source of hydrogen both as a primary source or as a secondary by-product source (depending on the coal and geology at the UCG site). For example at Linc Energy's site in Orroroo, South Australia and at many of Linc Energy's Wyoming (USA) sites, the nature of the coal is such that Linc Energy will be producing hydrogen rich UCG gas. Subsequently, it makes sense to divert that surplus hydrogen into direct profit generation businesses like the AFC Fuel Cell power station, especially where it makes sense environmentally to do so.

Linc Energy's Chief Executive Officer, Mr Peter Bond said "It makes infinite sense to marry the cleanest power generation technology with the cleanest gasification technology. The picture of success is that you have a UCG field producing cheap and efficient UCG gas, with this UCG gas piped aboveground a short distance on the same gas field, adjacent to the fuel cell installation. There the gas is cleaned and put through a membrane to enhance the hydrogen percentage that is fed into a smart and compact Fuel Cell power generation facility that produces virtually no CO₂ emissions. In fact the by-product that this power generation plant does produce is in high demand, and that is clean demineralised water."

"The green power produced will then be fed into the local transmission grid. The future of this concept is simply staggering. It could easily be the ultimate answer for clean coal power many of us are looking for, and it's only one to two years away from reality."

Once the 3.5 Kw Alpha Fuel Cell System has been proven to operate successfully upon hydrogen produced from UCG, the next step towards commercialisation is that AFC Energy will supply an (approx) 50Kw Fuel Cell unit to Linc Energy to allow the completion of commercial scalability testing.

It is anticipated that this 50Kw test fuel cell could be available from late 2010, with delivery to Linc Energy in the first half of 2011. Once successful testing has been completed upon the 50 Kw units, it is anticipated the first commercial fuel cell power station will be ready for delivery in late 2012.

The project capital expenditure for power stations using AFC Energy fuel cells is forecast by AFC Energy to be less than traditional coal fired/IGCC power stations with lower long term operating costs and virtually no emissions, particularly when using UCG gas as the hydrogen source, ensuring a very competitive commercial model.

AFC Energy's CEO, Mr Ian Balchin said "This opportunity is by far the largest potential market for AFC Energy and is operational anywhere in the world where there are stranded coal deposits at depth (greater than 200m). The implementation of this program can create the 'Holy Grail' for future coal utilisation. We at AFC are very excited about working with Linc Energy and locking in to the dynamism that has made Linc Energy not only the most advanced UCG company both technically and commercially by far in the world, but also one of the fastest growing companies in Australia over the past few years. In parallel with our chlor-alkali opportunity, this program enables AFC to demonstrate the universality of its product offering."

For Further information please contact Mr Peter Bond at Linc Energy on (07) 3229 0800.



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Company Profile

Linc Energy is an innovative, forward-thinking company developing a significant energy business based on the production of cleaner energy solutions.

Linc Energy has successfully combined two known technologies, Underground Coal Gasification (UCG) and Gas to Liquids (GTL) and has demonstrated its vision of being a leading supplier of a new source of cleaner liquid transport fuels for the future.

UCG technology provides access to coal, deep underground and by in-situ gasification produces a high quality synthesis gas (syngas) containing carbon monoxide and hydrogen. Aboveground, in the GTL process, syngas is processed via Fischer-Tropsch technology to produce high quality, sulphur free synthetic hydrocarbons.

Linc Energy plans to combine its UCG and GTL technologies commercially at sites in Australia and around the globe as it realizes its vision of becoming the world's leader in providing cleaner synthetic diesel and jet fuels from stranded coal resources.

UCG produced syngas can also be used as a feedstock to generate gas turbine combined cycle power, resulting in reduced greenhouse gas emissions.

With significant coal deposits suitable for UCG technology, Linc Energy can provide alternative sources of liquid fuels and power generation well into the foreseeable future.

Linc Energy represents a new future for liquid fuels production and high efficiency energy generation.