Commercializing Underground Coal Gasification

Gasification Technologies Council Annual Conference
October 15, 2013
Summary

Assumptions

• Effective date of 1/1/2012
• Includes Wyoming Powder River Basin reserves only
• 7/1/2011 Ryder Scott report was used as a starting point. Database was quality-checked, production volumes were rolled-forward, and curves were refit, if necessary

• Pricing – Base price deck of $96.19/bbl and $4.12/mcf held flat for the life of the properties
• Price deck determined using SEC methodology of averaging prices on the first day of each month for the previous 12 months
• A negative differential of $0.06/bbl was applied to the base price deck

• Lease Operating Expense – LOE was increased from the Ryder Scott report to reflect actual operating costs based on trailing 9 month data
• The higher LOE is a result of the previous operator not adequately maintaining the properties during the last months of its ownership, thus requiring Linc to perform additional work in order to get the property back in order. This level of rehabilitation work is not expected continue in 2012
• Average LOE is ~$215,000/month

Oil Gas Equiv. PV-10

<table>
<thead>
<tr>
<th>Category</th>
<th>(Mbbl)</th>
<th>(MMcf)</th>
<th>(Mboe)</th>
<th>% Oil</th>
<th>($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDP</td>
<td>730,296</td>
<td>730,296</td>
<td>100%</td>
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<td>PSI</td>
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<td>PUD</td>
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<tr>
<td>Total</td>
<td>730,296</td>
<td>0</td>
<td>730,296</td>
<td>100%</td>
<td>$11,294</td>
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Overview of Linc Energy
Linc Energy

- Linc Energy is an oil & gas company, publically listed with a market capitalization between $750 million and $1 billion, focused on conventional and unconventional oil & gas production based in Brisbane, Australia
- Linc Energy’s operations consists of four broad businesses:
  - **Conventional Oil & Gas:**
    1. Extensive oil & gas acreage in the U.S. including Gulf Coast, Wyoming and Umiat (Alaska)
  - **Unconventional Oil & Gas:**
    2. Proprietary Underground Coal Gasification (UCG) technology, with portfolio of global coal resources to facilitate project development for production of syncrude (GTL) and synthetic natural gas (SNG)
    3. Significant acreage position with shale oil potential in Arckaringa Basin in South Australia with independent reports confirming 3.5 billion boe risked mean prospective resources
  - **Coal assets:**
    4. Coal portfolio in Queensland, currently evaluating strategic options including a $2 per ton royalty (indexed to CPI) with Adani over production from the 60 million tpy capacity Carmichael coal project in Queensland
Linc Energy Americas

- Linc Energy US offices: Anchorage, Glenrock, Denver and Houston
- 95 US staff employees and contractors
- **Unconventional Oil & Gas (UCG) - US Coal Acreage**
  - Wyoming Powder River Basin (PRB) - coal leases: 180,651 acres
  - Alaska/Cook Inlet & Interior AK MHT licenses – UCG exploration licenses: 166,762 acres
- **Conventional Oil & Gas - US Oil and Gas Reserves**
  - Wyoming PRB - Glenrock producing oil fields: 29,782 acres
  - Texas & Louisiana Gulf Coast – 13 producing oil fields, 13,400 acres
  - Alaska Umiat – 19,348 acres National Petroleum Reserve Alaska
- **UCG projects being analyzed in Alaska, Alberta and Wyoming**
Conventional Oil & Gas - USA
Unconventional Oil & Gas - UCG
Underground Coal Gasification

- Linc Energy has invested more than US $200 million in developing its proprietary UCG technology over the past nine years
  - Thirteen years UCG operational experience at Chinchilla, Australia
    - Five gasifier generations
    - Continuous operations for 18 months (G5)
  - Linc Energy operates the only commercial UCG facility in the world: “Yerostigaz” in Angren, Uzbekistan
    - About 1 million cubic metres of syngas per day
- Investments in R&D, technology development and design to ensure Linc Energy’s UCG technology provides maximum gasification efficiency
- World’s largest groundwater monitoring dataset at Chinchilla
- Currently supporting UCG regulators internationally in design and adaptation of UCG regulatory frameworks
- Offices focussed on UCG in Brisbane, Houston, Krakow, Denver, Anchorage, Johannesburg and Chinchilla
Underground Coal Gasification

• Linc Energy’s Clean Energy Division is now on the path to commercialization

• Key regions of focus for UCG commercialization in the short to medium term include:
  - South Africa
  - Eastern Europe
  - Russia
  - Americas
  - Asia

• Business model includes:
  - development of own coal resources; and
  - partnerships with third party resource companies and downstream off-takes

• Linc Energy has 20+ commercial opportunities currently under consideration
Underground Coal Gasification
Versatility of Syngas

- Synthetic natural gas
- Hydrogen for oil refining
- Consumer products
- Chemicals
- Transportation fuels (e.g., syn-diesel, syn-jet-A)
- Fertilizers

IN-SITU

GASIFICATION

IN-SITU
Linc Energy – South Africa

• Linc Energy announced on 30 May its first commercial UCG agreement with South Africa’s Exxaro.

• The agreements provide for:
  - Joint venture between Linc Energy and Exxaro
  - Non exclusive license for the use of Linc Energy’s proprietary UCG license
  - The provision of technical engineering and design services by Linc Energy to the JV

• Pipeline of future projects to be assessed including GTL

• Concept engineering study commenced

• First gas expected – 2015 to 2017.
Linc Energy – Russia

• Linc Energy announced on 19 June 2013 it has entered into a Letter of Intent and Services Agreement with LLC Yakut Minerals to evaluate and progress the development of UCG to gas to liquids (GTL) and other downstream opportunities

• Focus on Chukotka region in north eastern Russia

• LOI outlines principles which will guide future discussions on the negotiation of final commercial terms

• The Chukotka region has significant stranded coal resources with a demand for natural gas and liquid fuels met entirely from imports

• Several of Linc Energy’s Clean Energy team visited Chukotka in August to commence Government engagement and site selection

• When a resource suitable for UCG is confirmed, the parties intend to develop further terms to bring a project to fruition.
Linc Energy – Ukraine

- D.TEK and Linc Energy signed an agreement to cooperate in development of UCG in Ukraine in December 2012
- Material opportunity to enhance energy independence of Ukraine using local stranded coal
- Several of D.TEK’s coal resources currently under assessment for UCG suitability
- Preliminary assessments made on behalf of D.TEK support production cost of syngas being materially lower than shale gas
- Assessment to include downstream production of Synthetic Natural Gas, Liquid Hydrocarbons (GTL) and power generation
- Gap analysis to be undertaken re UCG regulations in Ukraine

- Ambitious timelines for commercialisation set by both companies
  - D.TEK seeking first gas in 2014
Linc Energy – Poland

• Linc Energy was granted coal exploration concession Polanka-Wielkie Drogi (PWD) in November 2011
• Lease area covers 216.14 km² and contains an estimated 1.2 billion tons of coal
• Linc Energy drilling and exploration program began in September 2012
• To date, drilling results and seismic records suggest resource is compatible with Linc Energy’s site selection criteria
• Current activity:
  ✓ working with Polish government to confirm regulatory framework for UCG commercial operation
  ✓ In discussions with prospective product off-takers, likely to be power or GTL
  ✓ Scoping and defining project
Following a recent visit to Linc Energy’s UCG demonstration project at Chinchilla, four Polish professors from one of Poland’s leading mining universities, made the following remarks in the Polish Mining Review (April 2013):

“It can therefore be concluded that Linc Energy is currently a global leader operating in the field of development of underground coal gasification technology. The process carried out at the Chinchilla research plant allows it to meet today’s demands for environmental protection. The next step should be implementation of the technology on an industrial scale.”
Linc Energy – Americas

- Alaska
  - Significant coal acreage in and around the Cook Inlet Basin near Anchorage
  - Market dynamics, including higher gas prices, supportive of UCG
  - Assessing sizeable SNG project which could supply local utility and industrial customers
Linc Energy – Americas

- Wyoming
  - Twenty-two billion tons of coal under lease in Powder River Basin
  - Major milestone achieved 30 August, 2013
  - Wyoming Department of Environmental Quality deems Linc Energy UCG License Application complete and ready for public notice
  - Successful G6 trial will unlock Linc Energy’s PRB resources
  - Several commercialisation projects under review, although low gas prices in the continental US create challenges
Linc Energy – Global

- Linc Energy is also assessing the technical and economic merits of UCG and downstream projects with partners in several other regions considered to afford significant opportunities for UCG commercialization over the short to medium term.

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<tr>
<th>Region</th>
<th>Opportunity</th>
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<tbody>
<tr>
<td>Mongolia</td>
<td>UCG to GTL and Power</td>
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<tr>
<td>Canada</td>
<td>UCG to GTL</td>
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<tr>
<td>Bangladesh</td>
<td>UCG to Power</td>
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<tr>
<td>Indonesia</td>
<td>UCG to Power</td>
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<tr>
<td>Europe</td>
<td>UCG to SNG</td>
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<tr>
<td>Americas</td>
<td>UCG to GTL / SNG/Power</td>
</tr>
<tr>
<td>China</td>
<td>UCG to SNG / GTL / Power</td>
</tr>
</tbody>
</table>
Conclusion

• Linc Energy is assured its UCG technology is now at a point where the corporate emphasis shifts from research and development to commercialization

• The next round of material learnings for the UCG industry will stem from commercialization

• The pipeline of commercial opportunities continues to grow daily

• We expect to make more announcements of projects over the coming months

• The robustness of this project pipeline and the quality of partners substantiates the bright future for UCG domestically and internationally
Thank you

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