

# Coal drilling continues at Orroroo

There has been a lot of discussion about Linc Energy and UCG technology in the area lately, so the company recently clarified its operations in and around the Orroroo Walloway district.

Linc Energy's initial exploration work in the Walloway Basin near Orroroo began in mid-2009.

This work confirmed a very large lignitic coal resource of a size, quality and depth highly suitable for extraction using Linc Energy's world-leading Underground Coal Gasification (UCG) technology.

Following the success of the initial exploration drilling, Linc Energy announced its intention to extend its drilling program to further define the resource and allow a JORC compliant resource statement to be completed by the end of the first quarter of 2010.

Linc Energy's vision is to leverage its UCG technology and experience, along with Gas to Liquids (GTL) technology, to turn deep, stranded coals into clean synthetic transport fuels.

UCG is a completely different process to the Coal Bed Methane/Coal Seam Gas industry.

It is important the differences are well understood.

UCG utilises all of the coal, producing a high quality synthesis gas that can be used for a range of applications including power generation and synthetic fuel production.

CBM/CSG production seeks only to extract gas from coal seams, leaving the coal behind.

In the CBM/CSG process, de-

watering the coal seam and related aquifers lowers the groundwater levels, creating the need to evaporate large volumes of saline water at the surface.

UCG, however, looks to preserve water in the coal aquifer.

UCG produces significantly higher amounts of energy (up to 20 times) per unit of coal relative to CSG production.

The lignitic coal at Orroroo does not contain any appreciable volumes of CSG, and so there is no option for CSG production.

## Current Work Plans

As planned, Linc Energy returned to Orroroo in January to complete further drilling in order to better define its coal resource in preparation for a JORC compliant resource statement and to provide access to groundwater aquifers for hydro-geological studies.

The coal identified to date in the Orroroo region is low rank, deep coal and unsuitable for conventional mining.

Linc Energy's drilling and analysis suggests this coal is suitable for extraction using Linc Energy's UCG technology.

In Orroroo, Linc Energy intends to undertake a small pre-commercial UCG operation (similar to demonstration works undertaken at its Chinchilla Demonstration Facility). This initial pre-commercial stage will be used to confirm coal suitability and geology/hydrogeology, and provide validation for Linc Energy's design and modelling work.

After that stage has been demonstrated to be successful, Linc

Energy intends to move quickly to the next phase of commercial operations.

This will be a significant gas-fired power generation facility (about a 200 MW capacity). Such a gas-fired plant will have a small land footprint.

With the high thermal efficiencies available in a gas generation plant, it is anticipated that this stage of the project will provide a source of competitive, reliable and efficient thermal generation for the South Australian grid.

In the first half of 2010, Linc Energy will establish a site for its initial UCG operations in Orroroo.

The initial focus will be to install site infrastructure, followed by the installation of a pre-commercial UCG generator and other above ground equipment.

As plans develop and timing is clearer, more details will be provided about employment opportunities for the local community and other related aspects of the project.

Linc Energy currently anticipates having a small, locally-based workforce of perhaps 15 to 20 people by the end of 2010, although these numbers and timing require confirmation.

Linc Energy has arranged to use local accommodation and business services throughout the duration of its Orroroo drilling program.

The District Council of Orroroo Community leased the original Community Home building from Health SA and recently upgraded it to sub-lease to Linc Energy to accommodate workers while the

drilling program continues.

Linc Energy is pleased to be able to work with the council and local businesses to begin to create value for the town and community through its initial activities.

Linc Energy will update the community again as its drilling program nears completion.

