

ASX Release
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**SAPEX AND LINC ENERGY JOIN FORCES
FOR NEW S.A. COAL-TO-GAS PROJECT**

Energy production from South Australia could take on a new dimension following an agreement announced today between Adelaide-based SAPEX Limited (ASX: SXP) and leading Brisbane-based clean coal technology company, Linc Energy Ltd (ASX: LNC).

Under a Memorandum of Understanding (MOU) signed by the two companies, Linc will identify suitable locations within SAPEX's vast South Australian licence areas to establish Underground Coal Gasification fields for the production of Low Greenhouse Gas emissions Power, and Environmentally friendly Coal to Liquids (CTL) Diesel.

It is the intention of both SAPEX and Linc to then enter into a formal Joint Venture Agreement to commercialise such suitable resources.

"SAPEX is looking forward to working with Linc Energy on developing the potential of the large coal deposits in our licence area in South Australia," SAPEX Managing Director, Mr Andrew Andrejewskis," said today.

"This is the first step in the strategy, as outlined in our Prospectus, to seek out value-adding opportunities for coal," he said.

SAPEX - an oil and gas exploration company based in SA - holds seven Petroleum Exploration Leases (PELs) and two mining Exploration Leases (EL 3325 and EL 3326) that together cover almost the entire prospective area of the Arckaringa Basin in Central South Australia.

The company is exploring for oil, gas and coal seam gas in the basin. It also holds PEL 120 near Adelaide which has significant coal deposits that may be suitable for Underground Coal Gasification (UCG) and Coal Seam Gas.

Linc Energy is a Brisbane-based clean coal technology leader and energy company. It is currently completing its Chinchilla (Queensland) demonstration facility in the third quarter of 2007 where Linc will use its UCG gas in a world first demonstration, to convert UCG gas into cost effective ultra-clean Diesel.

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