OIL & GAS DIVISION

ASX Code: LNC
OTCQX Code: LNCGY

15 November 2013

OIL AND GAS DIVISION RESULTS FOR FIRST QUARTER 2014

- **For the three months ended 30 September 2013, daily sales averaged 4,797 gross (3,655 net) BOEPD (91% oil)**
- **Quarterly adjusted EBITDAX was $20.3 million**

Linc Energy Ltd (ASX: LNC) (OTCQX: LNCGY) ("the Company") is pleased to announce its First Quarter 2014 financial results for its wholly-owned subsidiary Linc Energy Resources, Inc. ("LER").

LER is the parent entity of the Company's Oil and Gas Group headquartered in Houston, Texas. As previously announced, on 12 October 2012, the Company, through its wholly-owned subsidiaries, issued $US265 million of senior secured notes ("Notes") bearing interest at 12.5% per annum due 31 October 2017. The Company is required under the terms of these Notes to report periodically on production and financial results of LER. All results quoted are based in US dollars.

Oil and Gas Revenues

For the three months ended 30 September 2013, LER's total revenue was $34.1 million, comprised of $33.6 million of oil revenue and $507,000 of gas revenue. During the Quarter, LER sold 310,029 barrels of oil and 157,544 Mcf of natural gas net to its revenue interest, with daily sales averaging 4,797 gross (3,655 net) BOEPD for the period (91% oil). The average sales price was $108.23 per barrel of oil and $3.22 per Mcf of natural gas, amounting to an average sales price for the Quarter of $101.29 per BOE.

Operating Expenses

For the three months ended 30 September 2013, cash operating expenses were $8.5 million, including, lease operating expense of $4.7 million ($13.74 per BOE), re-engineering and workover expense of $1.8 million ($5.21 per BOE), production taxes of $1.6 million ($4.69 per BOE), and ad valorem taxes of $423,000 ($1.24 per BOE). General and administrative expenses were $2.9 million ($8.48 per BOE).

Recent Developments

Gulf Coast

During the Quarter, LER drilled 13 wells and completed eight of those wells. Four are awaiting completion and LER temporarily abandoned one well for future sidetrack opportunity. Eight of the 13 drilled wells were in our Barbers Hill field and five were in Cedar Point. LER also successfully recompleted seven existing wells during the Quarter. Four of these wells were in Barbers Hill field and three were in Cedar Point field.

Cedar Point Drilling Program

As a result of its seismic reprocessing program, Linc Energy has commenced an exploitation program in its Cedar Point and Atkinson Island fields in Galveston Bay. This program should allow the company to build a more stable production profile with lower decline rates for future revenue growth.

To date, Linc Energy has initiated production on nine new Cedar Point wells and performed two recompletions in the field. The Company is currently drilling an additional Cedar Point horizontal well. Production at Cedar Point is currently lower than capacity across the newly drilled wells due to minor operational issues. The Company has commenced a remediation program to restore this production to its anticipated level prior to the end of the current quarter.

Umiat

In Alaska, planning continues for LER’s 2014 Winter Appraisal Program.

Subsequent to the 2013 program, the drilling rig was stacked on the permanent gravel pad at Umiat for the summer. Drilling on the Umiat 23H horizontal well should commence in January after construction of the drilling pad and infield ice roads. The well will be completed and production tested to confirm model-forecasted flow rates.

LINC ENERGY RESOURCES, INC

UNAUDITED CONSOLIDATED BALANCE SHEETS

(In thousands)

Assets		**September 30, 2013**	**June 30, 2013**
Current assets:			
Cash and cash equivalents	$	6,768	4,240
Restricted cash		1,536	2,756
Trade accounts receivable, less allowance for doubtful accounts of $540,000		12,990	11,542
Alaska tax credit receivable		-	29,471
Inventory		1,451	1,451
Prepaid expenses and other		869	782
Total current assets		23,614	50,242
Oil and gas properties, at cost (successful efforts method):			
Proved properties		408,461	407,131
Unproved properties		171,848	127,570
Less accumulated depletion and amortization		(56,071)	(48,829)
		524,238	485,872
Production facilities		21,450	21,450
Office and other equipment		3,762	3,756
Less accumulated depreciation		(3,875)	(3,351)
		21,337	21,855
Intangible assets, net		333	384
Deferred financing costs		10,523	11,436
Deferred tax asset		7,619	7,619
Due from affiliates		2,326	8,785
Other non-current assets		2,758	2,758
Total assets	$	592,748	588,951

The accompanying notes are an integral part of these consolidated financial statements.

LINC ENERGY RESOURCES, INC

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LINC ENERGY RESOURCES, INC.

UNAUDITED CONSOLIDATED BALANCE SHEETS

(In thousands)

Liabilities and Equity		September 30, 2013	June 30, 2013
Current liabilities:			
Accounts payable	$	27,498	37,130
Asset retirement obligation – current portion		5,759	5,619
Accrued expenses		6,337	4,322
Accrued capital expenses		7,227	18,250
Interest payable		13,729	5,758
Other payables		6,582	5,038
Deferred tax liability – current portion		7,085	7,874
Total current liabilities		74,217	83,991
Bonds payable, net of discount		256,840	256,470
Line of credit		35,000	35,000
Asset retirement obligation – non-current portion		31,014	30,676
Other long-term liabilities		2,385	1,435
Total liabilities		399,456	407,572
Equity:			
Paid in capital		184,109	169,109
Retained earnings		103	2,391
Total Linc Energy Resources equity		184,212	171,500
Noncontrolling interest		9,080	9,879
Total equity		193,292	181,379
	$	592,748	588,951

LINC ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS

	2013	2012
Revenues:		
Oil and natural gas sales		
Oil	$ 33,555	$ 24,841
Natural gas	507	33
Total revenue	34,062	24,874
Operating expenses:		
Production:		
Lease operating expense	4,681	2,810
Re-engineering and workovers	1,775	1,349
Production taxes	1,597	1,260
Ad valorem taxes	423	284
General and administrative expense	2,889	3,733
Depletion, depreciation and amortization	7,821	8,142
Accretion expense	286	275
Dry hole expense	-	5,397
Loss on abandonment	500	-
Total operating expenses	19,972	23,250
Other expense:		
Interest expense, net	8,621	1,375
Amortization of debt issuance costs	473	-
Other, net	4,885	31
Net loss on derivative contracts	3,987	5,271
Total other expenses	17,966	6,677
(Loss)/income before income taxes	(3,876)	(5,053)
Income tax expense (benefit)	(789)	(1,572)
Net (loss)/income	(3,087)	(3,480)
Less: Net loss attributable to noncontrolling interest	(799)	(4)
Net (loss)/income attributable to LER, Inc.	$ (2,288)	$ (3,476)

LINC ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPT 30, 2013 AND 2012
(In thousands)

	September 30, 2013	September 30, 2012
Cash flows from operating activities:		
Net Income/(loss)	$ (3,086)	$ (2,836)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	7,821	8,142
Accretion expense	286	275
Alaska tax rebate receipt	24,890	-
Dry hole expense	-	5,397
Amortization and write off of deferred financing fees	913	-
Unrealized loss on hedges	2,449	4,533
Changes in working capital:		
Increase in accounts receivable	3,133	(1,718)
Increase in prepaid assets and other	(87)	184
Decrease in due to/from affiliates (net)	6,459	4,697
Increase in accounts payable and accrued expense	(154)	(750)
Decrease in deferred tax liability	(789)	(1,572))
Net cash provided by operating activities	41,834	16,352
Cash flows from investing activities:		
Additions to property and equipment	(6)	(192)
Exploration expenditures capitalized	(55,520)	(13,526)
Payments for oil and gas assets	-	(3,060)
Change in restricted cash	1,220	-
Net cash used in investing activities	(54,306)	(16,778)
Cash flows from financing activities:		
Capital contributed by Parent	15,000	5,000
Net cash provided by financing activities	15,000	5,000
Net increase in cash and cash equivalents	2,528	4,574
Cash and cash equivalents at beginning of period	4,240	5,263
Cash and cash equivalents at end of period	$ 6,768	$ 9,837
Supplementary information:		
Interest paid	$ 293	$ 1,272
Income taxes paid	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

How We Evaluate our Operations:

We use a variety of financial and operational measures to assess our overall performance. Among those measures are (1) volumes of oil and natural gas sold, (2) oil and natural gas prices realized, (3) per unit operating and administrative costs, and (4) Adjusted EBITDAX (as defined below).

The following tables contain certain financial and operational data for the three months ended Sept 30, 2013:

Average daily sales (net):

Oil (BOPD)	3,370
Natural Gas (MCFPD)	1,712
Oil Equivalents (BOEPD)	**3,655**

Average sales price[(1)]:

Oil ($/BBL)	$108.23
Natural Gas ($/MCF)	$3.22
Oil Equivalents ($/BOE)	**$101.49**

Costs and expenses:

Lease operating expense($/BOE)	$13.74
Re-engineering and workover expense ($/BOE)	$5.21
Production taxes ($/BOE)	$4.69
Ad valorem taxes ($/BOE)	$1.24
General and administrative expense ($/BOE)	$8.48
Total ($/BOE)	**$33.36**

Reconciliation of Net Income to Adjusted EBITDAX[(2)]

	$ in thousands
Net income	(2,288)
Income taxes (benefit)	(789)
Interest expense	8,621
Amortization of debt issuance cost	473
Dry hole expense	0
Loss on sale of Alaska receivable	4,885
Unrealized gain/loss on derivative contracts	2,042
Non-controlling interest	(799)
Accretion expense	286
Depreciation, depletion, and amortization	7,821
Adjusted EBITDAX	**20,252**

(1) Average realized prices presented do not give effect to hedging.

(2) Adjusted EBITDAX is defined as net income before income tax, interest expense, unrealized gain/loss on derivative instruments, accretion, depreciation, depletion, amortization, impairment, dry hole costs and gain/loss on sale of an asset. Adjusted EBITDAX is not a measure of net income or cash flows as determined by GAAP, and should not be considered as an alternative to net income, operating income, or any other performance measured derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. We present Adjusted EBITDAX because it is frequently used by securities analysts, investors, and other interested parties in the evaluation of high-yield issuers, many of whom present Adjusted EBITDAX when reporting their results. Adjusted EBITDAX has limitations as an analytic tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Because of these limitations, Adjusted EBITDAX should not be considered as measures of discretionary cash available to us to invest in the growth of our business. Our presentation of Adjusted EBITDAX should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Company Profile

Linc Energy is focused on both conventional and unconventional oil and gas production. The Company owns a diverse and world-class commodity portfolio that includes oil, gas, shale and coal.

Conventional oil and gas is focused onshore USA (Alaska, Texas, Louisiana and Wyoming) with current production expected to grow significantly from the Company's existing reserves.

Unconventional oil and gas is focused on our world leading capability in Underground Coal Gasification, the process of converting coal into a valuable synthetic gas in situ. Linc Energy has constructed and commissioned the world's only UCG to GTL demonstration facility. The Company also owns and operates the world's only commercial UCG operation in Uzbekistan, which supplies syngas to a nearby power station.

Linc Energy is listed on the ASX (Australia) and the OTCQX (USA).