Linc Energy Ltd **Date of Lodgement: 1/2/13**

Title: "Company Insight – Oil and Gas Division Outlook"

Highlights of Interview

- **Description of oil and gas assets.**
- **Production growth objectives.**
- **Capital expenditure.**
- **Growth through exploration or acquisition.**
- **Development plans at Umiat**
- **Development plans at Wyoming using Enhanced Oil Recovery.**

Record of interview:

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Linc Energy Ltd (ASX code: LNC; market cap of ~$1.38 billion) met its stated exit rate of 6,000 barrels of oil per day (BOPD) by end 2012 from its US oil and gas assets (actual rate 6,307 BOPD). Can you describe your main oil and gas assets including Reserve or Resource numbers?

Scott Broussard, President Oil & Gas
We have three major oil and gas assets.

The U.S. Gulf Coast has Proved Reserves of 12.7 million barrels of oil equivalent (MMBOE) with 97% of that being oil. Wyoming has Proved Reserves of 0.8 MMBO with additional estimated recovery of 75 MMBO. This would be achieved with our Enhanced Oil Recovery (EOR) project. Our Umiat oil field in Alaska has Probable Reserves of 154.6 MMBO.

Our Gulf Coast assets are currently producing over 6,000 barrels of oil per day and our Wyoming assets are producing over 200 barrels of oil per day.

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What are your production growth objectives for each asset?

Scott Broussard, President Oil & Gas
In the Gulf Coast we would like to increase our production to around 10,000 BOPD in the next two years through drilling or recompletions. Our EOR project in Wyoming would then add an additional 10-15,000 barrels of oil per day. That would be in about three to four years. We have to secure a carbon dioxide source, which we're currently working on. The crown jewel is Umiat, which we think will add a further 50,000 BOPD when production commences in around four years' time.

The metrics for valuing US oil and gas companies are anywhere between US$60,000 to US$100,000 per flowing barrel of oil per day, so our division will become quite valuable if we achieve our production objectives.

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Can you outline what production rates you expect in 2013 and how you will get there?

Scott Broussard, President Oil & Gas
We previously said we are aiming to achieve 8,000-9,000 gross BOPD as an exit rate for calendar 2013. In order to get there, we are going to do what we've successfully done in the past, which is to continue drilling and completing wells. We plan to drill 30-35 wells and recomplete 15-20 wells – and we believe that will get us to our target.

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What sort of capital expenditure is required?

Scott Broussard, President Oil & Gas
The level of expenditure to take us to 8000-9000 BOPD by year end is in line with what we spent in 2012. This will be funded from existing production. At our anticipated peak production in the Gulf Coast of around 10,000 BOPD, we expect to spend about $30 million per year to maintain a stable level of production.

A completed drilling well is about $2 million, but that can vary, and a recompletion is anywhere up to $100,000 per well. Our operating expenditure, or lease operating expenses, was around $30 per barrel last quarter. We expect our operating expenses to trend downwards towards $20 per barrel over the coming quarters. It was higher than normal in the last quarter given the higher than average number of recompletions that occurred.

The Gulf Coast assets are becoming a very profitable part of the overall Linc Energy business.

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Do you have a preference for growing through acquisition or exploration?

Scott Broussard, President Oil & Gas
Our primary growth mechanism is through development of our portfolio assets through further drilling. Most of this is lower risk drilling because we already know that we have substantial amounts of oil in place at our assets. There is also some genuine exploration that we can do on our Gulf Coast assets, for example with the deeper onshore 'sub-salt' oil play we are also currently working on.

As a company, Linc Energy has been very successful at opportunistic acquisitions. We will continue to monitor opportunities, particularly those that would be bolt-on assets to our existing portfolio.

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What are your development plans at the Umiat Oil Field in Alaska?

Scott Broussard, President Oil & Gas
Umiat is an important resource of an estimated 1 billion barrels of oil in place, which is a key piece of our oil and gas growth story. There have been 12 legacy wells to-date and we have 2P reserves of 154.6 MMBO. It is a significant asset. Ryder Scott valued these reserves at approximately $1.5 billion on a discounted 2P basis.

We plan to undertake two winter seasons of appraisal drilling while continuing the permitting process with the State and US governments for full development of the field. Until we receive development approval we can only put drill rigs and equipment on the field during the winter when it is covered by ice and snow. We will be drilling a combination of horizontal and vertical wells, beginning this month, to prove up the ability to drill, complete and produce oil from the Umiat field.

The anticipated date for first oil is late 2017.

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Can you explain the skill set and experience Linc Energy has to operate in the highly competitive U.S. oil and gas market?

Scott Broussard, President Oil & Gas
We have assembled a top-tier staff of professionals, such as geoscientists and engineers, well versed in our operating arenas and we are ready for growth without significant further additions. Our 2012 production growth has demonstrated our skill set and capabilities.

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What is the development plan for Linc Energy's Wyoming assets, particularly the EOR project?

Scott Broussard, President Oil & Gas
The immediate issue is to find a long-term source for carbon dioxide. We plan to undertake a CO_2 Enhanced Oil Recovery (EOR) project which utilizes a multi-well injection and production array to recover additional oil from previously produced reservoirs. As I said before, we have about 75 million barrels of recoverable oil that has been modelled by a third party. We think it will take about two to three years to fully develop our carbon dioxide source. We believe we could achieve 20 to 30 years of production from the field.

The technology is quite mature and prevalent in the operating area. The nearest analogous field is Anadarko's Salt Creek Field (40 miles North of our field), which has increased production from 3,000 BOPD to over 13,000 BOPD utilizing similar EOR methods. So we believe it is a low risk technology, although it does have a reasonably high up front capital cost.

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How would you sum up the longer term prospects for Linc Energy's Oil and Gas Division?

President Oil & Gas, Scott Broussard
Linc Energy's Oil and Gas Division is uniquely positioned for continued double digit growth. The Gulf Coast assets will act as a bridge to the extremely robust Wyoming and Umiat developments. The Gulf Coast assets have tremendous growth potential, not only with what we've identified, but we also have around 70 prospects ready to drill and a tremendous opportunity with the sub-salt oil play.

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Thank you Scott.

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