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ASX Announcement

2 July 2012

LINC ENERGY'S OIL PRODUCTION INCREASES TO OVER 4000 BARRELS /DAY FOR JUNE

Linc Energy Ltd (ASX:LNC) (OTCQX:LNCGY) is pleased to report on its USA Oil & Gas March - June 2012 drilling and production activity.

DRILLING AND RECOMPLETION ACTIVITY: GULF COAST

The J.M. Brown #1 well was successfully drilled and completed to a depth of 5,500 feet. The well encountered over 210' feet of gross pay in 4 pay intervals. The well commenced production on 25th April with average production of 332 barrels of oil/day (BOPD).

Linc Energy commenced drilling the E.C. Kerley #1 well on 2 March 2012 with a targeted depth of 5,500 feet. The well encountered a severe loss circulation zone at 1,439 feet after 4 days of drilling. Linc subsequently drilled the E.C. Kerley #2 well as a replacement well for E.C. Kerley #1, reaching the target depth of 5,477 feet and then completed. The well encountered over 190 feet of gross pay in 2 pay intervals, the well commenced production on May 27 with average production of 140 BOPD.

The J.M. Brown #2 well was successfully drilled to a depth of 5,900 feet. The well encountered over 400 feet of gross pay in 7 pay intervals. The well was subsequently completed and commenced production on June 13. Average production is 250 BOPD.

Linc Energy commenced drilling the Monongahela #3 well on 16 March 2012 with a targeted depth of 5,600 feet. After 1 day of drilling, this well encountered a rubble zone at 500 feet which collapsed around the drill string. The well was side tracked and encountered a severe loss circulation zone at 1,075 feet which we were unable to remediate. The company will commence re-drilling the well in the next few weeks after a change in well design.

The J. Wilburn A-23 well was spudded on 30 May. The well has reached total depth of 5,300 feet and has encountered numerous mud log shows. Wireline logging operations are being conducted at the time of this report.

A recompletion was performed on the Higgins #8 well on 30 May. Production increased to 100 BOPD. This well has 3 remaining pay intervals.

A recompletion has commenced on the Higgins #1 well. Initial production is expected to be 120 BOPD. The well has 3 remaining pay intervals.

The J.B. Watkins #270 well (Black Bayou Field) was successfully drilled to a depth of 6,839 feet and was completed. The well encountered over 150 feet of gross pay in 3 pay intervals. The well commenced production on 17 April with average production through this date of 270 BOPD.

The J.B. Watkins #271 well was spudded on 30 April. Targeted depth is 8,100 feet and it has been drilled so far to a depth of 7,715 feet. The company is still drilling this well.

The J.B. Watkins #269 well was spudded on 23 April. Targeted depth is 8,327 feet and it has been drilled to target depth. Linc Energy is now running casing in the well with completion to follow.

The Constantin #2 well (Leeville Field) was successfully re-completed and commenced production on April 10, 2012. Average production is 150 BOPD.

DRILLING AND RECOMPLETION ACTIVITY: WYOMING

No drilling or recompletion activity occurred during March - June 2012, as Linc Energy focused upon the Co² EOR engineering and planning, including the completion of the Exxon Co² supply contract and the associated engineering.

DETAILED DRILLING ACTIVITY FOR MARCH - JUNE 2012

DRILLING ACTIVITY: GULF COAST

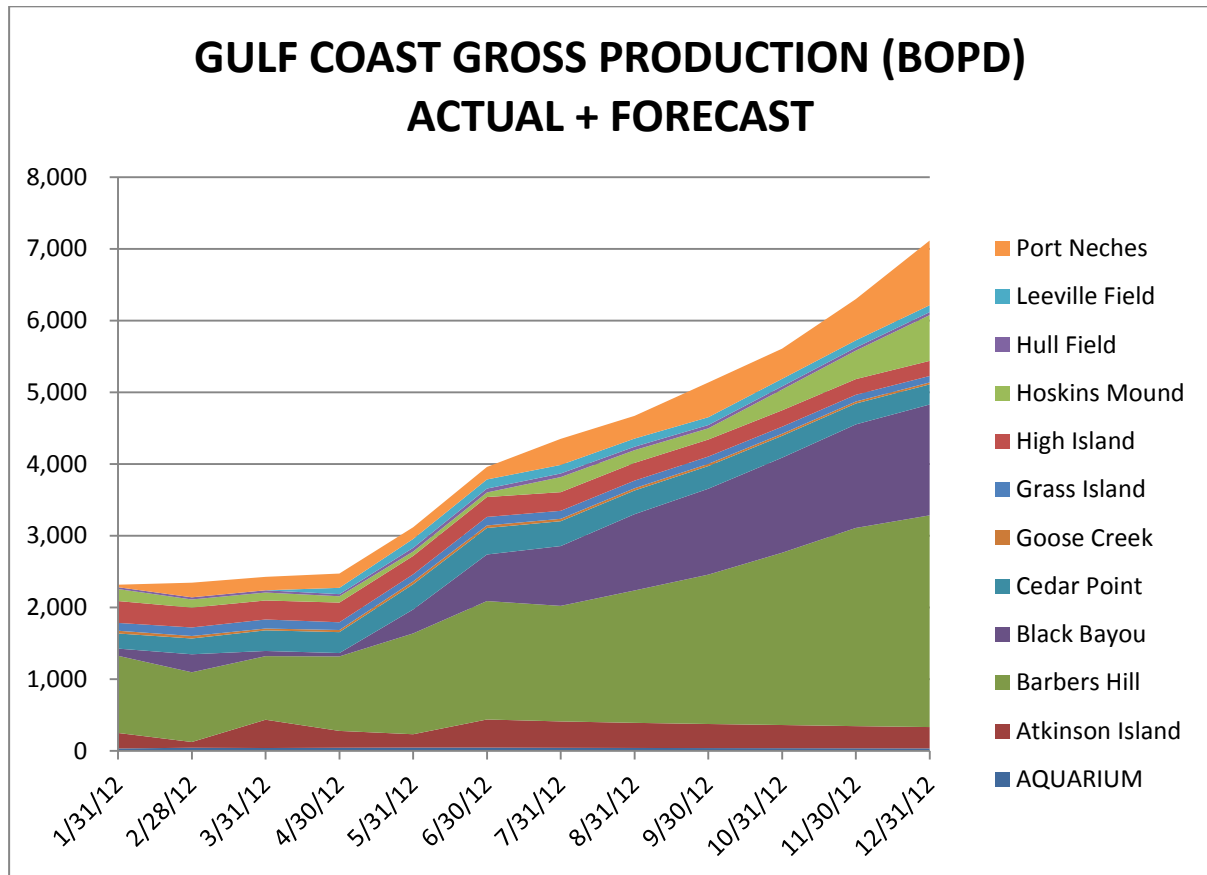
Well Name	Working Interest	Field/County(Parish)/State	Well Information
J.M. Brown #1	87.5%	Barbers Hill Field – Chambers County, Texas	Status: Producing 330 BOPD Depth: 5,500 feet (total depth) Confirmed Oil Pay Zones: 4
E.C. Kerley #2	87.5%	Barbers Hill Field – Chambers County, Texas	Status: Producing 100 BOPD Depth: 5,477 feet (total depth) Confirmed Oil Pay Zones: 4
J.M. Brown #2	100%	Barbers Hill Field – Chambers County, Texas	Status: Producing 250 BOPD Depth: 5,900 feet (total depth) Confirmed Oil Pay Zones: 7
J.B. Watkins #269	100%	Black Bayou Field – Cameron Parish, Louisiana	Status: Being drilled Depth: 8,250 feet (target depth) Confirmed Oil Pay Zones: TBD
J.B. Watkins #270	87.5%	Black Bayou Field – Cameron Parish, Louisiana	Status: Producing 270 BOPD Depth: 6,839 feet (total depth) Confirmed Oil Pay Zones: 3
J.B. Watkins #271	100%	Black Bayou Field – Cameron Parish, Louisiana	Status: Being drilled Depth: 8,450 feet (target depth) Confirmed Oil Pay Zones: TBD
J. Wilburn A-23	100%	Barbers Hill Field – Chambers County, Texas	Status: Logging Depth: 5,300' (total depth) Confirmed Oil Pay Zones: TBD

PRODUCTION SUMMARY

Gulf Coast production continues to increase on the back of Linc Energy's increased drilling and recompletion activity. Current gross oil production pending for June year end is 4000 BOPD after resumption of production at our Atkinson Island field. Significant near term production additions should come from the J. Wilburn A-23, J.B. Watkins #269, J.B. Watkins #271, and the Higgins #8. Aggressive drilling and recompletion activity will facilitate

continued increases in oil production volumes, which is allowing the company to reach its stated production target of 6,000-7,000 BOPD by years end (December 2012).

The chart below illustrates average daily production by month through June 30 as well as forecasted production through the end of 2012, based on the currently planned drilling and re-work program.



The company is planning to be producing over 5000 BOPD by end of third Quarter 2012 and then subsequently meeting our 6000 to 7000 BOPD (short term target) by late fourth Quarter, December, this year. This remains in line with the organisational guidance to the market after Linc Energy purchased the ERG assets last year.

With third Quarter production to go over 5000 BOPD, and with fourth Quarter oil on track to meet the production target of 6000 to 7000 BOPD, revenues for June 2013 will be approximately \$173M per annum, with net cash flow of \$85M after all costs (see attached graph).

Peter Bond, CEO of Linc Energy said, "Breaking the 4000 barrels/day target this Quarter was a good milestone to reach for the Linc Energy oil group. It's a meaningful shift to oil production growth as outlined in our original plan to develop these Texas/Gulf Coast assets into strong cash producing fields for the Company. The biggest message I believe most people will get out of this announcement is that Linc Energy is on track to meet our 6000 to 7000 BOPD year-end target, with more increased oil production to come from our Texas/Gulf Coast and Wyoming assets next year and beyond".

Scott Broussard, President - Oil & Gas of Linc Energy said “With the addition of 3D seismic and extensive subsurface mapping and salt modelling, Linc Energy is continuing to unlock even more potential from the ERG acquisition”.

Linc Energy has also recently gone through a budget and organizational restructure which has significantly reduced the quarterly run costs of the Company. This will enhance the cashflow numbers now being produced from Linc Energy’s oil division even further going forward.

Month	Gross Production (Bbls)	Average Bbls per Day Production
April 2012	74,144	2,614
May 2012	86,008	2,945
June 2012	96,000	3200

	Oil & Gas
Revenue (by June 2013)	173
EBITDA	131
Interest	(5)
Capex	(66)
Debt/Equity Movements	25
Net Cash Flow	85

WYOMING

Final engineering design is in progress for the planned CO₂ flood of the Upper Muddy formation in the Glenrock B Unit, which will significantly increase production in the field.

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Pioneer Rig #15 Drilling at Barbers Hill



Pumping unit completing Higgins #18 well at Barbers Hill

Company Profile

Linc Energy is a globally focused, diversified energy company with a strong portfolio of coal, oil and gas deposits. It is Linc Energy's purpose to unlock the value of its resources to produce energy to fuel the future.

A publicly listed company, Linc Energy is the global leader in Underground Coal Gasification (UCG), which delivers a synthesis gas feedstock to supply commercially viable energy solutions – such as electricity, transport fuels and oil production – through gas turbine combined cycle power generation, Gas to Liquids (GTL) Fischer-Tropsch processing and Enhanced Oil Recovery.

Linc Energy has constructed and commissioned the world's only UCG to GTL demonstration facility located in Queensland, Australia. This facility produces the world's only UCG to GTL synthetic diesel fuel. Linc Energy also owns the world's only commercial UCG operation, Yerostigaz, located in Uzbekistan. Yerostigaz has produced commercial UCG synthesis for power generation for 50 years.

Linc Energy is on a rapid global expansion path to commercialise its portfolio of resources, with established offices across three continents in the United States, the United Kingdom and Australia.

Linc Energy is listed on the Australian Securities Exchange (LNC) and can also be traded in the United States via the OTCQX (LNCGY).