15 November 2012

OIL AND GAS DIVISION RESULTS FOR FIRST QUARTER 2013

- **Linc Energy's division, Linc Energy Resources, Inc., will publish its financial results on a Quarterly basis moving forward.**
- **For the three months ended 30 September 2012, daily sales averaged 3,878 gross BOEPD (99% oil).**
- **The average sales price was for the Quarter was $98.32 per BOE.**
- **Quarterly adjusted EBITDAX was $14.7 million.**

Linc Energy Ltd ("the Company") is pleased to announce its first Quarter 2013 financial results for its wholly-owned subsidiary Linc Energy Resources, Inc ("LER").

LER is the head entity of the Company's Oil and Gas Group headquartered in Houston, Texas. As previously announced, on 12 October 2012 the Company though 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 Revenue

For the three months ended 30 September 2012, LER's total revenues were $24.9 million, which were comprised of $24.8 million of oil revenues and $33,000 of gas revenues. During the Quarter, LER sold 250,473 barrels of oil and 15,108 Mcf of natural gas net to its revenue interest, with daily sales averaging 3,878 gross (2,750 net) BOEPD for the period (99% oil). The average sales price was $99.18 per barrel of oil and $2.21 per Mcf of natural gas, amounting to an average sales price for the Quarter of $98.32 per BOE, or $95.41 per BOE including the effect of hedges.

Operating Expenses

For the three months ended 30 September 30 2012, cash operating expenses were $9.4 million, including, lease operating expense of $2.8 million ($11.11 per BOE), re-engineering and workover expense of $1.3 million ($5.33 per BOE), production taxes of $1.3 million ($4.98 per BOE or 5.07% of revenue), ad valorem taxes of $284,000 ($1.12 per BOE or 1.14% of revenue) and general and administrative expenses of $3.7 million ($14.76 per BOE).

Recent Developments

During the first Quarter of 2013, LER focused on drilling and completing new wells as well as recompletions of existing wells within its core acreage in Texas.

LER drilled and completed six new exploitation wells. Four of the six new drilled wells were in the Barbers Hill field in Chambers County, Texas and the other two were in the Hoskins Mound field, located in Brazoria County, Texas. LER also recompleted four existing wells during the Quarter. All four of these wells were in the Barbers Hill field.

LER commenced pre-packing operations in the development of the 100-mile snow-packed access road which will support the winter exploration and delineation drilling program at the Company's Umiat oilfield on Alaska's North Slope. Mobilization of the man camp, drill rig and related support equipment into Umiat will commence in December 2012 upon completion of snow road construction. Drilling operations are anticipated to last through late April 2013.

Mr Peter Bond, CEO of Linc Energy, said "Scott Broussard, Linc Energy's President of Oil & Gas division, and I remain confident that the oil & gas team will meet the production target of 6,000-7,000 barrels per day by the end of December this year. This last Quarter has set the oil & gas division up for an exciting 12 months of increased production and resource expansion. It is also fantastic to see that the Umiat winter drilling program has started, with the commencement of construction of the snow road to the field on time and on budget."

LINC ENERGY RESOURCES, INC.
CONSOLIDATED BALANCE SHEET (Unaudited)
SEPTEMBER 30, 2012
(In thousands, except share and per share amounts)

ASSETS		
Current assets:		
Cash	$	9,837
Restricted cash		2,555
Accounts receivable		11,952
Inventory		1,451
Prepaid expenses and other		626
Total current assets		26,421
Property and equipment:		
Oil and gas properties, at cost (successful efforts method):		
Proved properties		324,616
Unproved properties		73,297
Production facilities		18,771
Office and other equipment		3,844
		420,528
Less accumulated depreciation, depletion and amortization		(21,377)
Net property and equipment		399,151
Other non-current assets		5,097
	$	430,669
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$	24,032
Asset retirement obligation – current portion		1,562
Accrued expenses		8,461
Current taxes payable		108
Total current liabilities		34,163
Long-term debt		130,000
Asset retirement obligation – non-current portion		21,703
Deferred tax liability		103
Due to parent		1,155
Other long-term liabilities		3,765
Equity:		
Paid in capital		226,754
Retained earnings		3,110
Other comprehensive income		-
Total Linc Energy Oil and Gas Entities equity		229,864
Noncontrolling interest		9,916
Total equity and liabilities		239,825
	$	430,669

LINC ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(In thousands, except share and per share amounts)

Revenue:	
Oil and gas revenues	$ 24,874
Total revenue	24,874
Operating expenses:	
Lease operating expense	2,810
Production taxes	1,260
Re-engineering and workovers	1,349
Ad valorem taxes	284
General and administrative expense	3,733
Depreciation, depletion and amortization	8,142
Accretion expense	275
Dry hole expense	5,397
Net (gain)/loss on derivative contracts	5,271
Total operating expenses	28,521
Other expense:	
Interest expense, net	1,375
Other expenses, net	32
Gain on purchase of Gasrock NPI	(646)
Total other expenses	761
Loss before income taxes	(4,408)
Income tax provision	(1,572)
Net loss	(2,836)
Less: Net loss attributable to noncontrolling interest	(4)
Net loss attributable to Linc Energy Resources, Inc.	$ (2,832)

LINC ENERGY RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(In thousands)

Cash flows from operating activities:		
Net loss	$	(2,836)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion		8,417
Dry hole expense		5,397
Unrealized loss on hedges		4,533
Changes in assets and liabilities:		
Increase in accounts receivable		(1,718)
Decrease in prepaid assets and other		184
Increase in due to/from affiliates (net)		4,697
Decrease in accounts payable and accrued expense		(750)
Decrease in deferred tax liability		(1,572)
Net cash provided by operating activities		16,352
Cash flows from investing activities:		
Additions to property and equipment		(192)
Payments for evaluation and development		(13,526)
Payments for oil and gas assets		(3,060)
Net cash used in investing activities		(16,778)
Cash flows from financing activities:		
Capital contributed by parent		5,000
Net cash provided by financing acti vities		5,000
Net increase in cash and cash equivalents		4,574
Cash and cash equivalents at beginning of period		5,263
Cash and cash equivalents at end of period	$	9,837
Supplementary information:		
Interest paid	$	1,272
Income taxes paid	$	-

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 in the following table).

The following table contains certain financial and operational data for the three months ended September 30, 2012:

Average daily sales:		
Oil (Bopd)		2,723
Natural gas (Mcfpd)		164
Oil equivalents (Boepd)		2,750
Average sales price[1]:		
Oil (per Bbl)	$	99.18
Natural gas (per Mcf)		2.21
Oil equivalents (per Bopd)		98.32
Costs and expenses:		
Lease operating expense ($/Boe)	$	11.11
Production tax expense ($/Boe)		4.98
Re-engineering and workover expense ($/Boe)		5.33
Ad valorem tax ($/Boe)		1.12
General and administrative expense ($/Boe)		14.76

Reconciliation of net income to Adjusted EBITDAX (in thousands)

Net Loss	$	(2,836)
Adjusted EBITDAX[2]		14,672
Reconciliation of Net loss to Adjusted EBITDAX		
Net loss	$	(2,836)
Income tax provision		(1,572)
Gain on purchase of Gasrock NPI		(646)
Interest expense		1,375
Unrealized loss on derivative contracts		4,533
Dry hole expense		5,397
Accretion expense		275
Depreciation, depletion and amortization		8,142
Non-controlling interest		4
Adjusted EBITDAX	$	14,672

1. Average realized prices presented do not give effect to our 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.

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