

16 May 2014

**LINC ENERGY USA OIL AND GAS OPERATIONAL UPDATE**

- Production of 4,474 gross BOEPD 95% oil
- Quarterly adjusted EBITDAX was \$17.3 million
- Focus on free cash flow generation increases
- Evaluating expansion of drilling inventory to enhance return on investment per well
- Actively pursuing accretive acquisitions to expand oil production and reserves
- Smooth executive management transition to build a larger oil division

Linc Energy Ltd (SGX: TI6) (OTCQX: LNCGY) ("the Company") is pleased to provide an update on its USA oil & gas business.

**Gulf Coast Activity****Gulf Coast Production**

Gulf Coast production averaged 4,291 gross BOEPD, comprised of 95% oil for the quarter ended 31 March. Due to extreme winter weather, Linc Energy completed a modest drilling program during the Quarter, which encompassed 2 successful wells in Barbers Hill and 1 well in Hoskins Mound. The Company also successfully recompleted 5 existing wells during the Quarter, 4 in Barbers Hill and 1 in High Island. Linc Energy plans to focus near-term activity on its Galveston Bay assets and will recommence its Barbers Hill program in late 2014, with several wells planned before calendar year end.

**Cedar Point / Atkinson Island Activity**

The harsh winter months in the Quarter kept sea levels below required depth of draft for barge access into Galveston Bay for drilling in Cedar Point, which slowed Linc Energy's drilling program over this period. This seasonal occurrence allowed Linc Energy's technical team to augment its robust prospect inventory. Through the end of this calendar year, Linc Energy plans to drill 5 more wells in Cedar Point, recomplete two existing wells, and drill 2 wells in the adjacent Atkinson Island field. The first well in the Cedar Point drilling program has been drilled, with completion to occur late next Quarter. The second well in the program commenced drilling in late April is ongoing.

**Subsalt Potential**

Linc Energy has an extensive seismic reprocessing program underway over the salt domes at Cedar Point, Barbers Hill, Port Neches and Black Bayou fields. The enhanced ability to image salt-related structures and to identify deep sub-salt potential has dramatically improved the prospectivity of the deeper targets. Within the Port Neches 3D seismic reprocessing project, Linc Energy is analysing a subsalt prospect in the lower Hackberry formation. Planning for the basis of well design to intercept targets above the subsalt will manage the risk profile. Current plans are to drill the well in the fiscal year, including evaluating the potential to promote a non-operated interest in the well to an industry partner.

**Umiat Activity Success**

As previously announced, Linc Energy completed the Umiat 23H horizontal well. Data from the well will be used to optimize the full field development strategy. The Company will update the market on the results of its technical analysis upon completion. Linc Energy is also evaluating the advantages of introducing an industry partner to assist us in the future development. The Company is committed to bringing the Umiat resource to market, and as such will perform required reservoir studies, field development, well design, EIS work and facilities planning over the course of this year.

**Wyoming Production and CO2 EOR Project Status**

Quarterly production in Wyoming of 182 BOEPD is the complement to Gulf Coast production resulting in overall production of 4,474 BOEPD in the Quarter.

Linc Energy is currently evaluating various commercial opportunities with regards to the Wyoming assets including the option of a partial or full sale to an industry partner. The evaluation of this option will be compared to the longer term potential of developing the CO<sub>2</sub> EOR project in our own right. Linc Energy anticipates maturity of this evaluation process to occur late this year.

**Linc Energy Resources (LER) Budget Guidance**

For the calendar year, inclusive of the latest Quarter, Linc Energy plans to drill a total of 13 wells. Linc Energy is looking forward to strong increases in oil and gas production by year's end.

LER believes its maintenance capital expenditure level is at an amount below its expected capital expenditure budget for the year, and that its current budgeted capital expenditure budget will allow for maintenance of existing production as well as some level of production growth. Future production growth will come from in-depth evaluation of existing assets which have received relatively less attention to date, such as Atkinson Island and High Island and corporate or acreage acquisitions.

**LER Management Succession Plan**

Former COO of the Oil and Gas assets, Bill Young, has been promoted to act as President of Linc Energy's Oil and Gas assets thereby providing continuity of operations, but also tapping into 25 years of executive leadership experience in the oil and gas industry. Prior to joining Linc Energy in 2012, Bill was COO of Probe Resources (2007-2011), a public oil and gas exploration and production company with operations focused on the Gulf of Mexico. Bill has also served as Vice President of Commercial Operations at Statoil, Hydro Gulf of Mexico, and Spinnaker Exploration (1998-2007) through a succession of serial corporate acquisitions. He is working closely with Michael Mapp, Linc Energy's Chief Operating Officer, to bolster operational efficiency, implement a cost monitoring regime, and increase capital discipline across the Company's oil and gas portfolio.

**Reserve Valuation – Gulf Coast**

Haas Petroleum Engineering Services, Inc. has estimated Proved (1P) reserves of 11.1 million barrels of oil (MMbo) and 3.1 billion cubic feet of natural gas (BCFG) (equating to 11.6 million barrels of oil equivalent) with a 1P NPV10% of \$489 million effective 1 March 2014 9 (summary attached). The decrease relative to the last report was due primarily to a decrease in PDP reserves due to the decline in activity for the quarter and revisions in certain Cedar Point PDP reserves. LER plans to commission a report effective July 1st, 2014 which will include additional PDP reserves from the ongoing Cedar Point program.\*

The change in reserve status created an impairment charge to the Company's oil and gas accounts for the period, however it is expected that as the Company's drilling campaign expands Linc Energy should regain this cost with an expanded oil reserve.

\*The reserve estimates used in this statement were compiled by independent consultants, Haas Petroleum Engineering Services, Inc., in accordance with the definitions and guidelines set out in the 2007 Petroleum Resource Management System by Rodger L. Walker who has consented to the form and context in which the reserve estimates appear.

|                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------|
| The initial public offering of the Company was sponsored by DBS Bank Ltd., Credit Suisse (Singapore) Limited and J.P. Morgan (S.E.A) Limited. |
|-----------------------------------------------------------------------------------------------------------------------------------------------|

**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 March 31, 2014:

**Average daily sales (net):**

|                                |              |
|--------------------------------|--------------|
| Oil (BOPD)                     | 3,278        |
| Natural Gas (MCFPD)            | 768          |
| <b>Oil Equivalents (BOEPD)</b> | <b>3,405</b> |

**Average sales price<sup>(1)</sup>:**

|                                 |                |
|---------------------------------|----------------|
| Oil (\$/BBL)                    | \$99.80        |
| Natural Gas (\$/MCF)            | \$4.24         |
| <b>Oil Equivalents (\$/BOE)</b> | <b>\$97.02</b> |

**Costs and expenses:**

|                                              |                |
|----------------------------------------------|----------------|
| Lease operating expense (\$/BOE)             | \$14.52        |
| Re-engineering and workover expense (\$/BOE) | \$6.88         |
| Production taxes (\$/BOE)                    | \$4.76         |
| Ad valorem taxes (\$/BOE)                    | \$0.97         |
| General and administrative expense (\$/BOE)  | \$8.47         |
| <b>Total (\$/BOE)</b>                        | <b>\$35.60</b> |

**Reconciliation of Net Income to Adjusted EBITDAX<sup>(2)</sup>**
*\$ in thousands*

|                                           |               |
|-------------------------------------------|---------------|
| Net income                                | (3,411)       |
| Income taxes (benefit)                    | (3,186)       |
| Interest expense                          | 9,474         |
| Amortization of debt issuance cost        | 616           |
| Dry hole expense                          | 2,675         |
| Loss on sale of Alaska receivable         | 2,175         |
| Unrealized gain on derivative contracts   | 702           |
| Accretion expense                         | 467           |
| Depreciation, depletion, and amortization | 7,825         |
| <b>Adjusted EBITDAX</b>                   | <b>17,337</b> |

(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 measure 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 (the Company) 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 (UCG), the process of converting coal into a valuable synthetic gas in situ. Linc Energy has constructed and commissioned the world's only UCG to Gas to Liquid (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 SGX (Singapore) and the OTCQX (USA).

APPRAISAL OF  
CERTAIN OIL AND GAS INTERESTS  
OWNED BY  
LINC GULF COAST PETROLEUM, INC.  
LOCATED IN  
LOUISIANA AND TEXAS  
AS OF  
MARCH 1, 2014

PREPARED FOR  
LINC GULF COAST PETROLEUM, INC.

Haas Petroleum Engineering Services, Inc.  
F-0002950

*Rodger L. Walker*

Rodger L. Walker, P.E.  
April 24, 2014





**HAAS PETROLEUM ENGINEERING  
SERVICES, INC.**

**2100 ROSS AVENUE  
SUITE 600  
DALLAS, TEXAS 75201  
PHONE (214) 754-7090  
FAX (214) 754-7092**

April 24, 2014

Mr. Bill Young  
Linc Gulf Coast Petroleum, Inc.  
1000 Louisiana Street, Suite 1500  
Houston, TX 77002

Dear Mr. Young:

As requested, Haas Petroleum Engineering Services, Inc. (hereinafter referred to as "HPESI") has prepared an estimate of certain hydrocarbon Reserves owned by Linc Gulf Coast Petroleum, Inc. (hereinafter referred to as "Linc"). The properties evaluated in this report are located in Louisiana and Texas. This estimate of Reserves was completed on or about the above date of this letter. This report was prepared for Linc's inclusion as an exhibit in their filing with the United States Securities and Exchange Commission ("SEC") and it is our understanding that it contains 100 percent of their Proved Reserves. It is HPESI's opinion that the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for this purpose.

Production data was generally available through 2/28/2014. As of March 1, 2014, Linc's net Reserves, future net income ("FNI"), and net present worth discounted at 10 percent per annum ("NPV") have been estimated to be as follows:

**TABLE 1**

| Reserve Class/Cat    | Net Reserves - As of 3/1/2014 |                  | FNI<br>(\$)        | NPV<br>Disc. @ 10%<br>(\$) |
|----------------------|-------------------------------|------------------|--------------------|----------------------------|
|                      | Oil &<br>Condensate           | Natural<br>Gas   |                    |                            |
|                      | (bbl)                         | (Mcf)            |                    |                            |
| Proved Producing     | 2,431,470                     | 124,230          | 182,974,140        | 132,413,330                |
| Proved Shut-in       | 46,730                        | 8,430            | (10,867,960)       | (5,271,190)                |
| Proved Non-Producing | 3,811,220                     | 864,040          | 299,089,050        | 182,161,460                |
| Proved Undeveloped   | 4,766,820                     | 2,094,870        | 337,902,830        | 179,756,040                |
| <b>Total Proved</b>  | <b>11,056,240</b>             | <b>3,091,570</b> | <b>809,098,060</b> | <b>489,059,640</b>         |

\* Totals in Table 1 may not exactly match values in the attached cash flow summaries and tabular summaries due to computer rounding.

FNI is after deducting estimated operating and future development costs, severance and ad valorem taxes, but before Federal income taxes. Total net Proved Reserves are defined as those natural gas and hydrocarbon liquid Reserves to Linc's interests after deducting all royalties, overriding royalties, and reversionary interests owned by outside parties that become effective upon payout of specified monetary balances. All Reserves estimates have been prepared using standard engineering practices generally accepted by the petroleum industry and conform to guidelines developed and adopted by the SEC. All hydrocarbon liquid Reserves are expressed in United States barrels ("bbl") of 42 gallons. Natural gas Reserves are expressed in thousand standard cubic feet ("Mcf") at the

contractual pressure and temperature bases and include shrinkage adjustment related to field and plant losses.

### **RESERVES ESTIMATE METHODOLOGY**

The Reserves estimates contained in this report have been prepared using standard engineering practices generally accepted by the petroleum industry. Decline curve analysis was used to estimate the remaining Reserves of pressure depletion reservoirs with enough historical production data to establish decline trends. Reservoirs under non-pressure depletion drive mechanisms and non-producing Reserves were estimated by volumetric analysis, research of analogous reservoirs, or a combination of both. The appropriate methodology was used, as deemed necessary, to estimate Reserves in conformance with SEC regulations. The maximum remaining Reserves life assigned to wells included in this report is 40 years. This report does not include any gas sales imbalances.

### **RESERVES CLASSIFICATION**

The Reserves estimates contained in this report conform to guidelines specified by the SEC. For more information regarding Reserves classification definitions see Appendix A. A complete discussion of the Reserves classification definitions can be found on the United States Government Printing Office website ([www.gpoaccess.gov](http://www.gpoaccess.gov)).

The SEC requires a development plan be in place for these assets. This reserve report defines a budget for that development plan, but HPESI makes no representation about the company's ability to fund this development.

### **COMMODITY PRICES**

Pursuant to SEC guidelines, the cash flow projections in this report utilize the unweighted 12 month arithmetic average of the first-day-of month benchmark prices for March 2013 through February 2014. The benchmark price for natural gas is taken to be the price received at Henry Hub and the benchmark price for hydrocarbon liquids is taken to be the price received for ("LLS") crude oil at the St. James, LA sales point.

This unweighted arithmetic average cash market price for natural gas delivered at Henry Hub during this time period is \$3.89 per MMBTU. The Henry Hub price was held constant throughout the life of the wells and is adjusted for BTU content, basis differentials, and marketing costs, resulting in a weighted average net price of \$4.04 per Mcf.

This unweighted arithmetic average cash market price for LLS crude oil sold at St. James, LA during this time period is \$104.89 per bbl. For crude oil, the LLS crude oil price was held constant throughout the life of the wells and is adjusted for crude quality, marketing fees, BS&W, transportation costs, purchaser bonuses and basis differentials, resulting in a weighted average net price of \$101.25 per bbl.

HPESI utilized the contract terms as of 04/01/2013 provided by Linc which provided a by-field adjustment to the LLS market price.

Revenue accounting data for the period of 2/1/2013 to 1/31/2014 was used in this evaluation.



## **OPERATING EXPENSES & CAPITAL COSTS**

In most cases, the lease operating costs used in this evaluation represent the average of recent historical monthly operating costs. In cases where historical costs were not available or deemed to be unreliable, operating costs were estimated based on knowledge of analogous wells producing under similar conditions. The lease operating expenses in this report represent field level operating costs and do not include COPAS charges.

Where available, capital costs were estimated using recent historical information reported for analogous expenditures. Where recent historical information was not available, Authority for Expenditure ("AFE") documents were used to estimate capital costs. AFE documents provided by the operator have been checked for reasonableness. Abandonment costs have been included for each field.

Operating cost data for the period of 2/1/2013 to 1/31/2014 was used in this evaluation. Operating expenses and capital costs were not escalated in this evaluation.

## **DISCLAIMERS**

The Proved Reserves presented in this report are estimates only and should not be construed as being exact quantities. They may or may not be actually recovered; and, if recovered, the revenues therefrom and the actual costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the product prices and the costs incurred in recovering these Reserves may vary from the price and cost assumptions in this report. Because these estimates are based on existing governmental regulations, changes could affect the ability to recover these Reserves. In any case, quantities of Reserves may increase or decrease as a result of future operations.

Reserves estimates for individual properties included in this report are only valid when considered within the context of the overall report and should not be considered independently. The future net income and net present value estimates contained in this report do not represent an estimate of fair market value.

All information pertaining to the operating expenses, prices, and the interests of Linc in the properties appraised has been accepted as represented. It was not considered necessary to make a field examination of the appraised properties. Data used in performing this appraisal were obtained from Linc, public sources, and our own files. Supporting work papers pertinent to the appraisal are retained in our files and are available to you or designated parties at your convenience.

It was beyond the scope of this HPESI report to evaluate the potential environmental liability costs from the operation and abandonment of these properties. In addition, no evaluation was made to determine the degree of operator compliance with current environmental rules, regulations, and reporting requirements. Therefore, no estimate of the potential economic liability, if any, from environmental concerns is included in the forecasts presented herein.

HPESI is independent with respect to Linc as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

### **GENERAL INFORMATION**

Attached are summary tables of economic analysis of predicted future performance. Other tables identify the properties appraised with summary Reserves and the economic factors applicable to each. A list of tables is included.

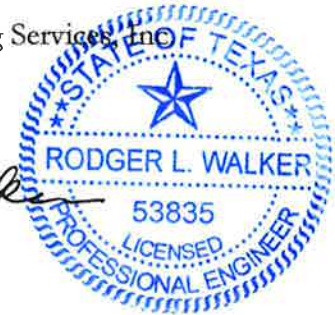
We appreciate this opportunity to have been of service and hope that this report will fulfill your requirements.

Respectfully submitted,

Haas Petroleum Engineering Services, Inc.  
F-002950

*Rodger L Walker*

Rodger L. Walker, P.E.



RLW/MCC: arm  
Attachments

## 2. Summary of Oil and Gas Reserves and Resources

Name of Asset/Country: Linc Energy Resources Gulf Coast Assets

| Category                     | Gross Attributable to Licence (MMbbl / Bcf) | Net Attributable to Issuer |                                 | Remarks |
|------------------------------|---------------------------------------------|----------------------------|---------------------------------|---------|
|                              |                                             | (MMbbl / Bcf)              | Change from previous update (%) |         |
| <b>Reserves</b>              |                                             |                            |                                 |         |
| Oil Reserves                 |                                             |                            |                                 |         |
| 1P                           | 14.298                                      | 11.056                     | -10.3                           |         |
| 2P                           |                                             |                            |                                 |         |
| 3P                           |                                             |                            |                                 |         |
| Natural Gas Reserves         |                                             |                            |                                 |         |
| 1P                           | 7.672                                       | 3.092                      | 2.2                             |         |
| 2P                           |                                             |                            |                                 |         |
| 3P                           |                                             |                            |                                 |         |
| Natural Gas Liquids Reserves |                                             |                            |                                 |         |
| 1P                           |                                             |                            |                                 |         |
| 2P                           |                                             |                            |                                 |         |
| 3P                           |                                             |                            |                                 |         |
| <b>Contingent Resources</b>  |                                             |                            |                                 |         |
| Oil                          |                                             |                            |                                 |         |
| 1C                           |                                             |                            |                                 |         |
| 2C                           |                                             |                            |                                 |         |
| 3C                           |                                             |                            |                                 |         |
| Natural Gas                  |                                             |                            |                                 |         |
| 1C                           |                                             |                            |                                 |         |
| 2C                           |                                             |                            |                                 |         |
| 3C                           |                                             |                            |                                 |         |
| Natural Gas Liquids          |                                             |                            |                                 |         |
| 1C                           |                                             |                            |                                 |         |
| 2C                           |                                             |                            |                                 |         |
| 3C                           |                                             |                            |                                 |         |

|                             |  |  |  |  |
|-----------------------------|--|--|--|--|
| <b>Prospective Resource</b> |  |  |  |  |
| Oil                         |  |  |  |  |
| Low Estimate                |  |  |  |  |
| Best Estimate               |  |  |  |  |
| High Estimate               |  |  |  |  |
| Natural Gas                 |  |  |  |  |
| Low Estimate                |  |  |  |  |
| Best Estimate               |  |  |  |  |
| High Estimate               |  |  |  |  |

1P: Proved

2P: Proved + Probable

3P: Proved + Probable + Possible

MMbbl: Millions of barrels

Bcf: Billions of cubic feet

**Name of Qualified Person: Rodger L. Walker**

**Date: May 9, 2014**

**Professional Society Affiliation / Membership: State of Texas Professional Engineer License #53835**