Unaudited Second Quarter and Six Months to Dec 2014
Financial Statements Announcement

This presentation contains forward-looking statements that are subject to risk factors associated with the U.S. oil & gas, Australian unconventional oil & and gas and global coal business. Statements contained herein which are not historical facts may be considered forward-looking statements, and these statements are intended to be covered by the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied and the forward-looking statements contained in this presentation may prove to be materially different from actual results obtained. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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.

Linc Energy Ltd ("the Company") is a conventional and unconventional oil and gas production and exploration company with a world-class commodity portfolio. The Company has the ability to apply its own advanced unconventional technologies to extract value from the development of resources.

Linc Energy is a global business, with oil and gas assets primarily onshore in the USA (Alaska, Texas, Louisiana and Wyoming); exploration for shale oil and gas underway in the Arckaringa Basin in South Australia; coal assets in Queensland, Australia; and a significant number of enterprises and opportunities arising from the application of its technologies in Asia, Europe, Africa and the Americas.

The Company's Underground Coal Gasification (UCG) technology is a method of converting coal into a valuable synthesis gas in situ and the Company is currently developing an adaptation of this technology for use in extracting heavy crude oil in an efficient and cost effective manner. The Company also owns and operates the world's longest running commercial UCG operation in Uzbekistan (over 50 years in operation), which supplies gas to a nearby power station.

On 18 December 2013, the Company listed all of its existing shares and issued 51,850,000 new shares by way of initial public offering ("IPO") on the mainboard of the Singapore Exchange Securities trading Limited ("SGX-ST") and raised approximately SGD$62,220,000 (AUD$55.5 million) in gross proceeds.

We are pleased to present our unaudited second quarter FY15 financial statements, which reflect our financial and operating results for the period ended 31 December 2014 ("Results"). The offering document registered by the Monetary Authority dated 11 December 2013 (the "Prospectus") sets out other information regarding the Company. The Company's results may be reviewed in conjunction with the Prospectus.

FINANCIAL AND OPERATING HIGHLIGHTS

LINC ENERGY GROUP	Second quarter FY2015 31 December 2014 $'000 AUD	Second quarter FY2014 31 December 2013 $'000 AUD	Year-to-date (6 months) FY2015 31 December 2014 $'000 AUD	Year-to-date (6 months) FY2014 31 December 2013 $'000 AUD
FINANCIAL SUMMARY				
Revenue	23,068	41,183	52,677	79,545
Sale of royalty	504	-	148,611	-
Profit / (loss) before other financial instruments expenses and income tax expense	(165,523)	(21,117)	(50,079)	(47,776)
Profit/(loss) before income tax	(165,361)	(70,837)	(58,043)	(108,857)
Profit / (loss) after other financial instruments expenses and income tax expense	(166,789)	(73,813)	(59,767)	(110,954)
Profit/(loss) from discontinued operation, net of tax	(2,577)	(108)	(3,512)	(4,763)
Profit/(loss) for the period	(169,366)	(73,921)	(63,279)	(115,717)
Gross Capital Expenditure – Oil & Gas[1]	12,202	29,288	32,600	78,295
LINC ENERGY RESOURCES, INC OPERATIONS SUMMARY				
Sales volumes (BOE) [2]	**267,209**	**394,785**	**553,634**	**735,485**
- Oil (bbls)	256,565	361,738	525,682	671,766
- Natural Gas (MMBtu)	43,892	198,284	120,386	382,310
- Liquid (gal)	139,765	-	331,314	**-**
Average sales price (BOE) before hedging	**71.39**	**91.81**	**81.18**	**95.59**
- Oil (USD$/bbls)	72.95	98.32	83.81	102.90
- Natural Gas (USD$/MMBtu)	2.74	3.41	3.36	3.10
- Liquids (gal)	1.70	-	1.46	-

[1] Committed capital expenditure for the period
[2] Net production

EBITDAX Computation (USA Oil and Gas operations)

LINC ENERGY RESOURCES, INC	Second quarter FY2015 31 December 2014 $'000 USD	Second quarter FY2014 31 December 2013 $'000 USD	Year-to-date (6 months) FY2015 31 December 2014 $'000 USD	Year-to-date (6 months) FY2014 31 December 2013 $'000 USD
Revenue	19,075	36,244	44,946	70,307
Net Income / (loss)	(58,055)	2,860	(68,823)	(226)
Add:				
Income taxes	60	4,161	60	3,372
Interest expense	11,888	9,096	23,161	17,717
Amortisation of debt issuance costs	1,398	1,093	2,149	1,566
Loss on extinguishment of debt	86	-	1,386	-
Loss on abandonment	52	(3)	309	499
Impairment expense[1]	47,741	-	47,741	-
Bad debt expense	-	-	68	-
Dry Hole	2,182	-	2,182	-
(Gain) / loss on sale of Alaskan receivable	7	-	(77)	4,881
Unrealised (gain)/loss on derivative component	(15,182)	(989)	(22,284)	1,464
Accretion expense	510	620	1,002	905
Depreciation, depletion and amortisation	18,784	7,818	35,010	15,639
Other items[2]	-	-	2,000	-
EBITDAX	**9,471**	**24,656**	**23,884**	**45,817**

[1] Gulf Coast and Wyoming asset book values have decreased following an internal impairment review primarily driven by a reduction in oil prices over the period. This is not due to a reduction in proved reserve volumes which have increased over the same period (see later operational update).

The Company is required to report the financial statements of its subsidiary Linc Energy Resources under both IFRS (for consolidation purposes) and GAAP accounting standards for US reporting. The calculation of impairment can be significantly different under the differing accounting standards. For example, impairment under GAAP is made by reference to undiscounted assessment of future cash flows from reserves against net book value. IFRS utilises a discounted reserves valuation for impairment calculation purposes.

The differing standards tend to result in a more likely scenario of higher impairment under IFRS than under GAAP. Conversely, under IFRS, any impairment charge taken in an earlier period can be reversed if the oil price increases in later periods, however, under GAAP, any reversal of impairment is prohibited.

[2] Management fees paid to parent company, Linc Energy Ltd, from its USA subsidiary.

EBITDAX is based on the Linc Energy Resources, Inc. business which presents financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). EBITDAX is a supplemental measure of performance that is not required by, or presented in accordance with IFRS. EBITDAX is not a measurement of financial performance or liquidity under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDAX is not a standardised measurement; hence, a direct comparison between companies using such measurement may not be possible.

Second Quarter 2015 Financial Update

- For the second quarter ended 31 December 2014, the Group has recognised a loss before tax of AUD$165.4 million. This is primarily as a result of an internal impairment assessment recorded against Gulf Coast assets triggered by a downward movement of oil prices during the quarter. It should be noted that a significant percentage of this impairment could be reversed as oil prices improve (under IFRS accounting standards).
- An impairment expense of AUD$117.8 million has been recorded for the second quarter 31 December 2014 primarily due to the impact of lower oil prices on the book valuation of the Company's Gulf Coast and Wyoming assets. The impairment is not driven by a decline in Proved reserve volumes which have not changed materially since the last reserves report (see operational note below).
- For the three months ended 31 December 2014, revenue and EBITDAX for the Oil and Gas operations, as prepared in conformity with Accounting Principles generally accepted in the United States of America ('GAAP'), has decreased to USD$19.1 million and USD$9.5 million, respectively compared to the quarter ended 31 December 2013 of USD$36.2 million and USD$24.7 million. This is due primarily to the lower production at lower average realised prices during the quarter and the deliberate reduction of capital expenditure on drilling new wells in the low price oil environment.
- The Company continues to review its hedging program on a regular basis and currently holds WTI swaps to cover 30% of forecasted production at a price of USD$86.22 for the remainder of the financial year. In addition, the Company entered into a WTI put option during the quarter to cover an additional 34% of production through to March 2015 at a price of USD$70.00.
- On 10 October 2014, the Adani Group exercised its call option under the Put and Call Option Deed for the transfer of Linc Energy's interest in the Carmichael Royalty Deed to the Adani Group. The option exercise consideration is AUD$155 million with the first tranche of AUD$90 million received on 13 October 2014. The second tranche of AUD$65 million is due to be received on or before 9 October 2015. The receivable was booked at a time discounted valuation of AUD$148 million with the difference being recognised in the profit and loss over time up until the scheduled payment date in October 2015.
- On 30 December 2014, formal approval was reached with Note Holders to amend the terms of the Company's Convertible Note due 2018. The key terms of the agreement included a USD$50 million repayment to reduce the principal amount of outstanding Notes from USD$200 million to USD$150 million, the existing note holders put option to move from 10 April 2015 to 10 April 2016, a call option will be exercisable by the Company up to 10 April 2016, updated conversion price of SGD$1.3411 and the interest rate to increase from 7% to 9% from 11 April 2015. On 10 April 2015, the conversion price will be reset to the lower of 115% of the spot reference price (being the average of 10 days VWAP preceding 10 April 2015) or the existing conversion price ("2nd Reset"). The 2nd Reset is subject to a conversion price floor of SGD$0.77.
- The net result of the amendment is that USD$50 million was retained as a current liability at 31 December 2014 (pending repayment on 5 January 2015) and the balance of USD$150 million, as adjusted for necessary accounting valuation purposes, is recorded as a non-current liability.
- In accordance with the Convertible Note amendment agreement, on 5 January 2015 Linc Energy repaid USD$50 million plus accrued interest.
- As at 31 December 2014, unutilised sources of liquidity amounted to AUD$103.7 million which is the balance of cash and cash equivalents at reporting date.

Second Quarter 2015 Operational Update

Oil & Gas

- Average production for the quarter ended 31 December 2014 was 3,797 BOEPD gross with Net Sales Volumes for the quarter of 2,885 BOEPD, comprised of 97% liquids, which was lower compared to the quarter ended 31 December 2013 (Gross Production of 5,157 BOEPD and Net Sales Volumes of 4,290 BOEPD). Production volumes for Q2 2015 were slightly lower than expected due to downtime in October while the Company was installing additional pipeline capacity to handle increased volumes from its Atkinson Island field.
- As at 31 December 2014, reserve volumes for the Company's Gulf Coast and Wyoming oil fields have been internally estimated at proved (1P) reserves of 9.8 million barrels of oil (MMbo) and 3.3 billion cubic feet of natural gas (BCFG) (equating to 10.4 million barrels of oil equivalent) and prospective reserves of 4.0 million barrels of oil and 7.7 billion cubic feet of natural gas (equating to 5.3 million barrels of oil equivalent). This represents a decrease of 1.2% in proved reserves and an increase of 15% in prospective reserves from the last external reserves report at 1 July 2014.

- The Company continues to add to its Gulf Coast prospect inventory of 60 new wells and approximately 60 recompletion targets and will implement a prudent investment program to optimise free cash flow in the lower oil price environment. Notably, the Company has been able to add 9 new prospects to date in its High Island field on the basis of its recently completed seismic reprocessing efforts.
- The Company performed three recompletions during the quarter which had a combined 30 day Initial Production (IP) rate of 536 BOPD. The Company completed two new wells in Galveston Bay, which were spud in the previous quarter, with a combined 30 day IP rate of 479 BOPD. The Company did not commence drilling (spudding) of any new wells during the quarter.
- Post completion of the Umiat 23H horizontal well in Alaska, the Company received expressions of interest from a number of parties interested in participating in the development of the Umiat project. The Company continues to engage with these parties in confidential negotiations while continuing to progress its permitting and development plans for the field.
- During January 2015 (subsequent to quarter), the Company completed a pre-appraisal Project Cost Estimate for the Umiat project using consultants NANA Worley Parsons. The report reinforced the viability of the project, concluding that a development scenario for a 30 year, 50,000 BOPD facility with nitrogen injection, including twenty-four (24) production wells and eleven (11) injection wells requires capital expenditure, net of tax rebates, of approximately US$1bn (2015 US dollars) including contingency.

Clean Energy

- In South Africa, the Company and Exxaro are jointly planning exploration works on the Waterberg coal resource, the process design package for the demonstration facility is being progressed and the environmental impact assessment has commenced on the site.
- In Poland, the Company continues to work at various levels within the Polish government to progress the trial gasifier program in Spytkowice (Poland). The development program is waiting on a zoning decision by local government and approval of the Environmental Impact Assessment by the central government. The Company is also in discussions with several Polish companies with respect to participation in the trial and the future commercial facility.
- In Alaska (USA), the Company is in the process of converting its existing Tyonek exploration license into a lease, this being the initial project area for a potential UCG field. The Company is looking at a number of different options to supply gas to downstream users in the Alaskan market.
- In Wyoming (USA), the Company is exploring commercialisation opportunities and finalising the process design package for the Underground Coal Gasification (UCG) Research & Development License Application which was approved by the Wyoming Department of Environmental Quality (WDEQ) on 8 September 2014.
- The Company is continuing to explore potential future commercial opportunities with resource owners in Tanzania, Indonesia and China.

Heavy Oil

- The Company is currently undertaking early stage development work regarding the adaption of its proprietary UCG tools and techniques for the extraction of heavy crude oil. Initial studies have been encouraging indicating that this technology has the potential to deliver cost and efficiency advantages over existing industry processes for heavy oil extraction.

SAPEX

- During the quarter the Company's wholly-owned subsidiary SAPEX Ltd commenced exploration drilling works in the Arckaringa Basin, targeting prospective unconventional resources in the deeper less well defined sections of the Basin. Two rigs were used with the smaller "Pre-set" program being completed on 26 November 2014. Works on the main hole program commenced at the first well location (PATA1) on 10 October 2014 and were completed on 8 December 2014 following termination of the well at a depth of 1829 metres. A dull brown fluorescence was present in the cuttings taken from the Stuart Range formation, intersection in the PATA1 Well, indicating the existence of a hydrocarbon source. A comprehensive suite of logs was run prior to plugging and abandoning. The rig was then moved to the second well site (EBA1) and is currently drilling ahead in the largely unexplored pre-Permian sediments progressing toward a target depth of 2,500 metres. Due to reinterpretation and new information of the seismic section using wellsite depths, the EBA1 target depth was reset to 2,900 metres. Following completion of the EBA1 the Company will assess the results obtained from the program to date before reaching a decision upon completion of phase 2 of the currently scheduled third well, FOX1, in this drilling campaign.

- All logging data is undergoing interpretation and processing by Baker Hughes and all geological and core samples will be sent to Weatherford Laboratories for geological, geochemical and geo-mechanical analysis while check-shot data is being utilised to reinterpret seismic across the Basin. Linc Energy intends to utilise the data acquired from this program to assist in furthering the Company's understanding of the Arckaringa Basin and to develop more accurate resource models. The improved data set will assist the Company in delineating a development pathway and provide greater clarity to potential development partners in the near term. The program is expected to be completed in early March 2015.

Coal

- In line with prior announcements, the Company continued its proposed divestment plans for its conventional coal assets, including the Company's wholly-owned subsidiary New Emerald Coal Ltd (NEC). Discussions continue with a number of parties interested in acquiring all or some of these assets. The divestment of the Coal business has taken longer than the Company initially envisaged due to prevailing market conditions.
- As a result of the divestment plans, the Board has taken the decision that the Coal business should now be treated as a discontinued operation for accounting purposes and the required accounting changes are reflected in the 31 December 2014 accounts.
- The coal handling take or pay commitment for 3Mtpa of coal export capacity at the Gladstone Port Corporation (GPC) owned and operated port of RG Tanna, was mitigated through to the end of November 2014. The Company continues to work with GPC to either mitigate the take or pay obligation over the short term through a capacity assignment or find a suitable long-term partner to fully assume the Company's long term capacity commitment.
- NEC is yet to complete on the acquisition of the Blair Athol coal mine from the Blair Athol Joint Venture. There have been a number of delays driven mainly by the change to Mining Lease boundaries required by the sale of northern part of the original lease to the neighbouring Clermont mine, and by the requirements of the proposed rehabilitation bond provider.
- The Environmental Impact Statement for the Teresa coal mine project by NEC continues with collection of additional environmental base-line data and further discussions with federal and state environmental regulators on a pathway to achieving final approval. All other development on the project has been slowed awaiting the outcome of the coal business sale process.

Corporate

- The Company continues to look at ways to reduce its operating and G&A costs and to allocate capital efficiently. The Company is making all necessary adjustments to reflect the current downturn in commodity prices but additional initiatives will be required going forward to maintain a healthy financial position. For example, the Company is focusing on maintaining economic production in its Gulf Coast oil and gas assets through less capex intensive recompletions rather than drilling new wells. The Company will continue to seek opportunities to right size its fixed cost structure in the current lower oil price environment.
- Various programs, including optimising the organisation's structure and divestment of non-core assets to maximise cash flow and reduce debt levels, whilst achieving strategic objectives, are being implemented.
- The Company is still in discussions regarding the unsolicited expressions of interest for its USA Oil and Gas assets as well as for the divestment of the Company's wholly-owned subsidiary New Emerald Coal Ltd and will explore options for partnerships and asset sales, and strengthening its balance sheet over the next quarters as required to meet its strategic objectives
- The Company has met, and continues to work with, its share registrar in Australia and Singapore, the SGX, and the Singapore CDP to find a solution to the issues identified at the last AGM around Nominee CDP account holders providing underlying shareholders the opportunity to vote via proxy or at a meeting of shareholders.

- **PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1 (a) (i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Continuing Operations	**Note**				
Revenue	A1	23,068	41,183	52,677	79,545
Cost of sales	A2	(35,513)	(16,835)	(62,915)	(34,793)
Gross profit		**(12,445)**	**24,348**	**(10,238)**	**44,752**
Sale of Royalty	A1	504	-	148,611	-
Other income	A1	181	139	343	364
Expenses:					
Administration and corporate	A3	(14,513)	(21,519)	(27,950)	(40,924)
Site operating costs		(1,153)	(1,752)	(2,237)	(4,013)
Exploration and evaluation		(317)	(1,046)	(668)	(1,454)
Technology development	A4	(2,497)	(3,999)	(4,761)	(5,840)
Net foreign exchange gains / (losses)		4,280	407	6,857	(1,302)
Impairment expenses	A5	(117,750)	-	(117,750)	-
Discount on sale of receivable	A6	(16)	-	75	(5,868)
Results from operating activities		**(143,726)**	**(3,422)**	**(7,718)**	**(14,285)**
Finance income	A7	1,343	279	1,998	621
Finance expenses	A7	(23,140)	(17,974)	(44,359)	(34,112)
Net financing costs		**(21,797)**	**(17,695)**	**(42,361)**	**(33,491)**
Profit / (loss) before other financial instruments expenses and income tax expense		**(165,523)**	**(21,117)**	**(50,079)**	**(47,776)**
Other financial instruments income/ (expense)	A7	162	(49,720)	(7,964)	(61,081)
Profit / (loss) before income tax		**(165,361)**	**(70,837)**	**(58,043)**	**(108,857)**
Income tax benefit / (expense)		(1,428)	(2,976)	(1,724)	(2,097)
Profit / (loss) from continuing operations		**(166,789)**	**(73,813)**	**(59,767)**	**(110,954)**
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax	A8	(2,577)	(108)	(3,512)	(4,763)
Profit/(loss) for the period		**(169,366)**	**(73,921)**	**(63,279)**	**(115,717)**
Other comprehensive income / (loss)					
Items that may be reclassified subsequently to profit or loss:					
Net change in the fair value of available-for-sale financial assets, net of transaction costs, impairment and tax	A7	1,706	(811)	(511)	1,670
Foreign currency translation differences for foreign operations		3,630	14,761	18,944	9,568
Total items that may be reclassified subsequently to profit or loss		**5,336**	**13,950**	**18,433**	**11,238**
Total other comprehensive income / (loss) for the period, net of tax		**5,336**	**13,950**	**18,433**	**11,238**
Total comprehensive income / (loss) for the period		**(164,030)**	**(59,971)**	**(44,846)**	**(104,479)**
Profit / (loss) attributable to:					
Equity holders of Linc Energy Ltd		(169,392)	(73,932)	(63,270)	(114,867)
Non-controlling interest		26	11	(9)	(850)
Profit / (loss) for the period		**(169,366)**	**(73,921)**	**(63,279)**	**(115,717)**

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Total comprehensive income / (loss) attributable to:				
Equity holders of Linc Energy Ltd	(164,610)	(60,262)	(46,032)	(103,909)
Non-controlling interest	580	291	1,186	(570)
Total comprehensive income / (loss) for the period	**(164,030)**	**(59,971)**	**(44,846)**	**(104,479)**
Earnings / (loss) per share attributable to the ordinary equity holders of Linc Energy Ltd:	**Cents AUD**	**Cents AUD**	**Cents AUD**	**Cents AUD**
Basic earnings / (loss) per share	(28.67)	(13.94)	(10.72)	(21.84)
Diluted earnings / (loss) per share	(28.67)	(13.94)	(10.72)	(21.84)
Earnings / (loss) per share attributable to continuing operations:				
Basic earnings / (loss) per share	(28.24)	(13.92)	(10.13)	(20.93)
Diluted earnings / (loss) per share	(28.24)	(13.92)	(10.13)	(20.93)

1 (a) (ii) Notes to the statement of comprehensive income:

A1 Revenue and other income

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Revenue from continuing operations				
Oil and gas sales revenue - USA	22,523	39,081	50,467	76,304
Clean Energy: Syngas sales revenue - Uzbekistan	670	705	1,273	1,356
Clean Energy: Consulting revenue[1]	(125)	1,397	937	1,885
Total revenue	**23,068**	**41,183**	**52,677**	**79,545**
Sale of Royalty				
Sale of Carmichael Royalty[2]	504	-	148,611	-
Total sale of Royalty	**504**	**-**	**148,611**	**-**
Other income				
Sundry income	181	139	343	364
Total other income	**181**	**139**	**343**	**364**

[1]Clean Energy: Consulting revenue includes Exxaro Intellectual Property (IP) Revenue of YTD AUD ($794,000). The Company performed a review of its Revenue Recognition in relation to this transaction and determined that an amendment was required. The recognition of the initial AUD$20,000,000 payment received in December 2013 is now split between two contract conditions, AUD$10,000,000 linked to Performance Obligations (being recognised over five years) and AUD$10,000,000 linked to IP (being recognised over ten years). After the adjustment, a total of AUD$3,250,000 Revenue has been recognised to date, with the remaining AUD$16,750,000 being recognised as deferred revenue in the statement of financial position.

[2] Sale of Carmichael Royalty Deed to the Adani Group: On 27 August 2014 a Put and Call Option Deed was agreed between Linc Energy Ltd and the Adani Group, with regards to the sale of the Carmichael Royalty Deed. Upon exercise of the Put or Call Option, the Company transfers all of its rights, interests, benefits and obligations of the Carmichael Royalty Deed to the Adani Group for a total consideration of AUD$155,000,000. The revenue was recognised upon signing of the agreement.

Under the agreement, the Company will receive payment in two tranches, the first tranche of AUD$90,000,000 was received on 13 October 2014 and the second tranche of AUD$65,000,000 will be received on or before the expiry of twelve months from the date of exercise of the option, ie by 9 October 2015, latest. As the second tranche is to be received outside of the Company's normal credit terms, it must be measured at Fair Value and discounted to the Present Value. The Present Value has been discounted to AUD$58,611,000, therefore the total revenue recognised as at 31 December 2014 is AUD$148,611,000. The Present Value discount of AUD$6,389,000 is recognised monthly over the period to 9 October 2015, as finance income. The movement of AUD$504,000 in the current quarter relates to the change in present value calculation of the second tranche in line with the above methodology.

A2 Cost of sales

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Oil and gas lease operating expenses	6,185	3,984	11,086	9,102
Other oil and gas production expenses	112	-	116	1
Royalties and production taxes	1,477	2,136	2,935	4,342
Work over expenses	2,307	1,682	4,583	3,622
Depletion and accretion expense of oil and gas assets[1]	24,874	8,480	43,163	16,708
Production costs - Uzbekistan	558	553	1,032	1,018
Total cost of sales	**35,513**	**16,835**	**62,915**	**34,793**

[1] Cost of sales has increased for the quarter primarily as a result of depletion expense which is driven by the reduction in PDP reserves value as estimated by management at 31 December 2014 for the US Oil and Gas assets.

A3 Administration and corporate expenses include:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Employee benefits expenses	4,818	7,679	12,681	14,339
Share-based payments expense[2]	(1,152)	3,204	114	6,330
Depreciation expense	1,003	848	1,970	1,699
Software amortisation expense	171	219	361	448
Bad debt expense	20	-	20	-
Net (gains) / loss on disposal of non-current assets	3	-	(14)	(1)

[2] The Company is currently transitioning employees out of the Linc Energy Employee Performance Rights Plan, with employees forfeiting future tranches of rights and moving across to a new Short-Term and Long-Term Incentive Plan early in 2015. As a result of this, all expenses that were being taken up in relation to these forfeited rights have been reversed, leaving a positive quarter movement in Share-based payments expense.

A4 Technology development expenses include:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Amortisation of coal-to-liquids technology development	452	452	904	904

A5 Impairment expenses

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Impairment expense – Wyoming and Gulf Coast oil and gas assets[1]	113,982	-	113,982	-
Impairment expense – available-for-sale assets	3,768	-	3,768	-

[1] Gulf Coast and Wyoming oil & gas asset book valuation has been subject to an impairment charge during the quarter, primarily due to the impact of lower oil prices.

The impairment charge is not due to a material reduction in proved reserve volumes. As at 31 December 2014, reserve volumes have been estimated at proved (1P) reserves of 9.8 million barrels of oil (MMbo) and 3.3 billion cubic feet of natural gas (BCFG) (equating to 10.4 million barrels of oil equivalent) and prospective reserves of 4.0 million barrels of oil and 7.7 billion cubic feet of natural gas (equating to 5.3 million barrels of oil equivalent). This represents a non-material decrease of 1.2% in proved reserves and an increase of 15% in prospective reserves compared to reserves volumes assessed at 30 June 2014.

A6 Discount on sale of receivable

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Alaskan tax rebate	16	-	(75)	5,868

On 12 November 2014, the Company was reimbursed AUD$119,372 (USD$103,000) from the purchaser of the oil and gas production tax credits pursuant to Alaska Statute 43.55.023. The reimbursement was due to the repayment of disallowed credits.

On 23 December 2014, the Company reimbursed AUD$135,739 (USD$110,000) to its non-controlling interest partners, their portion of the oil and gas production tax credits pursuant to Alaska Statute 43.55.023.

A7 Finance income, finance expenses and other financial instruments expenses

Finance income recognised in profit and loss:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Interest income on cash and cash equivalents	276	273	401	602
Interest income on loans	-	6	-	19
Present value discount on sale of royalty	1,067	-	1,597	-
Total finance income	**1,343**	**279**	**1,998**	**621**

Finance expenses recognised in profit and loss:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Interest and borrowings costs paid or payable	(23,140)	(17,974)	(44,359)	(34,112)
Total finance expenses	**(23,140)**	**(17,974)**	**(44,359)**	**(34,112)**
Net finance costs	**(21,797)**	**(17,695)**	**(42,361)**	**(33,491)**

Other financial instruments expenses in profit and loss[1]:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Net gain / (loss) on foreign currency options	-	(271)	-	(958)
Net gain / (loss) on commodity swaps [2]	20,042	(1,112)	26,633	(5,439)
Gain / (loss) on modification of convertible notes	(29,599)	(997)	(29,599)	(997)
Net change in unrealised foreign exchange loss on convertible notes	(12,516)	(7,810)	(25,593)	(4,787)
Net change in fair value of embedded derivatives from convertible notes at fair value through profit or loss	22,235	(39,530)	20,595	(48,900)
Total other financial instruments expenses	**162**	**(49,720)**	**(7,964)**	**(61,081)**

[1] In accordance with IAS 39 Financial Instruments, financial instruments are required to be re-valued to fair value at the end of each reporting period and all movements are recognised within other financial instruments expenses in profit and loss. All movements are non-cash and do not form part of the statement of cash flows.

[2] Net gain / (loss) on commodity swaps represents gains for the period from oil price swaps and put options held to partly mitigate price risk on the Company's oil and gas production.

Recognised in other comprehensive income:

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Net change in the fair value of available-for-sale financial assets, net of transaction costs, impairment and tax	1,706	(811)	(511)	1,670

A8 Discontinued operation

Management and the Board are committed to divesting the Company's Coal assets, including its subsidiary, New Emerald Coal Ltd (NEC). It is highly probable that this segment will be divested within the next twelve months therefore the coal segment has been classified as a discontinued operation.

The coal segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of financial position and statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

(a) Results of discontinued operation

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Revenue	-	-	-	-
Expenses	(4,082)	(2,149)	(5,017)	(6,804)
Results from operating activities	**(4,082)**	**(2,149)**	**(5,017)**	**(6,804)**
Income tax (expense) / benefit	1,505	2,041	1,505	2,041
Results from operating activities, net of tax	**(2,577)**	**(108)**	**(3,512)**	**(4,763)**
Profit / (loss) for the year	**(2,577)**	**(108)**	**(3,512)**	**(4,763)**
Earnings / (loss) per share attributable to discontinued operation:	**Cents AUD**	**Cents AUD**	**Cents AUD**	**Cents AUD**
Basic earnings / (loss) per share (cents)	(0.44)	(0.90)	(0.60)	(0.91)
Diluted earnings / (loss) per share (cents)	(0.44)	(0.90)	(0.60)	(0.91)

(b) Cash flows from (used in) discontinued operation

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Net cash used in operating activities	(5,659)	969	(6,721)	969
Net cash used in investing activities	(269)	(60)	(668)	(255)
Net cash flow for the year	**(5,928)**	**909**	**(7,389)**	**714**

(c) Effect of disposal on the financial position of the Group

	As at 31 December 2014 $'000 AUD
Cash and cash equivalents	13
Trade and other receivables	35
Intangibles	42,786
Net assets	**42,834**
Trade and other payables	1,593
Provisions	1,194
Net liabilities	**2,788**
Net assets	**40,046**

Not included in the above are DTA/DTL balances which will be accounted for when the disposal group exits the tax consolidated group.

1(b) (i) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year

		Group		Company	
		As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD
ASSETS					
Current assets					
Cash and cash equivalents		103,737	48,716	99,702	41,632
Trade and other receivables		80,836	20,721	62,188	2,688
Inventories		3,450	2,857	-	-
Assets classified as held for sale		4,295	9,258	4,295	9,258
Other financial assets		11,778	-	-	-
Net assets from discontinued operations	A8	42,834	-	5,300	-
Total current assets		**246,930**	**81,552**	**171,485**	**53,578**
Non-current assets					
Trade and other receivables		12,411	13,847	5,594	5,396
Intangibles		243,164	268,677	33,244	39,428
Property, plant and equipment		15,789	15,728	7,725	7,909
Oil and gas assets		508,601	561,109	-	-
Available for sale investments		2,524	2,058	2,524	2,058
Net deferred tax assets		-	-	25,460	23,437
Other financial assets		5,670	-	-	-
Investment in subsidiaries		-	-	429,518	427,001
Receivables from subsidiaries		-	-	86,532	68,922
Total non-current assets		**788,159**	**861,419**	**590,597**	**574,151**
Total assets		**1,035,089**	**942,971**	**762,082**	**627,729**
LIABILITIES					
Current liabilities					
Trade and other payables		44,080	62,131	10,344	7,536
Borrowings	1(b) iii	61,627	197,695	61,476	197,507
Provisions	1(b) ii	8,134	8,193	1,930	1,717
Deferred revenue		3,000	4,211	3,000	4,211
Other financial liability		-	5,766	-	-
Net liabilities from discontinued operations	A8	2,787	-	-	
Total current liabilities		**119,628**	**277,996**	**76,750**	**210,971**
Non-current liabilities					
Trade and other payables		1,244	1,124	-	-
Borrowings	1(b) iii	626,997	337,026	176,740	4
Provisions	1(b) ii	51,026	43,518	5,413	5,393
Deferred revenue		13,750	13,333	13,750	13,333
Other financial liability		-	2,785	-	-
Total non-current liabilities		**693,017**	**397,786**	**195,903**	**18,730**
Total liabilities		**812,645**	**675,782**	**272,653**	**229,701**
Net assets		**222,444**	**267,189**	**489,429**	**398,028**

	Group		Company	
	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD
EQUITY				
Share capital	403,069	396,794	403,069	396,794
Reserves	62,227	51,163	20,118	26,803
Retained earnings / (Accumulated losses)	(252,352)	(189,082)	66,242	(25,569)
Total equity attributable to equity holders of the company	**212,944**	**258,875**	**489,429**	**398,028**
Non-controlling interest	9,500	8,314	-	-
Total equity	**222,444**	**267,189**	**489,429**	**398,028**

1 (b) (ii) Amount of Group's Provisions

	Group		Company	
	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD
Current				
Site rehabilitation – drilling activities	300	100	300	100
Oil and gas rehabilitation - USA	5,681	4,974	-	-
Employee entitlements	2,153	3,119	1,630	1,617
Total current provisions	**8,134**	**8,193**	**1,930**	**1,717**
Non-Current				
Decommissioning and site restoration – Chinchilla demonstration facility	4,267	4,267	4,267	4,267
Oil and gas rehabilitation - USA	45,613	38,124	-	-
Employee entitlements	1,146	1,127	1,146	1,126
Total non-current provisions	**51,026**	**43,518**	**5,413**	**5,393**

1 (b) (iii) Amount of Group's borrowings and debt securities

	Group		Company	
	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD	As at 31 December 2014 $'000 AUD	As at 30 June 2014 $'000 AUD
Current (Repayable in one year or less, or on demand)				
Secured				
Finance lease liabilities	322	551	171	363
Total secured current borrowings	**322**	**551**	**171**	**363**
Unsecured				
Convertible notes				
Convertible note component	61,305	162,108	61,305	162,108
Embedded derivative component	-	35,036	-	35,036
Total unsecured current borrowings	**61,305**	**197,144**	**61,305**	**197,144**
Total current borrowings	**61,627**	**197,695**	**61,476**	**197,507**
Non-Current (Repayable after one year)				
Secured				
Reserve based lending facility	-	73,105	-	-
First Lien senior secured notes	141,585	-	-	-
Senior secured notes	307,797	263,160	-	-
Finance lease liabilities	128	113	1	4
Total secured non-current borrowings	**449,510**	**336,378**	**1**	**4**
Unsecured				
Convertible notes				
Convertible note component	162,298	-	162,298	-
Embedded derivative component	14,441	-	14,441	-
Equipment funding loan	748	648	-	-
Total unsecured non-current borrowings	**177,487**	**648**	**176,739**	**-**
Total non-current borrowings	**626,997**	**337,026**	**176,740**	**4**
Total borrowings	**688,624**	**534,721**	**238,216**	**197,511**

Details of Borrowings and Debt Securities:

Finance Leases

The Group has a number of motor vehicles and plant and equipment secured under finance leases.

Reserve Based Lending Facility

On 13 August 2014, in conjunction with the raising of capital via the 9.625% First Lien Senior Secured Notes, the Group repaid in full the outstanding balance, including accrued interest, of AUD$74,715,000 (USD$69,215,000) on the Key Bank Reserve-Based Lending facility. The facility was cancelled on full repayment.

First Lien Senior Secured Notes

On 13 August 2014, the Company's wholly-owned subsidiaries Linc USA GP and Linc Energy Finance (USA), Inc. (the "Issuers"), issued USD$125,000,000 of 9.625% First Lien Senior Secured Notes due 31 October 2017 (the First Lien Senior Secured Notes). The First Lien Senior Secured Notes were issued at 100% of their face value.

The First Lien Senior Secured Notes are fully guaranteed and unconditionally, jointly, and severally, by Linc Energy Resources, Inc. and all of the existing and future US domestic subsidiaries of Linc Energy Resources. The interest on the First Lien Senior Secured Notes is payable on 30 April and 31 October of each year, beginning on 31 October 2014. The First Lien Senior Secured Notes contain affirmative and negative covenants that, among other things, limit the Issuers ability to make investments; incur additional indebtedness or issue preferred stock; create liens; sell assets; enter into agreements that restrict dividends or other payments to restricted subsidiaries; consolidate, merge or transfer all or substantially all of the assets of the Issuers; engage in transactions with the Issuers' affiliates; pay dividends or make other distributions on capital stock or prepay subordinated indebtedness; and create unrestricted subsidiaries. The First Lien Senior Secured Notes also contains customary events of default. Upon the occurrence of events of default arising from certain events of bankruptcy or insolvency, the First Lien Senior Secured Notes shall become due and payable immediately without any declaration or other act of the holders of the First Lien Senior Notes.

The First Lien Senior Secured Notes are redeemable by the Issuers at any time on or after 30 April 2015, at the redemption prices set forth in the indenture. The First Lien Senior Secured Notes are redeemable by the Issuers prior to 30 April 2015, at the redemption prices plus a "make-whole" premium set forth in the indenture. The Issuers are also entitled to redeem up to 35% of the aggregate principal amount of the First Lien Senior Secured Notes before 30 April 2015 with net proceeds that the Issuers raise in equity offerings at a redemption price equal to 109.625% of the principal amount of the First Lien Senior Secured Notes being redeemed, plus accrued and unpaid interest and an applicable exit premium set forth in the indenture.

Senior Secured Notes

On 12 October 2012, Linc USA GP and Linc Energy Finance (USA), Inc., issued AUD$258,209,000 (USD$265,000,000) of 12.5% Senior Secured Notes (the "Senior Secured Notes") due 31 October 2017. The Senior Secured Notes were issued at 96.402% of their face amount, resulting in net proceeds of AUD$248,918,000 (USD$255,500,000) before discounts and fees.

The interest on the Senior Secured Notes is payable on 30 April and 31 October of each year, and began on 30 April 2013. The Notes contain covenants, representations and warranties including limitations on distributions to the Group's non US entities. The Senior Secured Notes are redeemable by the Issuers at any time on or after 30 April 2015, at the redemption prices set forth in the Senior Secured Notes indenture.

Convertible Notes

On 10 April 2013, Linc Energy Ltd raised AUD$190,142,000 (USD$200,000,000) through the issue of Unsecured Convertible Notes (the Notes) due 10 April 2018.

The Notes are convertible into ordinary shares of Linc Energy Ltd at the election of note holders at any time on or after 21 May 2013 and ten days prior to 10 April 2018. The Company may make an election to settle in cash by making payment to the relevant note holders of the cash amount in lieu of delivering or issuing specific amount of shares to such note holders.

The Company may redeem in whole but not in part the notes on any date on or after 10 April 2015 at their principal amount together with accrued but unpaid interest subject to the ordinary shares trading at a specific level above the conversion price for a specified period of days.

The terms of Notes were further amended on 30 December 2014. The key terms of the amendment are as follows:-, The Company has redeemed USD$50 million of the Notes at par plus accrued interest on the 5th January 2015 (subsequent to quarter end); in return the Noteholders' put date is moved back 12 months to 10 April 2016. The Company has the right to repurchase any and all outstanding Notes at a "Make Whole Price" ("**MWP**") from now through the original 10 April 2015 put date subject to a notification period ("**1st Call"**).

The MWP for the 1st Call means par value of the notes plus current accrued interest plus interest that would have accrued but remains unpaid up to 10 April 2015. After 10 April 2015 and until 10 April 2016, the Company has the right to repurchase any and all outstanding Notes at the MWP subject to a notification period ("**2nd Call"**). The MWP for the 2nd Call means par value of the notes plus current accrued plus interest that would have accrued but remains unpaid up to 10 April 2016.)

The coupon will increase from 7% to 9% per annum paid semi-annually commencing on 10 April 2015 if the notes have not been fully repaid beforehand.

The conversion price of the notes was reset to SGD$1.3411 with immediate effect. On 10 April 2015, the conversion price will be reset to the lower of 115% of the spot reference price (being the average of 10 days VWAP preceding 10 April 2015) or the existing conversion price ("2nd Reset"). The 2nd Reset is subject to a conversion price floor of SGD$0.77.

As a consequence of the above, the amendment resulted in a substantial modification of the instrument resulting in the need for a revaluation of the component parts. Any gain or loss on the revaluation is recognised through the profit and loss account for the period.

Convertible Note – Summary of Movements	**31 December 2014 $'000 AUD**	**30 June 2014 $'000 AUD**
Opening balance	**162,108**	155,115
Unwind of notes	**6,303**	10,259
Amortisation of fees	**-**	750
Gain / loss on modification	**29,599**	997
Difference relating to exchange rate fluctuations	**25,593**	(5,013)
Carrying amount	**223,603**	162,108
Disclosed in statement of financial position as		
- Current	**61,305**	162,108
- Non-Current	**162,298**	-

Embedded Derivative Liability – Summary of Movement	**31 December 2014 $'000 AUD**	**30 June 2014 $'000 AUD**
Opening Balance	**35,036**	14,234
Gain / loss on modification recognised in fair value through profit and loss	**(24,855)**	27,900
Fair value through profit and loss adjustment (excluding tax)	**4,260**	(7,098)
Closing fair value balance	**14,441**	35,036
Disclosed in the statement of financial position as		
Current	**-**	35,036
Non-Current	**14,441**	-

The above Convertible Note table reflects the balance at 31 December 2014. As part of the amendment, a repayment of USD$50 million was made on 5 January 2015 (see Note 17) to eliminate the current liability portion of the carrying value. Had the payment been made prior to the reporting date, the carrying amount of the Convertible Note would have been AUD$162.3 million. The balance also includes adjustments to reflect a changed valuation of the instrument following the amendment. The impact is to increase the book value of debt component valuation of the Convertible Note and to decrease the embedded derivative liability component valuation of the Convertible Note.

In accordance with IAS 39 Financial Instruments, financial instruments are required to be re-valued to fair value at the end of each reporting period and all movements are recognised within other financial instrument expenses in profit and loss. All movements are non-cash and do not form part of the statement of cash flows.

1 (c) (i) A statement of cash flows (for the Group), together with a comparative statement of the corresponding period of the immediately preceding financial year

	Second quarter 2015 31 December 2014 $'000 AUD	Second quarter 2014 31 December 2013 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2014 31 December 2013 $'000 AUD
Cash flows from operating activities				
Receipts from customers and other debtors (inclusive of goods and services tax)	26,768	60,730	58,685	96,978
Payments to suppliers and employees (inclusive of goods and services tax)	(35,075)	(32,219)	(60,635)	(68,946)
Payments for commodity swaps	803	(2,690)	(1,078)	(4,371)
Interest and borrowing costs paid	(30,040)	(27,498)	(31,135)	(27,789)
Net cash inflow / (outflow) from operating activities	**(37,544)**	**(1,677)**	**(34,163)**	**(4,128)**
Cash flows from investing activities				
Payments for property, plant and equipment	(332)	(168)	(510)	(231)
Proceeds from disposal of property, plant and equipment	5	-	166	37
Payments for software	-	(8)	(153)	(209)
Payments for exploration and evaluation intangible	(4,933)	(1,278)	(6,143)	(2,514)
Payments for exploration and development of oil and gas assets	(23,997)	(48,700)	(55,234)	(118,626)
Receipts from Alaskan tax rebate funding	(16)	-	75	26,729
Sale of royalty	90,000	-	90,000	-
Net cash transferred (to) / from term deposits held as security for guarantees and bonds or held as investments	142	1,310	(1,303)	-
Interest received	251	78	399	490
Proceeds from directors loans	-	498	-	498
Net cash inflow / (outflow) from investing activities	**61,120**	**(48,268)**	**27,297**	**(93,826)**
Cash flows from financing activities				
Proceeds from initial public offering	-	55,499	-	55,499
Capitalised costs of initial public offering	-	(3,511)	-	(3,511)
Proceeds from the exercise of share options	-	192	-	324
Proceeds from notes issues	-	-	134,931	-
Net proceeds / (repayments) on Reserve-Based Lending facility	-	51,585	(74,332)	51,585
Repayment of borrowings	-	(36,243)	-	(36,243)
Repayment of finance lease liabilities	(153)	(298)	(249)	(388)
Payments associated with financing activities	(28)	(3,091)	(12,073)	(3,339)
Payment of Fortress warrant	-	-	-	(9,791)
Net cash inflow / (outflow) from financing activities	**(181)**	**64,133**	**48,277**	**54,136**
Net increase / (decrease) in cash and cash equivalents	**23,395**	**14,188**	**41,411**	**(43,818)**
Cash and cash equivalents at the beginning of the period[1]	72,891	63,628	48,716	124,007
Effect of exchange rate fluctuations	7,464	8,000	13,623	5,627
Cash and cash equivalents at the end of the period[1]	**103,750**	**85,816**	**103,750**	**85,816**

[1] The above statement of cash flows includes cash flows from discontinued operations. Refer to note A8 (b) for a summary of cash from / (used) in discontinued operations. Please note cash held at the beginning of the period from the discontinued operations was $32,000 and cash held at the end of the period was $13,000 and are included in the cash balances in the above statement.

1 (d) (i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	**Attributable to equity holders of the company**								
$'000 (AUD)	**Share capital**	**Foreign currency translation reserve**	**Available-for -sale reserve**	**Other reserves**	**Share based payments reserve**	**Retained earnings / (Accumulated losses)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at 1 July 2013	325,388	30,407	4,427	5,309	30,316	38,098	433,945	10,902	444,847
Total comprehensive income for the period									
Profit / (loss) for the period	-	-	-	-	-	(227,180)	(227,180)	(2,298)	(229,478)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	(6,082)	-	-	-	-	(6,082)	(290)	(6,372)
Impairment of available-for-sale-assets, net of tax	-	-	-	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(3,432)	-	-	-	(3,432)	-	(3,432)
Total other comprehensive income	**-**	**(6,082)**	**(3,432)**	**-**	**-**	**-**	**(9,514)**	**(290)**	**(9,804)**
Total comprehensive income for the period	**-**	**(6,082)**	**(3,432)**	**-**	**-**	**(227,180)**	**(236,694)**	**(2,588)**	**(239,282)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payment expense	-	-	-	-	7,797	-	7,797	-	7,797
Shares issued and transfer from share based payment reserve on vesting of performance rights	8,339	-	-	-	(8,339)	-	-	-	-
Shares issued and transfer from share based payment reserve on exercise of options	552	-	-	-	(229)	-	323	-	323
Shares issued from initial public offering	55,499	-	-	-	-	-	55,499	-	55,499
Initial public offering capitalised costs, net of tax	(3,962)	-	-	-	-	-	(3,962)	-	(3,962)
Shares issued on exercise of call option	10,978	-	-	-	-	-	10,978	-	10,978
Cash settled share-based payments transferred from share-based payment reserve on vesting of performance rights	-	-	-	-	(78)	-	(78)	-	(78)
Cash Settled share-based payments transferred from share-based payments reserve on vesting of warrants	-	-	-	-	(8,933)	-	(8,933)	-	(8,933)
Total contributions by and distribution to owners	**71,406**	**-**	**-**	**-**	**(9,782)**	**-**	**61,624**	**-**	**61,624**
Total transactions with owners	**71,406**	**-**	**-**	**-**	**(9,782)**	**-**	**61,624**	**-**	**61,624**
Balance as at 30 June 2014	**396,794**	**24,325**	**995**	**5,309**	**20,534**	**(189,082)**	**258,875**	**8,314**	**267,189**

The Group	Attributable to equity holders of the company								
$'000 (AUD)	Share capital	Foreign currency translation reserve	Available-for -sale reserve	Other reserves	Share based payments reserve	Retained earnings / (Accumulated losses)	Total	Non-controlling interest	Total equity
Balance as at 1 July 2014	396,794	24,325	995	5,309	20,534	(189,082)	258,875	8,314	267,189
Total comprehensive income for the period									
Profit / (loss) for the period	-	-	-	-	-	(63,270)	(63,270)	(9)	(63,279)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	17,749	-	-	-	-	17,749	1,195	18,944
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(511)	-	-	-	(511)	-	(511)
Total other comprehensive income	**-**	**17,749**	**(511)**	**-**	**-**	**-**	**17,238**	**1,195**	**18,433**
Total comprehensive income for the period	**-**	**17,749**	**(511)**	**-**	**-**	**(63,270)**	**(46,032)**	**1,186**	**(44,846)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payment expense	-	-	-	-	101	-	101	-	101
Shares issued and transfer from share based payment reserve on vesting of performance rights	6,275	-	-	-	(6,275)	-	-	-	-
Initial public offering capitalised costs, net of tax	-	-	-	-	-	-	-	-	-
Total contributions by and distribution to owners	**6,275**	**-**	**-**	**-**	**(6,174)**	**-**	**101**	**-**	**101**
Total transactions with owners	**6,275**	**-**	**-**	**-**	**(6,174)**	**-**	**101**	**-**	**101**
Balance as at 31 December 2014	**403,069**	**42,074**	**484**	**5,309**	**14,360**	**(252,352)**	**212,944**	**9,500**	**222,444**

The Company

$'000 (AUD)	**Share capital**	**Available-for -sale reserve**	**Other reserves**	**Share based payments reserve**	**Retained earnings / (Accumulated losses)**	**Total**
Balance as at 1 July 2013	325,388	4,427	5,274	30,316	89,184	454,589
Total comprehensive income for the period						
Profit / (loss) for the period	-	-	-	-	(114,753)	(114,753)
Other comprehensive income						
Impairment of available-for-sale-assets, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets, net of tax	-	(3,432)	-	-	-	(3,432)
Total other comprehensive income	**-**	**(3,432)**	**-**	**-**	**-**	**(3,432)**
Total comprehensive income for the period	**-**	**(3,432)**	**-**	**-**	**(114,753)**	**(118,185)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payment expense	-	-	-	7,797	-	7,797
Shares issued and transfer from share based payment reserve on vesting of performance rights	8,339	-	-	(8,339)	-	-
Shares issued and transfer from share based payment reserve on exercise of options	552	-	-	(229)	-	323
Shares issued from initial public offering	55,499	-	-	-	-	55,499
Initial public offering capitalised costs, net of tax	(3,962)	-	-	-	-	(3,962)
Shares issued on exercise of call option	10,978	-	-	-	-	10,978
Cash settled share-based payments transferred from share-based payment reserve on vesting of performance rights	-	-	-	(78)	-	(78)
Cash Settled share-based payments transferred from share-based payments reserve on vesting of warrants	-	-	-	(8,933)	-	(8,933)
Total contributions by and distribution to owners	**71,406**	**-**	**-**	**(9,782)**	**-**	**61,624**
Total transactions with owners	**71,406**	**-**	**-**	**(9,782)**	**-**	**61,624**
Balance as at 30 June 2014	**396,794**	**995**	**5,274**	**20,534**	**(25,569)**	**398,028**

The Company

$'000 (AUD)	Share capital	Available-for -sale reserve	Other reserves	Share based payments reserve	Retained earnings / (Accumulated losses)	Total
Balance as at 1 July 2014	396,794	995	5,274	20,534	(25,569)	398,028
Total comprehensive income for the period						
Profit / (loss) for the period	-	-	-	-	91,811	91,811
Other comprehensive income						
Impairment of available-for-sale-assets, net of tax	-	-	-	-	-	-
Net change in fair value of available-for-sale financial assets, net of tax	-	(511)	-	-	-	(511)
Total other comprehensive income	**-**	**(511)**	**-**	**-**	**-**	**(511)**
Total comprehensive income for the period	**-**	**(511)**	**-**	**-**	**91,811**	**91,300**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payment expense	-	-	-	101	-	101
Shares issued and transfer from share based payment reserve on vesting of performance rights	6,275	-	-	(6,275)	-	-
Initial public offering capitalised costs, net of tax	-	-	-	-	-	-
Total contributions by and distribution to owners	**6,275**	**-**	**-**	**(6,174)**	**-**	**101**
Total transactions with owners	**6,275**	**-**	**-**	**(6,174)**	**-**	**101**
Balance as at 31 December 2014	**403,069**	**484**	**5,274**	**14,360**	**69,242**	**489,429**

1 (d) (ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	31 December 2014 Number	30 June 2014 Number	31 December 2014 $'000 AUD	30 June 2014 $'000 AUD
Share capital				
Ordinary shares – fully paid	**592,309,636**	587,918,910	**403,069**	396,794
Movements:				
Opening balance	**587,918,910**	519,468,416	**396,794**	325,388
Shares issued from IPO and overallotment	**-**	51,850,000	**-**	55,499
Costs of IPO, net of tax	**-**	-	**-**	(3,962)
Shares issued from Call Option	**-**	10,750,000	**-**	10,978
Shares issued on exercise of options	**-**	351,198	**-**	552
Shares issued on vesting of performance rights	**4,390,726**	5,499,296	**6,275**	8,339
Closing balance	**592,309,636**	587,918,910	**403,069**	396,794

The Company did not have any treasury shares as at 31 December 2014 and 30 June 2014.

Number of shares that may be issued on conversion of outstanding employee options, performance rights and convertible notes:

	31 December 2014 Number	30 June 2014 Number
Unexercised employee options[1]	**-**	281,332
Unvested performance rights[2]	**3,535,528**	10,083,197
Convertible notes[3]	**145,481,321**	118,253,521
Total unissued shares	**149,016,849**	128,618,050

1 The Linc Energy Employee Option Plan was approved by Shareholders at the 2005 Annual General Meeting. This plan was replaced by the Performance Rights Plan with effect from the 2009 Annual General Meeting. All options have expired as at 31 December 2014.

2 The establishment of the Linc Energy Employee Performance Rights Plan was approved by Shareholders at the 2009 Annual General Meeting. Under the Plan, the Board may from time to time invite a full time employee or executive director of the Company or any wholly owned subsidiary or controlled entity of the Company whom the Board decides in its absolute discretion is eligible to be invited to receive a grant of Rights in the Plan, to participate in the Plan and grant the eligible employee a right to acquire fully paid ordinary shares in the Company on conversion of the right as part of the eligible employee's remuneration.

Rights typically vest in either three or four equal tranches over a period of three and half to four and half years with the first tranche vesting twelve months from the successful completion of an employee's six month probation period. The number of Rights granted to an employee is determined at the discretion of the Board and is generally based on a formula taking into account an employee's base salary and the Company's share price at the time of grant. Rights are granted to employees at no cost but may include non-market-based performance conditions. Rights automatically convert to shares on the vesting dates provided all vesting conditions have been met. Rights granted under the plan carry no dividend or voting rights until they convert to ordinary shares.

The Company is currently transitioning employees out of the current Rights plan with the introduction of a new Short-Term and Long-Term Incentive Plan. The Company worked with PwC in structuring the new Short-Term and Long-Term Incentive Plan, ensuring they were benchmarked to industry.

3 On 10 April 2013, Linc Energy Ltd raised AUD$190,142,000 (USD$200,000,000) through the issue of Unsecured Convertible Notes due 10 April 2018. The Convertible Notes are convertible into ordinary shares of Linc Energy Ltd at the election of note holders at any time on or after 21 May 2013 and ten days prior to 10 April 2018.

As detailed above, an agreement was reached with the note holders to redeem USD$50,000,000 at 30 December 2014 with the coupon increasing from 7% to 9% per annum paid semi-annually from 10 April 2015. Total unissued shares at 31 December 2014 reflects USD$150,000,000 at the new conversion price of SGD$1.3411. On 10 April 2015, the conversion price will be reset to the lower of 115% of the spot reference price (being the average of 10 days VWAP preceding 10 April 2015) or the existing conversion price ("2nd Reset"). The 2nd Reset is subject to a conversion price floor of SGD$0.77.

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 December 2014 Number	30 June 2014 Number
Share capital		
Ordinary shares – fully paid	**592,309,636**	587,918,910

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The above financial statements have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 30 June 2014, except for those disclosed in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has not made any changes in accounting policies.

6. Earnings / (loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deduction of any provision for preference dividends.

	Second quarter FY2015 31 December 2014	Second quarter FY2014 31 December 2013	Year-to-date (6 months) 2015 31 December 2014	Year-to-date (6 months) 2014 31 December 2013
Profit / (loss) attributable to the ordinary equity holders of the Company:				
Basic earnings / (loss) per ordinary share (AUD cents per share)	(28.67)	(13.94)	(10.72)	(21.84)
- weighted average number of shares	590,784,459	530,416,911	590,180,058	526,022,167
Fully diluted earnings / (loss) per ordinary share (AUD cents per share)	(28.67)	(13.94)	(10.72)	(21.84)
- adjusted weighted average number of shares	590,784,459	530,416,911	590,180,058	526,022,167

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of (a) current financial period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at 31 December 2014	As at 30 June 2014	As at 31 December 2014	As at 30 June 2014
Net assets ($AUD)	222,444,000	267,189,000	489,429,000	398,028,000
Number of ordinary shares (number)	592,309,636	587,918,910	592,309,636	587,918,910
Net asset value per ordinary share ($AUD/share)	0.3756	0.4545	0.8263	0.6770

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of comprehensive income

For the second quarter ended 31 December 2014 (Q2 2015) the Group has recognised a loss before tax of AUD$165.4 million.

Revenue for the second quarter ended 31 December 2014 (Q2 2015) has decreased by AUD$18.1 million compared to the second quarter ended 31 December 2013 (Q2 2014) due to:

- decreased US oil and gas net sales volumes of 1,403 BOEPD and decrease in realised price per barrel of cUSD$20.07 (decrease of AUD$16.6 million);
- decreased revenue from Clean Energy consulting (AUD$1.5 million) due to change in the revenue recognition policy of the Exxaro Intellectual Property Revenue received in December 2013.

Cost of sales has increased for the quarter ended 31 December 2014 compared to the comparative quarter in 2013 by AUD$18.7 million. Periodic depletion charges have increased from approximately USD$2.5 million per month to USD$8.5 million per month.

Administration and corporate expenses have decreased by AUD$7.0 million for the quarter due to a reduction in employee based costs including share based payment expenses and consulting services associated with listing the Company on the SGX in the comparable period last year.

Site operating costs have decreased by AUD$0.6 million for the quarter ended 31 December 2014 due to reduced level of drilling activity and reduction of staff numbers at the Chinchilla demonstration facility.

Net foreign exchange gains have increased by AUD$3.9 million for the quarter due to movements in exchange rates predominately between USD/AUD rates. This item includes unrealised foreign exchange on intercompany loans of subsidiaries denominated in a different functional currency, unrealised foreign exchange on foreign cash held in Australian bank accounts and realised foreign exchange gain/loss on cash payments made to international suppliers. Impairment expenses have increased for the quarter by AUD$117.8 million mainly due to impairment recorded against the Gulf Coast and Wyoming reserves.

Finance expenses have increased by AUD$5.2 million due to exchange rate differences on $USD denominated interest payments on the Senior Secured Notes, First Lien Senior Secured Notes and Convertible Notes as well as additional interest payments reflected in the period due to the full period effect of the USD$125 million First Lien Senior Secured Notes executed on 13 August 2014.

Other financial instruments expenses have decreased by AUD$49.9 million for the quarter due to the USD$200 million Convertible Note and Embedded Derivative component being modified and revalued.

Gains on commodity swaps of AUD$20.0 million have been recognised given lower spot oil prices for the period relative to the hedge book. These movements have been offset by a foreign exchange loss of AUD$12.5 million due to unfavourable movements in the USD/AUD exchange rates upon restatement of the convertible note liability balance following the amendments.

Statement of Financial Position

The Company has classified its Coal segment as a discontinued operation as it highly probable it will be divested within twelve months. The net assets and net liabilities of this segment have been classified as current. Further breakdown of these assets and liabilities can be found in note A8 (c).

Current assets of the Group have increased by AUD$165.4 million during the period from 30 June 2014 as a result of:

- Cash and cash equivalents increased by AUD$55.0 million (refer to statement of cash flows for a breakdown of movements);
- Trade and other receivables have increased by AUD$60.1 million predominantly due to the recognition of the second tranche from the sale of the Adani Royalty;
- Inventories have increase by AUD$0.6 million;
- Available-for-sale assets have decreased by AUD$5.0 million due to a decline in the share price of the listed investment;
- Other financial assets increased by AUD$11.8 million due to positive movement of hedge position due to the decline in current oil prices (reported as other financial liabilities in prior periods); and
- Net assets from discontinued operation of AUD$42.8 million have been recognised for the coal segment.

Non-current assets of the Group have decreased by AUD$73.3million predominately due to:

- Oil and gas assets decreased by AUD$52.5 million. This is comprised of capital additions of AUD$32.6 million, depletion/depreciation of AUD$42.8 million, impairment of AUD$114.0 million, a favourable movement in foreign exchange rates of AUD$72.5 million and Asset Retirement Obligation (ARO) movements and adjustments of AUD$0.8 million; and
- Intangibles have decreased by AUD$25.5 million predominately due to the movement of assets relating to the coal segment being reclassified as a discontinued operation.

Current liabilities of the Group have decreased by AUD$158.4 million predominately due to:

- Trade and other payables have decreased by AUD$18.1 million due to a reduction in creditor balances in the USA;
- Borrowings have decreased by AUD$136.1 million primarily due to the amendment of the Convertible Note terms which moved from current liabilities to non-current liabilities except for USD$50.0 million of the Convertible Note which was paid shortly after the reporting period end date;
- Due to the positive movement in the unrealised hedge position in the US, other financial liabilities have reduced by AUD$5.8 million and are now classified as other financial assets; and
- Net liabilities from discontinued operation of AUD$2.8 million have been recognised for the coal segment.

Non-current liabilities have increased by AUD$295.2 million predominately due to changes in borrowings such as:

- Decrease in the Key Bank Reserve Based Lending Facility which has been repaid and closed (AUD$73.1 million);
- Increase of AUD$141.6 million from the issue of First Lien Senior Secured Notes;
- Increase of AUD$44.6 million in Senior Secured Note borrowings due to unfavourable movements in AUD/USD exchange rate since 30 June 2014; and
- Reclassification of the remaining USD$150.0 million Convertible Note and associated embedded derivative from current to non-current liabilities as a result of the amendment. Further details can be found in note 1 (b) (ii).

Statement of cash flows

The cash and cash equivalents of the Group at 31 December 2014 was AUD$103.8 million. A summary of movements for the quarter ended 31 December 2014 is below.

Net cash outflows from operating activities of AUD$37.5 million were comprised of:

- Receipts from customers of AUD$26.8 million of which AUD$25.0 million was from US oil and gas sales and AUD$1.8 million from syngas sales and Clean Energy consulting.
- Payments to suppliers and employees of AUD$35.1 million comprising of AUD$10.0 million in US and Uzbekistan production costs and AUD$25.1 million in working capital.
- Net receipts / payments for US oil commodity swaps of AUD$0.8 million.
- Interest and borrowing costs paid of AUD$30.0 million. This was predominately comprised of interest of AUD$21.8 million on the US senior secured notes and interest of AUD$7.7 million on the convertible notes.

Net cash inflows from investing activities of AUD$61.1 million were predominately comprised of:

- Proceeds of AUD$90.0 million from the first tranche of the sale of the Carmichael (Adani) royalty. An additional AUD$65.0 million is to be received prior to October 2015.
- Payments for exploration and development of oil and gas assets of AUD$24.0 million of which AUD$5.5 million was spent on Umiat (on going scheduled supplier payments for the winter drilling program) and AUD$18.5 million spent in the Gulf Coast.
- Payments for exploration intangibles of AUD$4.9 million predominately comprised of AUD$4.8million for exploration activities in the Arckaringa basin in Australia.

Net cash outflows from financing activities of AUD$0.2 million were predominately used in repayment of finance lease liabilities.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operated and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Crude oil prices weakened significantly during the quarter, with West Texas Intermediate ("WTI") crude price averaging USD$73.84 a decrease from USD$95.25 averaged during the previous quarter. For the remaining portion of calendar year 2015, the oil market is likely to remain volatile due to the uncertain supply/demand outlook and the lingering global growth concerns and geo-political concerns, which will impact the Company's performance in financial year 2015. For the remainder of the financial year, the Company has WTI swaps in place to cover 30% of forecasted production at a price of USD$86.22. In addition, the Company entered into a WTI put option during the quarter to cover an additional 34% of forecasted production through to March 2015 at a price of USD$70.00. The Company continues to review its hedging program on a regular basis.

In the Gulf Coast, the Company continues to undertake a full asset review of its portfolio with the intention to increase its prospect inventory, optimise its existing production base and potentially monetise non-core assets, depending on market conditions.

11. Dividend

a) Any dividend declared for the current financial period reported on?

None.

(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared / recommended, a statement to that effect

No dividend has been declared (recommended).

13. If the Group has obtained a general mandate from shareholders for Interested Persons Transactions (IPTs), the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No Interested Persons Transactions mandate has been obtained as at reporting date.

14. Disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purpose, a breakdown with specific details on how they proceeds have been applied must be disclosed.

	Amount $'000 SGD	**Amount $'000 AUD**
IPO Funds raised	62,220	55,499
Less underwriting commissions	(3,462)	(3,089)
Net IPO proceeds	**58,758**	**52,410**

Actual use of proceeds to 31 December 2014:	**IPO Funds Raised[1] $'000 AUD**	**Utilised to date $'000 AUD**
Conventional Oil & Gas (Umiat Development)	18,315	18,315
Unconventional Oil & Gas (Clean Energy / SAPEX) [2]	22,477	9,249
Working Capital & General Corporate Expenses[3]	5,550	5,550
Expenses in connection with Offering	9,157	9,157
Total use of IPO proceeds to 31 December 2014	**55,499**	**42,271**

[1] As disclosed in the IPO prospectus.
[2] Drilling program in the Arckaringa Basin for SAPEX is currently underway.
[3] Working capital funds were used primarily for the payments of salaries and office overheads.

As at 31 December 2014, the actual use of proceeds are in accordance with the stated use outlined in the IPO prospectus.

Additional disclosures required for Mineral, Oil and Gas companies

15. (a) Rule 705(6) of Mainboard Listing Rules

Current quarter funds / cash were mainly used for the following activities

Purpose	Amount $'000 AUD
General working capital - Australia, Asia, Europe, Africa	19,099
US Oil and Gas development	18,490
Interest on US secured notes	21,771
Interest on convertible notes	7,717
US and Uzbekistan production costs	9,977
General working capital - USA	6,000
US Umiat exploration[1]	5,507
Exploration	4,933

[1] Cash payments for US Umiat exploration relate scheduled payment for supplies relating to the previous year's winter drilling program. No exploration activities have been undertaken in the current financial year.

15. (b) Projection on the use of funds / cash for the next immediate quarter, including principal assumptions

The Group's uses of funds / cash for the next quarter (1 January 2015 to 31 March 2015) are forecast to be:

Purpose	Amount $'000 AUD
Conventional Oil & Gas Production costs	7,234
Conventional Oil & Gas Existing oil field development	6,734
Shale Oil (Sapex)	8,763
Admin & overheads	16,229
Convertible Note part repayment	62,700
Total Forecast use of funds for Q3 FY15	**101,660**

15. (c) Rule 705(6) of the Mainboard Listing Rules

The Board of Directors confirms that to the best of their knowledge, nothing has come to their attention which may render the above information provided to be false or misleading in any material aspect.

16. (a) Rule 705(7)(a) of the Mainboard Listing Rules

Details of exploration (including geophysical surveys), development and/or production activities undertaken by the Company and summary of the expenditure incurred on those activities, including explanations for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.

During the Second quarter 2015, cash payments for the following exploration, development and/or production activities were made:

Purpose	Amount $'000 AUD
US oil and gas development	18,490
US and Uzbekistan production costs	9,977
US Umiat exploration[1]	5,507
Exploration	4,933

[1] Cash payments for US Umiat exploration relate to the previous year's winter drilling program. No exploration activities have been undertaken in the current financial year.

16. (b) Update on reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 6.3, including a summary of reserves and resources as set out in Appendix 7.5

There has been no material movement in reserves volumes.

17. Events occurring after reporting date
Convertible Notes

On 5 January 2015, the Company executed the Second Supplemental Trust Deed on the Convertible Notes and repaid AUD$61.8 million (USD$50.0 million) of principal plus accrued interest AUD$0.9 million (USD$0.8 million) for the period 10 October to 30 December 2014.

18. Confirmation pursuant to Rule 705(5) by Board of Directors

We, Peter Bond and Craig Ricato, being two Directors of Linc Energy Ltd (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the quarter and six months ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
CRAIG RICATO
Managing Director & Chief Executive Officer
13 February 2015