Unaudited Second Quarter and Six Months to December 2015 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.

Linc Energy Ltd ("the Company" or "Linc Energy") (SGX:TI6) (OTCQX: LNCGY) is a global oil and gas company with a broad portfolio of oil, gas and coal assets. The Company applies conventional production techniques and its proprietary advanced technologies to extract value from the development of these resources.

Linc Energy is a global business with Oil and Gas operations primarily onshore in the USA (Alaska, Texas, Louisiana & Wyoming); Exploration for Shale Oil & Gas in the Arckaringa Basin in South Australia; developing a proprietary technology for the extraction of Heavy Oil (Moving Injection Gravity Drainage – MIGD) in an efficient and cost effective manner; and a significant number of opportunities to apply its proprietary Underground Coal Gasification (UCG) technology in key target markets including Asia and Africa.

The Company's proprietary UCG technology is a method of converting stranded coal resources into a valuable synthesis gas (Syngas) in situ. Linc Energy owns and operates the world's longest running commercial UCG operation in Uzbekistan (over 50 years in operation), which supplies Syngas 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.

Linc Energy is pleased to present our unaudited second quarter FY2016 financial statements announcement, which reflect the Company's financial and operating results for period ended 31 December 2015 (our "Results").

FINANCIAL AND OPERATING HIGHLIGHTS

LINC ENERGY GROUP	Second quarter FY2016 31 December 2015 $'000 AUD	Second quarter FY2015 31 December 2014 $'000 AUD	Year-to-date (6 months) FY2016 31 December 2015 $'000 AUD	Year-to-date (6 months) FY2015 31 December 2014 $'000 AUD
FINANCIAL SUMMARY				
Revenue	15,834	23,068	36,232	52,677
Sale of royalty	-	504	-	148,611
Profit / (loss) before other financial instruments expenses and income tax expense	(102,297)	(165,523)	(148,946)	(50,079)
Profit/(loss) before income tax	(93,888)	(165,361)	(152,448)	(58,043)
Profit / (loss) after other financial instruments expenses and income tax expense	(95,771)	(166,789)	(154,142)	(59,767)
Gross Capital Expenditure – Oil & Gas[1]	9,813	12,202	18,080	32,600
LINC ENERGY RESOURCES, INC OPERATIONS SUMMARY				
Sales volumes (BOE) [2]	**267,066**	**267,209**	**565,949**	**553,634**
- Oil (bbls)	258,150	256,565	549,113	525,682
- Natural Gas (MMBtu)	53,495	43,892	101,012	120,386
Average sales price (BOE)	**38.08**	**71.39**	**42.06**	**81.18**
- Oil (USD$/bbls)	39.00	72.95	42.96	83.81
- Natural Gas (USD$/MMBtu)	1.92	2.74	2.10	3.36

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

EBITDAX Computation (USA Oil and Gas operations)

LINC ENERGY RESOURCES, INC Group	Second quarter FY2016 31 December 2015 $'000 USD	Second quarter FY2015 31 December 2014 $'000 USD	Year-to-date (6 months) FY2016 31 December 2015 $'000 USD	Year-to-date (6 months) FY2015 31 December 2014 $'000 USD
Revenue	10,171	19,075	23,803	44,946
Net Income / (loss)	(67,016)	(58,055)	(90,818)	(68,823)
Add:				
Income taxes	-	60	-	60
Interest expense	13,518	11,888	26,574	23,161
Amortisation of debt issuance costs	1,431	1,398	2,797	2,149
Loss on extinguishment of debt	-	86	-	1,386
Loss on abandonment	(39)	52	104	309
Impairment expense[1]	28,016	47,741	28,016	47,741
Bad debt expense	487	-	487	68
Dry Hole	-	2,182	-	2,182
(Gain) / loss on sale of Alaskan receivable	-	7	-	(77)
Unrealised (gain)/loss on derivative component	3,072	(15,182)	8,489	(22,284)
Accretion expense	529	510	1,049	1,002
Depreciation, depletion and amortisation	24,429	18,784	42,705	35,010
Other extraordinary items[2]	1,500	-	1,500	2,000
EBITDAX	**5,927**	**9,471**	**20,903**	**23,884**

[1] Gulf Coast and Wyoming asset book values have decreased following an internal impairment review primarily driven by reduction in oil prices over the period (refer to 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 compared to IFRS, which utilizes a discounted reserves valuation.

The differing standards tend to result in a more likely scenario of higher impairment under IFRS than under GAAP, in a lower oil price environment. Conversely, under IFRS guidelines, any impairment charge taken in an earlier period can be reversed if the oil price increases in later periods however, under GAAP guidelines, 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 our 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 2016 Financial Update

- For the second quarter ended 31 December 2015, the Group has recognised a loss before tax of AUD$93.9 million, compared to the comparative period where the group recognised a loss of AUD$165.4 million.
- For the three months ended 31 December 2015, revenue and EBITDAX for the Oil and Gas operations has decreased to USD$10.2 million and USD$5.9 million respectively, compared to the comparative quarter ended 31 December 2014, of USD$19.1 million and USD$9.5 million. This is primarily resulting from reduced oil prices being realised over the quarter and the operational strategy to reduce capital expenditures on drilling.
- As at 31 December 2015, our unutilised sources of liquidity amounted to AUD$4.7 million which is the balance of our cash and cash equivalents at reporting date.
- The Company reviews its hedging program on a regular basis and in early November 2015, the Board approved to unwind its remaining calendar year 2015 crude oil hedges. The net proceeds from this transaction were USD$1.8 million. The funds raised will be used for general corporate purposes and working capital commitments. As at 31 December 2015, the Company holds no oil price hedges.
- Gulf Coast oil & gas assets have been subject to an impairment charge during the quarter, primarily due to the impact of reduced oil prices. As at 31 December 2015, reserve volumes have been estimated at proved (1P) reserves of 5.8 million barrels of oil (MMbo) and 3.5 billion cubic feet of natural gas (BCFG) (equating to 6.4 million barrels of oil equivalent) and prospective reserves of 3.0 million barrels of oil and 17.8 billion cubic feet of natural gas (equating to 6.0 million barrels of oil equivalent). This represents a decrease of 18% in proved reserves and an increase of 49% in prospective resources from volumes assessed at 30 June 2015. The increase in prospective resources is primarily due to gas reservoirs that were discovered at High Island during the recent drilling activity.
- The net current liability position at 31 December 2015 is primarily reflective of the contractual terms of the Convertible Notes (Notes) which provides for an option in favour of Note holders which may require the Company to redeem some, all or none of the Notes on a single future date, being 10 April 2016. On 8 January 2016 (refer to events occurring after reporting date), approval was reached with Noteholders to remove the existing right of redemption, however this amendment is still subject to approval of Shareholders and satisfaction of certain other regulatory conditions. It is anticipated approvals will be granted on or before 26 February 2016.
- As at 31 December 2015, the Company has a net negative assets position of AUD$141.9 million. The declining oil price which has lowered cash inflows and asset values as well as the continual devaluing of AUD against the USD (given all Company debt is denominated in USD whilst Australian Clean Energy and SAPEX assets balances are denominated in AUD) are the key drivers in reducing the Company's Net Asset position for the period. The Company has made significant progress during the quarter to address the issue outlined above, with finalising a capital restructure a key priority for Q3 FY2016.

Second Quarter 2016 Operational Update

Oil & Gas

- Average production for the quarter ended 31 December 2015 was 3,636 BOEPD gross with Net Sales Volumes for the quarter of 2,903 BOEPD, comprised of 98% oil, which was lower as compared to the quarter ended 31 December 2014 (gross production of 3,797 BOEPD and Net Sales Volumes of 2,885 BOEPD).
- During the quarter, the Company performed six recompletions which had average 30 day Initial Production (IP) rates of 100 gross BOPD. The Company completed the drilling of three new wells during the quarter, one in High Island and two in Atkinson Island. As previously announced, the High Island well encountered over-pressured reservoirs with approximately 115 feet of net pay identified across three targeted zones. A flow test indicated that the bottom two zones contained high pressure and high volume gas and condensate. In mid-November 2015 the Company completed the upper sand, which contains an oil leg, and is currently producing approximately 50 BOPD of high gravity oil. In the coming months a full field evaluation will be completed on the take-away and marketing options to economically produce the gas and condensate reservoirs identified in this drilling program. The Atkinson Island wells are producing approximately 140 BOPD and 20 BOPD, respectively.
- On 9 December 2015, the Company received an updated Qualified Person's Report (QPR) for the Umiat project in Alaska from independent consultants, Ryder Scott Company L.P. There has been a decrease in Probable (2P) and Possible (3P) reserves and NPV10% from the previous report. 2P reserves have been estimated at 98.95 Million Barrels of oil equivalent (MMbbls) with a 2P NPV10% of USD$1.035 billion and 3P reserves of 144.68 MMbbls with a 3P NPV10% of USD$1.59 billion. The decrease is primarily due to changes in the macroeconomic environment including oil price, changes to the reservoir modelling

approach, additional information gained from the 2014 drilling program and a revised development plan for the project.

- Due to the current macroeconomic environment, the Company plans to defer any new drilling activities until commodity prices recover. We are reviewing our recompletion plan and focusing on optimisation of existing production in the current market.
- In regards to the monetisation of the Company's Alaska and Wyoming assets, we remain confident in the long-term value of both of these assets and will continue to engage with interested parties whilst prudently progressing with permitting and development plans for the fields.

Clean Energy

Asia

- The negotiation of a UCG Technology License within a key target region of Asia is reaching final stages. Work will continue in Q3 FY2016 to formalise the interest of these parties.

Chinchilla

- The committal hearing into the five serious environmental harm charges laid against Linc Energy by the Queensland Department of Environment and Heritage Protection (EHP) concluded on 25 November 2015, after 11 days of evidence. Both parties have filed their closing written submissions with the Magistrate and await her decision, which is likely in Q3 FY2016. The Company submitted to the Magistrate that EHP had failed to produce sufficient evidence to support the five charges proceeding by indictment and they should therefore be dismissed. The Company will continue to strenuously defend the charges.

- All five gasifiers at the Chinchilla site are now 'closed-in', monitoring is in progress and showing no unexpected or adverse results. This work continues the decommissioning process of UCG operations in Queensland.

South Africa

- Further progress has been made with establishing interested parties with regard to a UCG to power venture in South Africa. Work will continue in Q3 FY2016 to formalise the interest of these parties.

Heavy Oil

- Activities are on hold until market conditions improve.

SAPEX

- Gustavson Associates published an updated Arckaringa Prospective Resources Report (Qualified Persons Report) released to the market on 2 December 2015. The updated Qualified Persons Report increased unrisked prospective resources for unconventional resources in the Arckaringa Basin by 10% to 256 billion barrels of oil (best estimate). A maiden risked prospective resource for unconventional reservoirs was estimated at 19 billion barrels of oil (best estimate).

Corporate

- On 1 October 2015, the Company entered into an agreement with a third party to sell its Assets classified as held- for-sale, with proceeds realised over the remainder of financial year 2016.

- The Company's Annual General Meeting (AGM) was held on 29 October 2015. All resolutions set forth in the Notice of the AGM dated 1 October 2015 were passed by way of a poll.

- On 11 December 2015, Mr Peter Bond resigned as Executive Chairman and Director of the Company. Mr Mark Leahy, Lead Independent Director, was appointed as Non-Executive Chairman following Mr Bond's resignation.

- On 8 January 2016 (refer to events occurring after reporting date), approval was reached from Noteholders to amend the terms of the Company's US$200 million convertible notes due 2018 (Notes), subject to approval of Shareholders and satisfaction of certain other regulatory conditions. Key Proposed

Amendments to the Notes include removal of existing right of redemption, reduction of interest coupon to 0%, reset of conversion price to SGD$0.12105 and new Noteholders' option to direct 50% of Linc Energy Ltd asset sale proceeds greater than USD$10 million towards redemption.

- On 15 January 2016 (refer to events occurring after reporting date), a private placement of ordinary shares in the capital of Linc Energy to BFAM Asian Opportunities Master Fund LP, Taconic Opportunity Master Fund LP and Taconic Master Fund 1.5 LP ("Placees") was completed. The Placees agreed to subscribe and pay for an aggregate of 24,000,000 new Shares at the price of S$0.12105 for each Share, amounting to an aggregate subscription consideration of S$2,905,200.00. Following the completion of the Private Placement, the issued and paid-up share capital of the Company increased to 639,966,776 shares.

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 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Continuing Operations					
Revenue	A1	15,834	23,068	36,232	52,677
Cost of sales	A2	(46,339)	(35,513)	(79,719)	(62,915)
Gross profit		**(30,505)**	**(12,445)**	**(43,487)**	**(10,238)**
Sale of Royalty	A1	-	504	-	148,611
Gain on sale of available-for-sale assets	A1	2,946	-	3,314	-
Other income	A1	480	181	650	343
Expenses:					
Administration and corporate	A3	(15,280)	(14,513)	(28,279)	(27,950)
Site operating costs		(206)	(1,153)	(939)	(2,237)
Exploration and evaluation		-	(317)	(2)	(668)
Technology development	A4	(2,812)	(2,497)	(4,546)	(4,761)
Net foreign exchange gains / (losses)		(2,486)	4,280	2,409	6,857
Impairment expenses	A5	(29,313)	(117,750)	(29,364)	(117,750)
Discount on sale of receivable		-	(16)	-	75
Results from operating activities		**(77,176)**	**(143,726)**	**(100,244)**	**(7,718)**
Finance income	A6	322	1,343	617	1,998
Finance expenses	A6	(25,443)	(23,140)	(49,319)	(44,359)
Net financing costs		**(25,121)**	**(21,797)**	**(48,702)**	**(42,361)**
Profit / (loss) before other financial instruments expenses and income tax expense		**(102,297)**	**(165,523)**	**(148,946)**	**(50,079)**
Other financial instruments income/ (expense)	A6	8,409	162	(3,502)	(7,964)
Profit / (loss) before income tax		**(93,888)**	**(165,361)**	**(152,448)**	**(58,043)**
Income tax benefit / (expense)		(1,883)	(1,428)	(1,694)	(1,724)
Profit / (loss) from continuing operations		**(95,771)**	**(166,789)**	**(154,142)**	**(59,767)**
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax		-	(2,577)	-	(3,512)
Profit/(loss) for the period		**(95,771)**	**(169,366)**	**(154,142)**	**(63,279)**
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	A6	(9,755)	1,706	(11,532)	(511)
Foreign currency translation differences for foreign operations		5,852	3,630	(1,023)	18,944
Total items that may be reclassified subsequently to profit or loss		**(3,903)**	**5,336**	**(12,555)**	**18,433**
Total other comprehensive income / (loss) for the period, net of tax		**(3,903)**	**5,336**	**(12,555)**	**18,433**
Total comprehensive income / (loss) for the period		**(99,674)**	**(164,030)**	**(166,697)**	**(44,846)**

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Profit / (loss) attributable to:				
Equity holders of Linc Energy Ltd	(95,785)	(169,392)	(154,088)	(63,270)
Non-controlling interest	14	26	(54)	(9)
Profit / (loss) for the period	**(95,771)**	**(169,366)**	**(154,142)**	**(63,279)**
Total comprehensive income / (loss) attributable to:				
Equity holders of Linc Energy Ltd	(99,494)	(164,610)	(167,123)	(46,032)
Non-controlling interest	(180)	580	426	1,186
Total comprehensive income / (loss) for the period	**(99,674)**	**(164,030)**	**(166,697)**	**(44,846)**
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	(15.55)	(28.67)	(25.02)	(10.72)
Diluted earnings / (loss) per share	(15.55)	(28.67)	(25.02)	(10.72)

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

A1 Revenue and other income

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Revenue from continuing operations				
Oil and gas sales revenue - USA	14,165	22,523	32,932	50,467
Clean Energy: Syngas sales revenue - Uzbekistan	919	670	1,759	1,273
Clean Energy: Consulting revenue[1]	750	(125)	1,541	937
Total revenue	**15,834**	**23,068**	**36,232**	**52,677**
Gain on sale of available-for-sale assets				
Gain on sale of available-for-sale assets[2]	2,946	-	3,314	-
Total sale of Royalty	**2,946**	**-**	**3,314**	**-**
Sale of Royalty				
Sale of Carmichael Royalty	-	504	-	148,611
Total sale of Royalty	**-**	**504**	**-**	**148,611**
Other income				
Sundry income	480	181	650	343
Total other income	**480**	**181**	**650**	**343**

[1]Clean Energy: Consulting revenue primarily includes Exxaro Intellectual Property (IP) revenue of YTD AUD $1.5 million. A total of AUD$6.2 million revenue has been recognised life to date, with the remaining AUD$13.8 million being recognised as deferred revenue in the statement of financial position.

[2] During the year the Company sold shares in one of its listed securities investments. This gain represents the difference between the fair value, sale proceeds and a transfer of equity being held in the available-for-sale reserve.

A2 Cost of sales

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Oil and gas lease operating expenses	4,704	6,184	9,206	11,086
Other oil and gas production expenses	-	112	-	116
Royalties and production taxes	2,346	1,477	4,073	2,935
Work over expenses[1]	1,250	2,307	2,045	4,583
Depletion and accretion expense of oil and gas assets[2]	37,253	24,874	62,881	43,163
Production costs - Uzbekistan	786	559	1,514	1,032
Total cost of sales	**46,339**	**35,513**	**79,719**	**62,915**

[1] Workover expenses continue to decrease as a result of improved maintenance procedures and implementation of cost control initiatives.

[2] Depletion expense is a function of production over proved developed producing (PDP) reserves and has increased for the quarter due to the reduction in PDP reserves value as estimated by management at 31 December 2015 for the Oil and Gas Gulf Coast assets.

A3 Administration and corporate expenses include:

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Employee benefits expenses	2,883	4,818	8,635	12,681
Share-based payments expense	56	(1,152)	112	114
Depreciation expense	3,379	1,003	4,368	1,970
Software amortisation expense	968	171	1,084	361
Allowance for doubtful debts and bad debts expense	1,452	20	1,452	20
Net (gains) / loss on disposal of non-current assets	10	3	132	(14)

A4 Technology development expenses include:

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Amortisation of coal-to-liquids technology development[1]	1,792	452	2,244	904

[1] During the period ended 31 December 2015, the Company commenced amortisation of its Gas-to-Liquids (GTL) intangible asset to align with the current assumptions used for amortising the Company's UCG technology.

A5 Impairment expenses

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Impairment expense – Wyoming and Gulf Coast oil and gas assets[1]	29,313	113,982	29,364	113,982
Impairment expense – available-for-sale assets	-	3,768	-	3,768

[1] Gulf Coast oil & gas assets have been subject to an impairment charge during the quarter, primarily due to the impact of reduced oil prices. As at 31 December 2015, reserve volumes have been estimated at proved (1P) reserves of 5.8 million barrels of oil (MMbo) and 3.5 billion cubic feet of natural gas (BCFG) (equating to 6.4 million barrels of oil equivalent) and prospective reserves of 3.0 million barrels of oil and 17.8 billion cubic feet of natural gas (equating to 6.0 million barrels of oil equivalent). This represents a decrease of 18% in proved reserves and an increase of 49% in prospective resources from volumes assessed at 30 June 2015. The increase in prospective resources is primarily due to gas reservoirs that were discovered at High Island during the recent drilling activity.

A6 Finance income, finance expenses and other financial instruments expenses

Finance income recognised in profit and loss:

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Interest income on cash and cash equivalents	48	276	117	401
Interest income on loans	274	-	500	-
Present value discount on sale of royalty	-	1,067	-	1,597
Total finance income	**322**	**1,343**	**617**	**1,998**

Finance expenses recognised in profit and loss:

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Interest and borrowings costs paid or payable	(25,443)	(23,140)	(49,319)	(44,359)
Total finance expenses	**(25,443)**	**(23,140)**	**(49,319)**	**(44,359)**
Net finance costs	**(25,121)**	**(21,797)**	**(48,702)**	**(42,361)**

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

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Net gain / (loss) on commodity swaps [2]	(286)	20,042	4,913	26,633
Gain / (loss) on modification of convertible notes	-	(29,599)	-	(29,599)
Net change in unrealised foreign exchange loss on convertible notes	8,695	(12,516)	(8,415)	(25,593)
Net change in fair value of embedded derivatives from convertible notes at fair value through profit or loss[3]	-	22,235	-	20,595
Total other financial instruments expenses	**8,409**	**162**	**(3,502)**	**(7,964)**

[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.

[3] Fair value of the embedded derivative is nil given the Company has the option to cash settle conversion notices.

Recognised in other comprehensive income:

	Second quarter 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Net change in the fair value of available-for-sale financial assets, net of transaction costs, impairment and tax	(9,755)	1,706	(11,532)	(511)

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 2015 $'000 AUD	As at 30 June 2015 $'000 AUD	As at 31 December 2015 $'000 AUD	As at 30 June 2015 $'000 AUD
ASSETS					
Current assets					
Cash and cash equivalents		4,717	23,210	1,297	20,054
Trade and other receivables		9,120	14,186	2,430	2,957
Inventories		4,113	3,585	-	-
Assets classified as held for sale		6,392	20,964	6,392	20,964
Other financial assets		-	7,990	-	-
Total current assets		**24,342**	**69,935**	**10,119**	**43,975**
Non-current assets					
Trade and other receivables		31,234	25,545	14,334	12,495
Intangibles		254,190	254,191	28,928	32,112
Property, plant and equipment		10,857	14,219	4,513	7,336
Oil and gas assets		390,994	442,164	-	-
Available for sale investments		1,834	2,156	1,834	2,156
Net deferred tax assets		-	-	17,588	17,574
Other financial assets		28	3,099	28	-
Investment in subsidiaries		-	-	104,489	270,218
Receivables from subsidiaries		-	-	85,869	84,788
Total non-current assets		**689,137**	**741,374**	**257,583**	**426,679**
Total assets		**713,479**	**811,309**	**267,702**	**470,654**
LIABILITIES					
Current liabilities					
Trade and other payables		41,825	39,400	6,840	6,576
Borrowings	1(b) iii	188,514	174,400	188,375	174,139
Provisions	1(b) ii	10,296	9,088	3,140	2,476
Deferred revenue		3,000	3,000	3,000	3,000
Total current liabilities		**243,635**	**225,888**	**201,355**	**186,191**
Non-current liabilities					
Trade and other payables		1,302	1,241	-	-
Borrowings	1(b) iii	537,853	483,542	-	-
Provisions	1(b) ii	61,803	57,734	7,196	7,236
Deferred revenue		10,750	12,250	10,750	12,250
Total non-current liabilities		**611,708**	**554,767**	**17,946**	**19,486**
Total liabilities		**855,343**	**780,655**	**219,301**	**205,677**
Net assets / (liabilities)		**(141,864)**	**30,654**	**48,401**	**264,977**
EQUITY					
Share capital		425,346	431,169	425,346	431,169
Reserves		58,316	71,349	19,028	30,560
Retained earnings / (Accumulated losses)		(636,002)	(481,914)	(395,973)	(196,752)
Total equity attributable to equity		**(152,339)**	**20,604**	**48,401**	**264,977**

holders of the company				
Non-controlling interest	10,475	10,050	-	-
Total equity / (deficiency)	**(141,864)**	**30,654**	**48,401**	**264,977**

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

	Group		Company	
	As at 31 December 2015 $'000 AUD	As at 30 June 2015 $'000 AUD	As at 31 December 2015 $'000 AUD	As at 30 June 2015 $'000 AUD
Current				
Oil and gas rehabilitation - USA	5,340	4,686	-	-
Employee entitlements	4,956	4,402	3,140	2,476
Total current provisions	**10,296**	**9,088**	**3,140**	**2,476**
Non-Current				
Decommissioning and site restoration – Chinchilla demonstration facility	5,923	5,923	5,923	5,923
Oil and gas rehabilitation - USA	54,608	50,498	-	-
Employee entitlements	1,272	1,313	1,273	1,313
Total non-current provisions	**61,803**	**57,734**	**7,196**	**7,236**

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

	Group		Company	
	As at 31 December 2015 $'000 AUD	As at 30 June 2015 $'000 AUD	As at 31 December 2015 $'000 AUD	As at 30 June 2015 $'000 AUD
Current				
(Repayable in one year or less, or on demand)				
Secured				
Finance lease liabilities	140	265	1	4
Total secured current borrowings	**140**	**265**	**1**	**4**
Unsecured				
Convertible notes				
Convertible note component [1]	188,374	174,135	188,374	174,135
Embedded derivative component	-	-	-	-
Total unsecured current borrowings	**188,374**	**174,135**	188,374	**174,135**
Total current borrowings	**188,514**	**174,400**	**188,375**	**174,139**
Non-Current				
(Repayable after one year)				
Secured				
First Lien senior secured notes	162,330	152,744	-	-
Second Lien senior secured notes	375,343	330,673	-	-
Finance lease liabilities	180	125	-	-
Total secured non-current borrowings	**537,853**	**483,542**	-	-
Total non-current borrowings	**537,853**	**483,542**	-	-
Total borrowings	**726,367**	**657,942**	**188,375**	**174,139**

[1] On 8 January 2016 (refer to events occurring after reporting date), approval was reached from more than 90% of Noteholders (sufficient to ensure all resolutions were passed) to amend the terms of the Company's USD$200 million convertible notes due 2018 (Notes), subject to approval of the Shareholders and satisfaction of certain other regulatory conditions. A Proposed Amendment to the Notes include the removal of existing right of

redemption at 10 April 2016. Subject to receiving shareholder approval at the EGM (to be held on 26 February 2016), the Convertible Note will be reclassified in the Company's financial statements to a Non-Current Liability.

Details of Borrowings and Debt Securities:

Finance Leases

The Group has a number of motor vehicles secured under finance lease.

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 million 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 contain 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.

Second Lien Senior Secured Notes

On 12 October 2012, Linc USA GP and Linc Energy Finance (USA), Inc., issued AUD$258.2 million (USD$265 million) of 12.5% Second Lien Senior Secured Notes (Second Lien Notes) due 31 October 2017. The Second Lien Notes were issued at 96.402% of their face amount, resulting in net proceeds of AUD$248.9 million (USD$255.5 million) before discounts and fees.

The interest on the Second Lien 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 Second Lien Notes are redeemable by the Issuers at any time on or after 30 April 2015, at the redemption prices set forth in the indenture.

On 29 May 2015, the Company announced majority consent had been obtained to amend the terms of the Second Lien Notes as follows:

- an option for the Company to capitalise the coupon payments due on the Second Lien Notes in October 2015;
- an option to capitalise the coupon payments due on the Second Lien Notes in April 2016 upon the Company's oil and gas subsidiary, Linc Energy Resources Inc., receiving net cash proceeds of one or more equity offerings in the aggregate amount of at last USD$50 million;
- if the Company elects to capitalise one or both of these coupon payments, the coupon will be calculated at 14%. If the Company elects to cash settle the coupon payments, the coupon will be calculated at the current 12.5% rate; and
- upon the sale of any material assets of the Company's oil and gas subsidiary, Linc Energy Resources Inc, the proceeds will be used to pay down US secured debt on order or priority at the respective call prices contained within the indenture documents at the time of sale.

The Company elected to capitalise the 31 October 2015 interest payment which totalled USD$18.5 million resulting an updated face value of USD$283.5 million.

Convertible Notes

On 10 April 2013, Linc Energy Ltd raised AUD$190.1 million (USD$200 million) 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 5 January 2015; in return the Note holders' put date is moved back 12 months to 10 April 2016 which may require the Company to redeem some, all or none of the Notes on a single future date being 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; and
- The conversion price of the Notes was reset to SGD$1.3411 with immediate effect.

On 10 April 2015, the conversion price was reset to SGD$0.77. The coupon increased from 7% to 9% per annum paid semi-annually commencing on 10 April 2015.

On 4 May 2015, the Company issued 8,446,102 shares on conversion of USD$5.0 million of the Notes at SGD$0.77 per share.

On 21 May 2015, the Company issued a further 19,763,881 shares on conversion of USD$11.7 million Notes at SGD$0.77 per share. The balance of the Company's Notes at 30 June 2015 was USD$133.3 million (AUD$174.1 million).

On 6 August 2015, the Company identified and rectified the issuance in error of 7,052,497 shares of the Company as part of the May conversions of the Notes to shares. The extra shares were issued as a result of a calculation error in the Conversion Notice sent to the Company by the Trustee (Citicorp International Limited), relating to the manner in which the USD$50 million redemption in January 2015 was implemented. The Company understands that while payment was made to all Noteholders on a pro-rata basis at the time of the redemption, the principal amounts of the Notes held by each Noteholder were not adjusted in the note register accordingly. Rather, the Trustee applied a pool factor of 75% to reduce the total value of the outstanding Notes. Accordingly, the nominal value of the Notes on the note register did not change from USD$200 million to USD$150 million; instead the amounts due on a future redemption was reduced to reflect the Redemption payment of USD$50 million. As a result of the issue referred to above, the recent conversion rights exercised by a Noteholder were calculated by the Trustee on the principal amount outstanding to that Noteholder without reference to the Redemption. The Company relied on the Conversion Notice provided by the Trustee and consequently, the Noteholder was issued 7,052,497 shares to which it was not entitled. A total of 28,209,983 shares were issued on the conversion of the Notes on 4 May and 21 May 2015, when the correct number of shares to be issued on conversion should have been 21,157,486, that is 75% of the original number of shares issued. After the USD$50 million redemption, and the conversion of Notes in May 2015, the remaining USD$200 million 7% Convertible Notes have an aggregate principal amount outstanding, and redemption value after factoring of 75% of USD$137.475 million, rather than the USD$133.3 million of face value as previously advised to the market on 21 May 2015.

On 8 January 2016 (refer to events occurring after reporting date), approval was reached from more than 90% of Noteholders (sufficient to ensure all resolutions were passed) to amend the terms of the Company's US$200 million convertible notes due 2018 (Notes), subject to approval of the Shareholders and satisfaction of certain other regulatory conditions. Key Proposed Amendments to the Notes include; removal of existing right of redemption, reduction of interest coupon to 0%, reset of conversion price to SGD$0.12105 and new Noteholders' option to direct 50% of Linc Energy Ltd asset sale proceeds greater than USD$10 million towards redemption.

Summary of Movements:

Convertible Note	**31 December 2015 $000 AUD**	**30 June 2015 $000 AUD**
Opening balance	**174,135**	162,108
Redemption	-	(61,794)
Conversion of notes (shares)	-	(21,169)
Unwind of notes	-	6,851
Gain / loss on modification	-	36,286
Transfer from embedded derivative[1]	-	14,441
Conversion correction (shares cancelled)	**5,824**	-
Difference relating to exchange rate fluctuations	**8,415**	37,412
Carrying amount	**188,374**	174,135
Disclosed in the statement of financial position as:		
Current	**188,374**	174,135
Non-Current	-	-

Embedded Derivative Liability	**31 December 2015 $000 AUD**	**30 June 2015 $000 AUD**
Opening Balance	-	35,036
Gain / loss on modification recognised in fair value through profit and loss	-	(24,855)
Fair value through profit and loss adjustment (excluding tax)	-	4,260
Transfer to convertible note component[1]	-	(14,441)
Closing fair value balance	-	-
Disclosed in the statement of financial position as:		
Current	-	-
Non-Current	-	-

[1] The embedded derivative is now nil given the Company has the option to cash settle conversion notices. The convertible note liability component is the AUD equivalent of the outstanding note liability of USD$137.5 million.

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 2016 31 December 2015 $'000 AUD	Second quarter 2015 31 December 2014 $'000 AUD	Year-to-date (6 months) 2016 31 December 2015 $'000 AUD	Year-to-date (6 months) 2015 31 December 2014 $'000 AUD
Cash flows from operating activities				
Receipts from customers and other debtors (inclusive of goods and services tax)	18,048	26,768	38,962	58,685
Payments to suppliers and employees (inclusive of goods and services tax)	(24,517)	(35,075)	(51,100)	(60,635)
Receipts / (payments) for commodity swaps	5,390	803	18,025	(1,078)
Interest and borrowing costs paid	(17,200)	(30,040)	(17,202)	(31,135)
Net cash inflow / (outflow) from operating activities	**(18,279)**	**(37,544)**	**(11,315)**	**(34,163)**
Cash flows from investing activities				
Payments for property, plant and equipment	5	(332)	(60)	(510)
Proceeds from disposal of property, plant and equipment	35	5	198	166
Payments for software	(60)	-	(60)	(153)
Payments for exploration and evaluation intangible	(15)	(4,933)	(666)	(6,143)
Payments for exploration and development of oil and gas assets	(5,572)	(23,997)	(10,441)	(55,234)
Receipts from Alaskan tax rebate funding	-	(16)	-	75
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	(2,224)	142	(2,263)	(1,303)
Interest received	39	251	151	399
Proceeds from sale of available-for-sale assets	4,678	-	5,506	-
Payment for financial asset	-	-	(28)	-
Net cash inflow / (outflow) from investing activities	**(3,114)**	**61,120**	**(7,663)**	**27,297**
Cash flows from financing activities				
Proceeds from notes issues	-	-	-	134,931
Net proceeds / (repayments) on Reserve-Based Lending facility	-	-	-	(74,332)
Repayment of borrowings	-	-	-	-
Repayment of finance lease liabilities	(122)	(153)	(161)	(249)
Payments associated with financing activities	-	(28)	-	(12,073)
Net cash inflow / (outflow) from financing activities	**(122)**	**(181)**	**(161)**	**48,277**
Net increase / (decrease) in cash and cash equivalents	**(21,515)**	**23,395**	**(19,139)**	**41,411**
Cash and cash equivalents at the beginning of the period	26,798	72,891	23,210	48,716
Effect of exchange rate fluctuations	(566)	7,464	646	13,623
Cash and cash equivalents at the end of the period	**4,717**	**103,750**	**4,717**	**103,750**

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 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	-	-	-	-	-	(292,832)	(292,832)	(61)	(293,893)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	16,429	-	-	-	-	16,429	1,797	18,226
Net change in fair value of available-for-sale financial assets, net of tax	-	-	13,303	-	-	-	13,303	-	13,303
Total other comprehensive income	**-**	**16,429**	**13,303**	**-**	**-**	**-**	**29,732**	**1,797**	**31,529**
Total comprehensive income for the period	**-**	**16,429**	**13,303**	**-**	**-**	**(292,832)**	**(263,100)**	**1,736**	**(261,364)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Share-based payment expense	-	-	-	-	3,662	-	3,662	-	3,662
Shares issued and transfer from share based payment reserve on vesting of performance rights	13,206	-	-	-	(13,206)	-	-	-	-
Cash settled share-based payments transferred from share-based payment reserve on vesting of performance rights	-	-	-	-	(2)		(2)		(2)
Shares issued on conversion of Convertible Note holdings	21,169	-	-	-	-	-	21,169	-	21,169
Initial public offering capitalised costs, net of tax	-	-	-	-	-	-	-	-	-
Total contributions by and distribution to owners	**34,375**	**-**	**-**	**-**	**(9,546)**	**-**	**24,829**	**-**	**24,829**
Total transactions with owners	**34,375**	**-**	**-**	**-**	**(9,546)**	**-**	**24,829**	**-**	**24,829**
Balance as at 30 June 2015	**431,169**	**40,754**	**14,298**	**5,309**	**10,988**	**(481,914)**	**20,604**	**10,050**	**30,654**

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 2015	431,169	40,754	14,298	5,309	10,988	(481,914)	20,604	10,050	30,654
Total comprehensive income for the period									
Profit / (loss) for the period	-	-	-	-	-	(154,088)	(154,088)	(52))	(154,140)
Other comprehensive income									
Foreign currency translation differences for foreign operations	-	(1,501)	-	-	-	-	(1,501)	478	(1,023)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(11,532)	-	-	-	(11,532)	-	(11,532)
Total other comprehensive income	**-**	**(1,501)**	**(11,532)**	**-**	**-**	**-**	**(13,033)**	**478**	**(12,555)**
Total comprehensive income for the period	**-**	**(1,501)**	**(11,532)**	**-**	**-**	**(154,088)**	**(167,121)**	**426**	**(166,695)**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Shares cancelled upon correction of conversion of Convertible Notes	(5,823)	-	-	-	-	-	(5,823)	-	(5,823)
Total contributions by and distribution to owners	**(5,823)**	**-**	**-**	**-**	**-**	**-**	**(5,823)**	**-**	**(5,823)**
Total transactions with owners	**(5,823)**	**-**	**-**	**-**	**-**	**-**	**(5,823)**	**-**	**(5,823)**
Balance as at 31 December 2015	**425,346**	**39,253**	**2,766**	**5,309**	**10,988**	**(636,002)**	**(152,340)**	**10,476**	**(141,864)**

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	-	-	-	-	(171,183)	(171,183)
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	-	13,303	-	-	-	13,303
Total other comprehensive income	-	13,303	-	-	-	**13,303**
Total comprehensive income for the period	-	**13,303**	-	-	**(171,183)**	**(157,880)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payment expense	-	-	-	3,662	-	3,662
Shares issued and transfer from share based payment reserve on vesting of performance rights	13,206	-	-	(13,206)	-	-
Shares issued on conversion of Convertible Note holdings	21,169	-	-	-	-	21,169
Cash settled share-based payments transferred from share-based payment reserve on vesting of performance rights	-	-	-	(2)		(2)
Total contributions by and distribution to owners	**34,375**	-	-	**(9,546)**	-	**24,829**
Total transactions with owners	**34,375**	-	-	**(9,546)**	-	**24,829**
Balance as at 30 June 2015	**431,169**	**14,298**	**5,274**	**10,988**	**(196,752)**	**264,977**

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 2015	431,169	14,298	5,274	10,988	(196,752)	264,977
Total comprehensive income for the period						
Profit / (loss) for the period	-	-	-	-	(199,221)	(199,221)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets, net of tax	-	(11,532)	-	-	-	(11,532)
Total other comprehensive income	**-**	**(11,532)**	**-**	**-**	**-**	**(11,532)**
Total comprehensive income for the period	**-**	**(11,532)**	-	**-**	**(199,221)**	**(210,753)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Shares cancelled upon correction of conversion of Convertible Notes	(5,823)	-	-	-	-	(5,823)
Total contributions by and distribution to owners	**(5,823)**	**-**	**-**	**-**	**-**	**(5,823)**
Total transactions with owners	**(5,823)**	**-**	**-**	**-**	**-**	**(5,823)**
Balance as at 31 December 2015	**425,346**	**2,766**	**5,274**	**10,988**	**(395,973)**	**48,401**

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 2015 Number	30 June 2015 Number	31 December 2015 $'000 AUD	30 June 2015 $'000 AUD
Share capital				
Ordinary shares – fully paid	**615,966,776**	623,019,273	**425,346**	431,169
Movements:				
Opening balance	**623,019,273**	587,918,910	**431,169**	396,794
Shares cancelled upon correction of convertible note conversion	**(7,052,497)**	-	**(5,823)**	-
Shares issued on conversion of Convertible Note holdings	-	28,209,983	-	21,169
Shares issued on vesting of performance rights	-	6,890,380	-	13,206
Closing balance	**615,966,776**	623,019,273	**425,346**	431,169

The Company did not have any treasury shares as at 31 December 2015 and 30 June 2015.

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

	31 December 2015 Number	30 June 2015 Number
Unvested employee contractual rights[1]	**233,759**	233,759
Convertible notes[2]	**232,225,627**	225,173,130
Total unissued shares	**232,459,386**	225,406,889

[1] Upon transition of employment from a wholly owned subsidiary to the parent, two employees were given contractual rights that can be settled in cash or shares to vest upon the completion of twelve months employment.

[2] On 10 April 2013, Linc Energy Ltd raised AUD$190.1 million (USD$200 million) through the issue of Unsecured Convertible Notes due 10 April 2018. Further details of the facility can be found under Convertible notes in section 1 (b) (iii). The outstanding face value of the Notes is USD$137.5 million and the total shares that may be issued upon conversion is 232,225,627.

[3] On 8 January 2016 (refer to events occurring after reporting date), approval was reached from more than 90% of Noteholders (sufficient to ensure all resolutions were passed) to amend the terms of the Company's US$200 million convertible notes due 2018 (Notes), subject to approval of the Shareholders and satisfaction of certain other regulatory conditions. A Proposed Amendment to the Notes include the reset of conversion price to S$0.12105 which would increase the total shares that may be issued upon conversion to 1,599,184,610.

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 2015 Number	30 June 2015 Number
Share capital		
Ordinary shares – fully paid	623,019,273	623,019,273

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 FY2016 31 December 2015	Second quarter FY2015 31 December 2014	Year-to-date (6 months) 2016 31 December 2015	Year-to-date (6 months) 2015 31 December 2014
Profit / (loss) attributable to the ordinary equity holders of the Company:				
Basic earnings / (loss) per ordinary share (AUD cents per share)	(15.55)	(28.67)	(25.02)	(10.72)
- weighted average number of shares	615,966,776	590,784,459	615,966,776	590,180,058
Fully diluted earnings / (loss) per ordinary share (AUD cents per share)	(15.55)	(28.67)	(25.02)	(10.72)
- adjusted weighted average number of shares	615,966,776	590,784,459	615,966,776	590,180,058

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 2015	As at 30 June 2015	As at 31 December 2015	As at 30 June 2015
Net assets ($AUD)	**(141,864,000)**	30,654,000	**48,401,000**	264,977,000
Number of ordinary shares (number)	**615,966,776**	623,019,273	**615,966,776**	623,019,273
Net asset value per ordinary share ($AUD/share)	**(0.2303)**	0.0492	**0.0786**	0.4253

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 2015 (Q2 2016) the Group has recognised a loss before tax from continuing operations of AUD$93.9 million.

Revenue for 31 December 2015 (Q2 2016) has decreased by AUD$7.2 million over that of the second quarter ended 31 December 2014 (Q2 2015) due to:

- decrease in the realised price per barrel of USD$39.00, down USD$33.95 per barrel on the comparative quarter (decrease of AUD$8.4 million);
- increase in revenue from syngas sales in Uzbekistan (AUD$0.3 million)

Cost of sales has increased for the quarter by AUD$10.8 million primarily due to increased depletion (AUD$12.4 million) resulting from the updated reserves report issued at financial year end (FY2015) and increased royalty/production taxes (AUD$0.9m). This was slightly offset by reduced workover expenses (AUD$1.0m) and lease operating expenses (AUD$1.5m), resulting from improved maintenance procedures and implementation of cost control initiatives by the US Operations team.

Administration and corporate expenses have increased by AUD$0.8 million for the quarter due to the Company's depreciation, whereby an additional expense was recognised in order to align assets with their useful lives (AUD$2.4m). This was primarily offset by cost savings implemented through the last financial year in salary and wages (decreased by AUD$1.9 million).

Site operating costs have decreased by AUD$0.9 million for the quarter as a result of the reduced level of operation and staff numbers at the Chinchilla demonstration facility.

Net foreign exchange losses have increased by AUD$6.8 million for the quarter due to movements in exchange rates, predominately the USD strengthening against the AUD (Spot at December 2014 0.8156, compared to December 2015 0.7298), with movement of more than 0.09 cents over the twelve month period. 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.

Finance expenses have increased for the quarter by AUD$2.3 million, due to unfavourable exchange rate movements on the USD denominated interest payments/accruals for the First and Second Lien Secured Notes and Convertible Notes.

Other financial instruments expense has increased by AUD$8.4 million for the quarter primarily due to the foreign exchange rate fluctuations on the Convertible Note (AUD$8.7 million). This was slightly offset by the gain recognised on the US Commodity Swaps (AUD$0.3m).

Statement of Financial Position

Current assets of the Group have decreased by AUD$45.6 million during the six month period from 30 June 2015 as a result of:

- Cash and cash equivalents decreased by AUD$18.5 million (refer to statement of cash flows for a breakdown of movements);
- Inventories have increased by AUD$0.5 million;
- Assets classified as held-for-sale have decreased by AUD$14.6 million due to the partial sale of shares and unfavourable movement in the share price of the listed investment; and
- Other financial assets decreased by AUD$7.9 million primarily resulting from the unwind of the remaining US Hedges (Calendar year 2015).

Non-current assets of the Group have decreased by AUD$52.2 million predominately due to:

- Oil and gas assets decreased by AUD$51.2 million. This movement comprised of impairment of AUD$29.3 million and depletion/depreciation of AUD$62.4 million, however offset by capital additions of AUD$18.1 million and a favourable movement in foreign exchange rates of AUD$22.4 million; and
- Property, plant and equipment has decreased by AUD$3.4 million, primarily as a result of the Company's depreciation correction ($2.4m) and unfavourable movement in foreign exchange rates for US held property, plant and equipment ($1.0m);

Current liabilities of the Group have increased by AUD$17.7 million predominately due to:

- Trade and other payables have increased by AUD$2.4 million as a result of increased US expense accruals (AUD$1.7m) and the interest accruals of both the High Yield Notes (AUD$1.1m) and Convertible Note (AUD$0.5m). This was slightly offset by a reduction in AUS expense accruals (AUD$0.8m);
- Borrowings have increased by AUD$14.1 million primarily due to the unfavourable revaluation effects of the Company's US dollar denominated debt, driven by the strengthening USD; and
- Provisions have increased by AUD$1.2 million resulting from an overall increase in employee entitlement provisions.

Non-current liabilities have increased by AUD$56.9 million predominantly due to:

- Borrowings have increased by AUD$54.3 million as a result of the following movements:
    - Increase of AUD$8.0 million in the First Lien Senior Secured Notes due to unfavourable foreign exchange movements;
    - Increase of AUD$42.4 million in Senior Secured Notes due to the Interest payment for October 2015 being capitalised (Payment in Kind, USD$18.5 million) and unfavourable foreign exchange movements; and
- Provisions have increased by AUD$4.0 million due to an increase in the US oil and gas assets rehabilitation obligations, predominantly as a result of unfavourable foreign exchange movements.

At 31 December 2015 the Group had a net current liability position of AUD$219.3 million primarily due to the reclassification of the Convertible Note from non-current to current liabilities in April 2015. On 8 January 2016, the Company received written approval from more than 90% of Noteholders (sufficient to ensure all resolutions were passed) to amend the terms of the Convertible Note, whereby removing the redemption date of April 2016. Subject to receiving shareholder approval at the EGM (to be on 26 February 2016), the Convertible Note will be reclassified in the Company's financial statements to a Non-Current Liability.

Statement of cash flows

The cash and cash equivalents of the Group at 31 December 2015 has decreased from AUD$26.8 million to AUD$4.7 million. A summary of movements for the quarter are below:

Net cash outflows from operating activities of AUD$18.3 million were predominantly comprised of:

- Receipts from customers of AUD$18.0 million of which AUD$16.8 million was from US oil and gas sales, AUD$0.7 million from syngas sales in Uzbekistan, AUD$0.3 million from clean energy consulting and miscellaneous cash receipts of AUD$0.2 million;
- Payments to suppliers and employees of AUD$24.5 million comprising of AUD$9.7 million in US and Uzbekistan production costs and AUD$14.8 million in working capital;
- Net receipts from US oil commodity swaps of AUD$5.4 million of which AUD$2.6 million (USD$1.8 million) was from the unwind of the 2015 calendar year hedges; and
- Interest payments of AUD$17.2 million consisting of AUD$8.8 million for interest on the Convertible Notes and AUD$8.4 million for interest on the First Lien Senior Secured Notes (please note, interest due on the Second Lien Senior Secured notes in October 2015 was capitalised to the principal).

Net cash outflows from investing activities of AUD$3.1 million were predominately comprised of:

- Payments for exploration and development of US oil and gas assets of AUD$45.6 million;
- Net cash of AUD$2.2 million transferred for bond arrangements; and
- Net proceeds of AUD$4.7 million from the sale of shares in one of the Company's available-for-sale assets.

Net cash outflows from financing activities of AUD$0.14 million were for 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.

The Company currently has a source of operating cash flow from its oil and gas assets in the Gulf Coast and Wyoming however these inflows are sensitive to adverse operational developments including oil production, oil prices, and foreign exchange rates. Crude oil prices decreased 10% during the quarter, with West Texas Intermediate ("WTI") crude prices averaging USD$41.94 as compared to USD$46.48 during the previous quarter. The oil market is likely to remain volatile due to the uncertain supply/demand outlook and the lingering global growth and geo-political concerns, which will impact the Company's performance in financial year 2016. In early November 2015, the Company unwound the remainder of its 2015 calendar year hedges which is in addition to the previously discussed unwind of its calendar 2016 swaps. The Company is currently unhedged but will pursue new hedging arrangements opportunistically. With oil prices forecasted to track at suppressed levels into the near future, the Company continues to implement cost saving measures as part of its prudent cash flow management.

Based on the Company's current forecasts, operating cash flows indicate it may not have sufficient working capital to cover interest payments due in the next twelve months. Accordingly, the Company is dependent on further restructuring and or refinancing its existing debt, raising additional funds or if necessary, selling core or non-core assets. The following initiatives are currently being undertaken by the Company in this regard:

- During the quarter, the Company continued negotiations with Convertible Noteholders and on 8 January 2016 (refer to events occurring after reporting date), approval was reached from more than 90% of Noteholders (sufficient to ensure all resolutions were passed) to amend the terms of the Company's Convertible Notes, subject to approval of the Shareholders and satisfaction of certain other regulatory conditions. The amendments have been proposed to assist the Company in its working capital commitments by specifically removing the redemption date in April 2016 as well as reducing the coupon to 0% until maturity in 2018.

- The Company continues to liaise with its remaining debt providers, the First and Second Lien Noteholders in the USA, to discuss options surrounding restructuring these debt facilities to ensure the abovementioned matters are adequately addressed. Based on recent market data, the fair values of the First and Second Lien Notes are estimated at USD$45 million - USD$65 million and USD$2.8 million –USD$14 million respectively as at 31 December 2015. The Company is actively pursuing a consensual outcome to these negotiations and, based upon similar agreements being conducted in the US debt market, is confident that this is a likely outcome. However, this outcome is not certain and alternatives including a court authorised reorganisation such as Chapter 11 may be necessary.

- The Company is assessing the potential sale of a non-core asset which, if successfully negotiated, may settle in Q3FY16, with sale proceeds available to meet working capital commitments. Further, post completion, cash backed rehabilitation bonds previously placed by the Company would be anticipated to be released to the Company, providing an additional cash inflow this quarter.

- As detailed in Note 17 (below), post half year end, a Private Placement of 24,000,000 ordinary shares to BFAM Asian Opportunities Master Fund LP, Taconic Opportunity Master fund LP and Taconic Master Fund 1.5 LP was completed, raising $AUD2.8M for working capital purposes. The Company is in ongoing discussion with institutional investors regarding potential additional Placements to assist with working capital, if required.

- The Company is also in discussion with other parties regarding either the provision of a short term working capital facility or alternatively a modest equity placement, to assist with cash flow management through to the end of the current balance sheet restructuring.

- Finally, the Company has implemented significant cost saving and cash flow management systems and processes over the last eighteen months which have ensured the working capital commitments of the Group have been met. However, the Company is facing a higher level of complexity in moving cash within the Group given the ongoing discussions being held with stakeholders in different jurisdictions.

- In summary, there are a number of initiatives underway to ensure that there is sufficient working capital available to address the Company’s needs over the next twelve months. Whilst the Company cannot be certain, the directors remain confident at this time that prudent measures are being undertaken to provide the Company with the opportunity to secure one or more of the above initiatives so as to allow the Company to meet this objective.

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 2015:	**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)	22,477	22,477
Working Capital & General Corporate Expenses[2]	5,550	5,550
Expenses in connection with Offering	9,157	9,157
Total use of IPO proceeds to 31 December 2015	**55,499**	**55,499**

[1] As disclosed in the IPO prospectus.
[2] Working capital funds have been used primarily for the payments of salaries and office overheads.

As at 31 December 2015, the actual use of proceeds are in accordance with the stated use outlined in the IPO prospectus. All funds have now been exhausted.

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
US and Uzbekistan production costs	10,048
General working capital - Australia, Asia, Europe, Africa	9,623
Convertible notes interest	8,766
First lien senior secured notes interest	8,429
US oil and gas exploration and development	5,572
General working capital - USA	4,846
Exploration	15

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 2016 to 31 March 2016) are forecast to be:

Purpose	Amount $'000 AUD
General working capital - Australia, Asia, Europe, Africa	7,579
US and Uzbekistan production costs	6,363
General working capital - USA	3,799
US Oil and Gas development	1,509
Australian exploration drilling programs	176
US UMIAT exploration	21
Total Forecast use of funds for Q3 FY2016 [1]	**19,447**

[1] Expenditure for Q3 FY2016 will be funded by current cash balances, revenues from oil and gas sales, funds received from private share placement and funds raised from the sale of non-core assets and liquid listed security holdings.

15. (c) Rule 705(5) and 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 2016, cash payments for the following exploration, development and/or production activities were made:

Purpose	Amount $'000 AUD
US and Uzbekistan production costs	10,048
US oil and gas exploration and development	5,572
Exploration	15

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.

17. Events occurring after reporting date

Convertible Notes
On 8 January 2016, written approval was finalised with the Noteholders to amend the terms of the Company's USD$200,000,000 Convertible Notes due 2018, subject to approval of Shareholders and satisfaction of certain other regulatory conditions.

Key proposed amendments include:
- Removal of existing right of redemption;
- Reduction in interest coupon to 0% from 10 October 2015;
- Reset of the conversion prove to SGD$0.12105; and
- New Noteholders' option to divert 50% of the Company's asset sale proceeds greater than USD$10 million towards redemption.

Subject to receiving shareholder approval at the EGM (to be held on 26 February 2016), the Convertible Note will be reclassified in the Company's financial statements to a Non-Current Liability. The table below outlines summary proforma accounts for the Group at 31 December 2015 assuming approval of the amendment to the Notes.

	Proforma As at 31 December 2015 $'000 AUD	**Original As at 31 December 2015 $'000 AUD**
Finance expense	(45,418)	(49,319)
Profit/(loss) for the period	**(150,136)**	**(154,142)**
Trade and other payables	37,924	41,825
Borrowings	140	188,514
Total current liabilities	**51,360**	**243,635**
Borrowings	726,227	537,853
Total non-current liabilities	**800,082**	**611,708**
Total liabilities	**851,442**	**855,343**
Total net assets	**(137,963)**	**(141,864)**

Private Share Placement

On 15 January 2016, the Private Placement of 24,000,000 ordinary shares to BFAM Asian Opportunities Master Fund LP, Taconic Opportunity Master fund LP and Taconic Master Fund 1.5 LP was completed at the Issue Price of S$0.12105 per Placement Share. Following the completion, the issued and paid up capital of the Company has increased to 639,966,776 shares. A total of SGD$2,905,200 was raised from the placement of new ordinary shares in the Company which was used to working capital purposes.

	Amount $'000 SGD	**Amount $'000 AUD**
Funds raised	**2,905**	**2,905**
<u>Actual use of proceeds to 12 February 2016:</u>		
Payroll expenses	595	595
Outsourced Services	158	158
Guarantee fees	200	200
Insurances and Finance Costs	795	795
Other working capital expenditure	56	56
Total use of proceeds to 12 February 2016	**1,804**	**1,804**

As funds continue to be expended, the Company will provide updated disclosure of use of proceeds in accordance with Rule 704(30) and Rule 1207(20) of the Mainboard Listing Rules.

18. Rule 720(1) of the Mainboard Listing Rules

The Company confirms it has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7).

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

We, Craig Ricato and Mark Leahy, 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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
CRAIG RICATO
CEO & Managing Director
12 February 2016