Supplemental Q1 2012 Earnings Results

VANGUARD NATURAL RESOURCES, LLC

1st Quarter 2012 Highlights

Significant First Quarter Results:

- We increased our quarterly distribution for the sixth consecutive quarter. The $0.5925 per unit distribution declared for the first quarter of 2012 represents a 4% increase over the first quarter of 2011 and a 1% increase over fourth quarter 2011 (1.44x distribution coverage);
- Adjusted EBITDA attributable to Vanguard unitholders (a non-GAAP financial measure defined below) increased 42% to $53.2 million in the first quarter of 2012 from $37.6 million in the first quarter of 2011 and remained consistent with the $53.5 million recorded in the fourth quarter of 2011;
- Distributable Cash Flow attributable to Vanguard unitholders (a non-GAAP financial measure defined below) increased 57% to $44.5 million in the first quarter of 2012 from the $28.3 million generated in the first quarter of 2011 and increased 20% from the $37.1 million generated in the fourth quarter of 2011;
- Adjusted Net Income attributable to Vanguard unitholders (a non-GAAP financial measure defined below) was $21.6 million in the first quarter of 2012, or $0.41 per basic unit, as compared to $16.5 million, or $0.55 per basic unit, in the first quarter of 2011;
- Reported average production of 13,569 BOE per day in the first quarter of 2012, up 2% over 13,273 BOE per day produced in the first quarter of 2011 and a 1% decrease from the fourth quarter of 2011. On a BOE basis, crude oil, natural gas and natural gas liquids ("NGLs") accounted for 56%, 33%, and 11% of our first quarter 2012 production, respectively.

Significant Year-to-Date Events:

- Raised $134.6 million in net proceeds through a public equity offering in January;
- Closed the previously announced agreement for an exchange of ownership interest in Vanguard's Appalachia assets for 1.9 million units;
- Completed a $350 million offering of 7.875% senior notes due 2020 in April (net proceeds of $339.6 million);
- As of May 1, 2012 there were $294.0 million of outstanding borrowings and $376.0 million of borrowing capacity under the reserve-based credit facility.

Selected Summary Financials

($ in thousands, expect per unit amounts)	Three Months Ended March 31, 2012	2011
Production (Boe/d)	13,569	13,273
Oil, natural gas and natural gas liquids sales	$82,717	$72,039
Realized gain (loss) on other commodity derivative contracts	($3,239)	$1,379
Unrealized loss on other commodity derivative contracts	($22,734)	($72,560)
Operating expenses	$25,419	$18,554
Selling, general and administrative expenses	$4,972	$4,876
Depreciation, depletion, amortization, and accretion	$21,797	$19,827
Net Loss attributable to Vanguard unitholders	($2,024)	($30,412)
Adjusted Net Income attributable to Vanguard unitholders (1)	$21,612	$16,510
Adjusted Net Income per unit attributable to Vanguard unitholders (1)	$0.41	$0.55
Adjusted EBITDA attributable to Vanguard unitholders (1)	$53,239	$37,617
Interest expense	$5,905	$7,680
Drilling, capital workover and recompletion expenditures	$8,213	$3,454
Distributable Cash Flow (1)	$44,498	$28,323
Distributable Cash Flow per unit (1)	$0.86	$0.94

(1) Non-GAAP financial measures.

Commodity Hedge Summary

	Year 2012	Year 2013	Year 2014	Year 2015
Natural Gas Positions:				
Fixed Price Swaps:				
Notional Volume (MMBtu)	5,929,932	7,738,000	2,885,225	-
Fixed Price ($/MMBtu)	$5.51	$5.23	$5.24	-
Puts:				
Notional Volume (MMBtu)	328,668	-	-	-
Fixed Price ($/MMBtu)	$6.76	-	-	-
Total:				
Notional Volume (MMBtu)	6,258,600	7,738,000	2,885,225	-
Fixed Price ($/MMBtu)	$5.57	$5.23	$5.24	-
Basis Swaps: (1)				
Notional Volume (MMBtu)	915,000	912,500	452,500	-
Fixed Price ($/MMBtu)	($0.32)	($0.32)	($0.32)	-
Swaptions and Calls:				
Notional Volume (MMBtu)	-	-	1,642,500	-
Fixed Price ($/MMBtu)	-	-	$5.69	-
% Natural Gas Hedged	***74%***	***100%***	***40%***	***0%***
Oil Positions:				
Fixed Price Swaps:				
Notional Volume (Bbls)	1,487,790	1,423,500	1,414,375	-
Fixed Price ($/Bbl)	$90.78	$89.17	$89.91	-
Collars:				
Notional Volume (Bbls)	411,750	82,125	12,000	-
Floor Price ($/Bbl)	$80.89	$88.89	$100.00	-
Ceiling Price ($/Bbl)	$100.17	$107.34	$116.20	-
Three Way Collars:				
Notional Volume (Bbls)	821,000	1,090,150	565,750	194,055
Floor Price ($/Bbl)	$88.41	$94.26	$98.06	$100.00
Ceiling Price ($/Bbl)	$104.23	$106.38	$108.86	$124.53
Put Sold ($/Bbl)	$69.06	$69.37	$74.19	$75.00
Put Spreads:				
Notional Volume (Bbl)	-	-	-	255,500
Floor Price ($/Bbl)	-	-	-	$100.00
Put Sold ($/Bbl)	-	-	-	$75.00
Total:				
Notional Volume (Bbls)	2,720,540	2,595,775	1,992,125	449,555
Fixed Price ($/Bbl)	$88.57	$91.30	$92.29	$100.00
Basis Swaps: (2)				
Notional Volume (Bbls)	84,000	84,000	-	-
Fixed Price ($/Bbl)	$15.15	$9.60	-	-
Swaptions and Calls:				
Notional Volume (Bbls)	137,250	196,350	492,750	508,445
Fixed Price ($/Bbl)	$100.00	$100.73	$117.22	$105.98
% Oil Hedged	***91%***	***81%***	***60%***	***13%***

Note: In 2016, Vanguard sold calls at $125 / bbl on 1,700 Bbl/d
(1) Natural gas basis swap contracts represent a weighted average differential between prices against Rocky Mountains (CIGC) and NYMEX Henry Hub prices.
(2) Oil basis swap contracts represent a weighted average differential between prices against Light Louisiana Sweet Crude (LLS) and NYMEX WTI prices.

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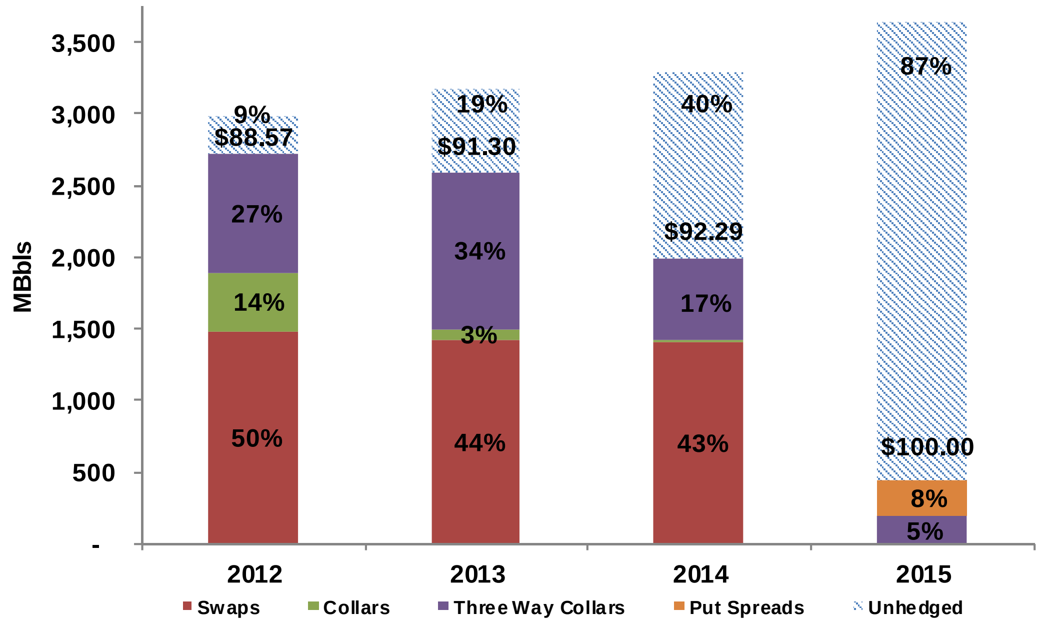
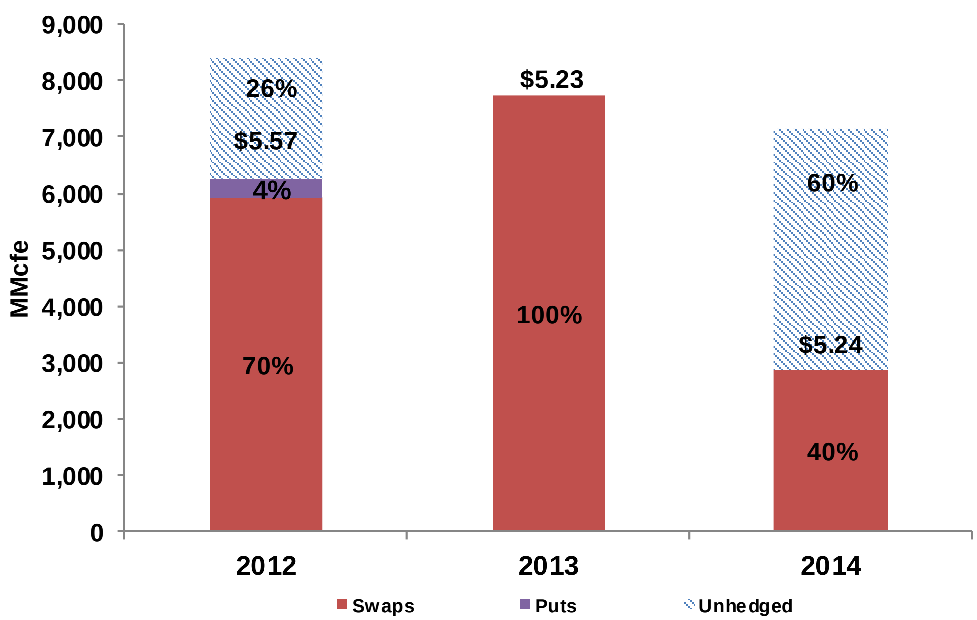
Commodity Hedge Positions

Oil Hedges



Gas Hedges



Note: Hedge prices reflect a weighted average of swap prices, floor prices on collars and puts and long put prices on three way collars.
Excludes NGL production.

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Adjusted EBITDA / Distributable Cash Flow and Adjusted Net Income

Adjusted EBITDA

Adjusted EBITDA is used by management as a tool to measure (prior to the establishment of any cash reserves by our board of directors, debt service and capital expenditures) the cash distributions we could pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. Adjusted EBITDA is also used as a quantitative standard by our management and by external users of our financial statements such as investors, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and our operating performance and return on capital as compared to those of other companies in our industry. Adjusted EBITDA is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Distributable Cash Flow

Distributable Cash Flow is used by management as a tool to measure (prior to the establishment of any cash reserves by our board of directors) the cash distributions we could pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. While Distributable Cash Flow is measured on a quarterly basis for reporting purposes, management must consider the timing and size of its planned capital expenditures in determining the sustainability of its quarterly distribution. Capital expenditures are typically not spent evenly throughout the year due to a variety of factors including weather, rig availability, and the commodity price environment. As a result, there will be some volatility in Distributable Cash Flow measured on a quarterly basis. Distributable Cash Flow is not intended to be a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Adjusted Net Income

This information is provided because management believes exclusion of the impact of our unrealized derivatives not accounted for as cash flow hedges and non-cash oil and natural gas property impairment charge will help investors compare results between periods and identify operating trends that could otherwise be masked by these items and to highlight the impact that commodity price volatility has on our results. Adjusted Net Income is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

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Adjusted EBITDA and Distributable Cash Flow (a)

($ in thousands, expect per unit amounts)	Three Months Ended March 31, 2012 (b)	Three Months Ended March 31, 2011 (c)
Net loss attributable to Vanguard unitholders	($2,024)	($30,412)
Net loss attributable to non-controlling interest	-	(19,638)
Net loss	(2,024)	(50,050)
Plus:		
Interest expense, including realized losses on interest rate derivative contracts	5,905	7,680
Depreciation, depletion, amortization, and accretion	21,797	19,827
Amortization of premiums paid on derivative contracts	3,234	4,367
Amortization of value on derivative contracts acquired	-	52
Unrealized losses on other commodity and interest rate derivative contracts	23,155	71,458
Loss on acquisition of oil and natural gas properties	330	-
Deferred taxes	(70)	112
Unit-based compensation expense	761	479
Unrealized fair value of phantom units granted to officers	151	212
Adjusted EBITDA before non-controlling interest	53,239	54,137
Non-controlling interest attributable to adjustments above	-	(17,260)
Administrative services fees eliminated in consolidation	-	740
Adjusted EBITDA attributable to Vanguard unitholders	53,239	37,617
Less:		
Interest expense, net	(5,905)	(7,680)
Drilling, capital workover and recompletion expenditures	(8,213)	(3,454)
Proceeds from the sale of leasehold interests	5,377	-
Non-controlling interest	-	1,840
Distributable Cash Flow	$44,498	$28,323
Distributable Cash Flow per unit	$0.86	$0.94

(a) Our Adjusted EBITDA should not be considered as an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

(b) The Wyoming II Acquisition closed on March 30, 2012, and as such, no operations are included in the three month period ended March 31, 2012.

(c) Results of operations from oil and gas properties acquired in the ENP Purchase during 2011 through the date of the completion of the ENP Merger on December 1, 2011 were subject to a 53.4% non-controlling interest.

Adjusted Net Income

($ in thousands, expect per unit amounts)	Three Months Ended March 31, 2012	2011
Net loss attributable to Vanguard unitholders	($2,024)	($30,412)
Net loss attributable to non-controlling interest	-	(19,638)
Net loss	($2,024)	($50,050)
Plus (Less):		
Unrealized loss on other commodity derivative contracts	22,734	72,560
Unrealized (gain) loss on interest rate derivative contracts	421	(1,102)
Unrealized fair value of phantom units granted to officers	151	212
Loss on acquisition of oil and natural gas properties	330	-
Total adjustments	23,636	71,670
Adjusted net income before non-controlling interest	21,612	21,026
Non-controlling interest attributable to items above	-	(5,850)
Administrative services fees eliminated in consolidation	-	740
Adjusted Net Income attributable to Vanguard unitholders	$21,612	$16,510

	2012	2011
Net loss per unit attributable to Vanguard unitholders	($0.04)	($1.01)
Net loss attributable to non-controlling interest	-	(0.65)
Net loss per unit:	($0.04)	($1.66)
Plus (Less):		
Unrealized loss on commodity derivative contracts	0.43	2.41
Unrealized (gain) loss on interest rate derivative contracts	0.01	(0.04)
Unrealized fair value of phantom units granted to officers	-	0.01
Loss on acquisition of oil and natural gas properties	0.01	-
Non-controlling interest attributable to items above	-	(0.19)
Administrative services fees eliminated in consolidation	-	0.02
Adjusted Net Income per unit attributable to Vanguard unitholders	$0.41	$0.55

Coverage Ratio Calculation

Distribution Coverage Ratio

The coverage ratio is used to determine the amount of actual cash distributions the company makes, relative to the amount it could potentially pay out. The amount of distribution which could be paid out is referred to as Distributable Cash Flow. he coverage ratio is then calculated by dividing Distributable Cash Flow by the actual cash distribution.

($ in thousands, expect per unit amounts)	**Three Months Ended March 31, 2012**	**Three Months Ended March 31, 2011**
Adjusted EBITDA before non-controlling interest	$53,239	$54,137
Interest expense	(5,905)	(7,680)
Capital expenditures	(8,213)	(3,454)
Proceeds from the sale of leasehold interests	5,377	-
Non-controlling interest	-	(14,680)
Distributable cash flow	$44,498	$28,323
Distributable cash flow per unit	$0.86	$0.94
Distribution per unit	$0.5925	$0.5700
Units outstanding (millions)	52.0	30.2
Distribution coverage ratio	1.44x	1.65x

VANGUARD NATURAL RESOURCES, LLC

Production and Realized Pricing

	Three Months Ended March 31,	
	2012 (a)	2011 (b)
Average Daily Production:		
Oil (Bbls/d)	7,606	7,611
Natural Gas (Mcf/d)	26,684	28,076
NGLs (Bbls/d)	1,515	982
Total (Boe/d)	13,569	13,273
Average NYMEX Prices:		
Oil	$102.93	$94.10
Natural Gas	$2.74	$4.11
Average Oil Sales Price per Bbl:		
Net realized oil price, including hedges	$86.66	$77.86
Net realized oil price, excluding hedges	$93.04	$81.81
Average Natural Gas Sales Price per Mcf:		
Net realized gas price, including hedges	$6.01	$7.30
Net realized gas price, excluding hedges	$4.19	$4.36
Average Net Realized NGLs Sales Price per Bbl	$59.08	$55.85

(a) The Wyoming II Acquisition closed on March 30, 2012, and as such, no operations are included in the three month period ended March 31, 2012.

(b) Production from the properties acquired related to the ENP Purchase during 2011 through the date of the completion of the ENP Merger on December 1, 2011 was subject to a 53.4% non-controlling interest in ENP.

Statement of Operations

($ in thousands, expect per unit amounts)	Three Months Ended March 31, 2012 (a)	Three Months Ended March 31, 2011 (b)
Revenues:		
Oil, natural gas and natural gas liquids sales	$ 82,717	$ 72,039
Loss on commodity cash flow hedges	—	(1,071)
Realized gain (loss) on other commodity derivative contracts	(3,239)	1,379
Unrealized loss on other commodity derivative contracts	(22,734)	(72,560)
Total revenues	56,744	(213)
Costs and expenses:		
Production:		
Lease operating expenses	18,559	12,332
Production and other taxes	6,860	6,222
Depreciation, depletion, amortization, and accretion	21,797	19,827
Selling, general and administrative expenses	4,972	4,876
Total costs and expenses	52,188	43,257
Income (loss) from operations	4,556	(43,470)
Other income and (expense):		
Interest expense	(5,329)	(6,787)
Realized loss on interest rate derivative contracts	(576)	(893)
Unrealized gain (loss) on interest rate derivative contracts	(421)	1,102
Loss on acquisition of natural gas and oil properties	(330)	—
Other	76	(2)
Total other income (expense)	(6,580)	(6,580)
Net loss	(2,024)	(50,050)
Less: Net loss attributable to non-controlling interest	—	(19,638)
Net loss attributable to Vanguard unitholders	$ (2,024)	$ (30,412)
Net loss per unit:		
Common & Class B units – basic & diluted	$ (0.04)	$ (1.01)
Weighted average units outstanding:		
Common units – basic & diluted	52,067	29,725
Class B units – basic & diluted	420	420

(a) The Wyoming II Acquisition closed on March 30, 2012, and as such, no operations are included in the three month period ended March 31, 2012.

(b) The operating results of the subsidiaries we acquired in the ENP Purchase through the date of the completion of the ENP Merger on December 1, 2011 were subject to a 53.4% non-controlling interest.

Balance Sheet

($ in thousands)	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	$5,244	$2,851
Trade accounts receivable, net	49,075	48,046
Derivative assets	786	2,333
Other current assets	2,894	3,462
Total current assets	57,999	56,692
Oil and natural gas properties, at cost	1,385,303	1,549,821
Accumulated depletion, amortization and impairment	(221,623)	(331,836)
Oil and natural gas properties evaluated, net – full cost method	1,163,680	1,217,985
Other assets		
Goodwill	420,955	420,955
Derivative assets	2,041	1,105
Other assets	20,376	19,626
Total assets	$1,665,051	$1,716,363
Liabilities and members' equity		
Current liabilities		
Accounts payable:		
Trade	$3,599	$7,867
Affiliates	1,637	718
Accrued liabilities:		
Lease operating	5,371	5,828
Developmental capital	1,402	563
Interest	201	103
Production and other taxes	12,459	12,768
Derivative liabilities	17,289	12,774
Deferred swap premium liability	4,655	275
Oil and natural gas revenue payable	4,555	505
Other	4,616	4,437
Total current liabilities	55,784	45,838
Long-term debt	640,000	771,000
Derivative liabilities	35,575	20,553
Asset retirement obligations	34,680	34,776
Other long-term liabilities	3,651	275
Total liabilities	769,690	872,442
Commitments and contingencies		
Members' equity		
Members' capital, 51,574,275 common units issued and outstanding at March 31, 2012 and 48,320,104 at December 31, 2011	891,401	839,714
Class B units, 420,000 issued and outstanding at December 31, 2011 and 2010	3,960	4,207
Total members' equity	895,361	843,921
Total liabilities and members' equity	$1,665,051	$1,716,363

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