

DART  **ENERGY**

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Dart Energy Limited

**Quarterly Report
for the Quarter ended 30 June 2014**

HIGHLIGHTS**⇒ Recommended Acquisition by IGas Energy Plc**

- On 9 May 2014, the Company announced agreement on the terms of a recommended acquisition by IGas Energy Plc (the “**Transaction**”), a company listed on the Alternative Investment Market of the London Stock Exchange, by way of a Scheme of Arrangement (the “**Scheme**”).
- The Transaction values the total share capital of Dart at approximately \$211.5 million on a fully diluted basis. Upon implementation of the Scheme, Dart shareholders will receive 0.08117 IGas shares for each Dart share (“**Consideration Shares**”), equivalent to a price per Dart share of \$0.1898 based on the last traded price of IGas on 8 May 2014, the day before the announcement of the Transaction.
- The Transaction implies a substantial premium for Dart Energy shareholders by reference to the recent trading history of the Company’s shares:
 - A premium of 40.6% over the closing price of Dart Shares on 8 May 2014 of \$0.135;
 - A premium of 62.8% over the average closing price of Dart Shares over the month to 8 May 2014 of \$0.117; and
 - A premium of 59.8% over the average closing price of Dart Shares on ASX over the three months to 8 May 2014 of \$0.119.
- Upon implementation of the Scheme, the current Dart shareholders will own approximately 30.5% of the enlarged Group on a fully diluted basis.
- The implementation of the Scheme is subject to certain conditions including the approval of Dart Energy and IGas shareholders, and Court approval for the Scheme. The Scheme is expected to complete during September 2014.
- Given this Transaction, the Company cancelled its previously announced listing on AIM. Upon implementation of the Scheme, the Consideration Shares will be admitted to trading on AIM.
- A copy of detailed announcement in relation to the Scheme and the Scheme Booklet are both available on the Company’s website at www.dartgas.com.

⇒ GDF-Suez and Total Farm-out Work Program Continues

- As part of the GDF-Suez E&P U.K. farm-out work program, a second CSG well was commenced in April 2014 and completed during the quarter. The Company continues to undertake geological studies as well as progressing planning and permission activities necessary to the GDF-Suez farm-out work program.
- As part of the Total E&P U.K. farm-out work program, approximately 70 km² of 3D seismic was shot in 1Q 2014. IGas as the operator of this work program is currently processing and interpreting the data gathered.

⇒ PEDL 133 Appeal

- The PEDL 133 Public Enquiry was held over three weeks, as planned, during March 2014, with closing submissions in April 2014. A new Scottish Planning Policy was published on 23 June 2014, and final submissions in relation to the PEDL 133 Appeal will be made by Dart on 5 August 2014, with a decision expected prior to the end of 2014.

⇒ Substantially Reduced Exposure in India

- The Company agreed to transfer 50% of participating interest in the Assam CBM Block to Oil India Limited, its existing partner in this asset. The transfer is pending approval from the Government of India, and upon completion, Dart Energy’s residual interest in the Assam CBM Block will be 10%. Consequently, Dart Energy’s exposure and capital commitments in India have been substantially reduced, in line with the previously announced strategy to focus on the U.K. business and reduce / eliminate exposures to non-core assets across the portfolio.

ACTIVITY DURING THE QUARTER

UK. Projects

Project	Highlights
UNITED KINGDOM – SHALE	
East Bowland Shale (England)	<ul style="list-style-type: none"> ➤ GDF Suez E&P UK farm-in work program continued. ➤ Ongoing geological studies; seismic studies. ➤ Desktop work underway to determine suitable surface locations.
West Bowland Shale (England)	<ul style="list-style-type: none"> ➤ GDF Suez E&P UK farm-in work program continued. ➤ Total E&P UK farm-in work program commenced. ➤ Ongoing geological studies; seismic studies. ➤ Desktop work underway to determine suitable surface locations.
UNITED KINGDOM – CSG	
Airth, PEDL 133 (Scotland)	<ul style="list-style-type: none"> ➤ Planning appeal process ongoing; all field operations suspended pending planning appeal outcome. ➤ Public inquiry completed; appeal judgement expected before end of 2014.
Solway, PEDL 159 (Scotland/England)	<ul style="list-style-type: none"> ➤ Desktop studies continued. ➤ Wells were abandoned in line with DECC and HSE requirements at Broadmeadows, Becklees and Englishtown; land is currently being reinstated to be returned to landowners.
Other CSG (England)	<ul style="list-style-type: none"> ➤ Preparation work for exploration and appraisal program including identification of drilling locations and securing key contractors. ➤ Planning permissions and permits advanced during the quarter. ➤ Two CSG exploration wells completed during 1H 2014.

International Projects

Project	Highlights
INDONESIA	
South Sumatra / East Kalimantan (CSG)	<ul style="list-style-type: none"> ➤ No significant activity was undertaken during the quarter; preparations for the drilling, simulation and testing work program underway. ➤ Process underway to seek strategic / farm-out partner and / or divest.
AUSTRALIA	
NSW (CSG)	<ul style="list-style-type: none"> ➤ No significant activity was undertaken during the quarter. ➤ Sale of PEL 461 remains subject to completion.

Non-Core Assets / Others

- *U.K.:* The formal relinquishment process in relation to PEDLs 176, 195, 196, 198, 211, EXL 290 and AL010 was completed during the quarter. The Company had previously agreed the relinquishment of these seven licences with the U.K. Department of Energy & Climate Change.
- *Europe:* No significant activity was undertaken during the quarter at the Company's projects in Germany and Belgium. An agreed process for the relinquishment of the Company's licence in Belgium (at no cost) was agreed with the partner in the asset, and is expected to be implemented in the near future. The Company continues to seek strategic cooperation / divestment opportunities for its assets in Germany.
- *Indonesia:* No significant field activity was undertaken during the quarter. The Company continues to seek divestment opportunities for these assets.
- *India:* The Company agreed to transfer 50% of its participating interest in the Assam CBM Block to Oil India Limited, its existing partner in this asset. The transfer is pending approval from the Government of India, and upon completion, Dart Energy's residual interest in the Assam CBM Block will be reduced to 10%. Consequently, whilst Dart Energy will continue to operate this asset, its exposure and capital commitments in India will have been substantially reduced, in line with the previously announced strategy to focus on the U.K. business and reduce / eliminate its exposures from other non-core assets across the portfolio.

FINANCIAL & HSE&S INFORMATION**Health, Safety, Environmental & Security ("HSE&S") Performance**

Dart Energy recognises that operating in multiple locations in multiple countries requires stringent health, safety, environmental and security ("HSE&S") management. Drilling activity continues to take place and Dart Energy maintains a constant focus on keeping our HSE&S management system up to date with best in class international practices, and communicates these HSE&S principles across the Company.

In April 2014, there were two security incidents:

- An activist was able to obtain access to the Lound-1 drilling site. The activist was removed peacefully and taken into police custody.
- An activist assaulted a Company employee at the Lound-1 drilling site, causing minor physical harm.

The Company policy is to not tolerate illegal activity, including trespass, at its operations, or harassment of or harm to its employees in any form. In both cases, the activists in question were taken into police custody, and the Company is cooperating with authorities to press charges to the full extent of the law, and to seek legal redress (criminal and civil) for harm caused.

Financial Position

The Company's cash position at the end of the quarter was A\$27.7 million. This balance includes A\$3.1 million held on deposit in support of cash-backed work program guarantees.

The Company is debt free as at 30 June 2014.

Exploration Expenditure

Dart Energy's exploration expenditure for the period was A\$3.0 million. Refer to the Appendix 5B report for further details of cash uses during the quarter.

Corporate Information**Board Changes**

On 30 June 2014, Cam Rathie resigned as a Director due to personal health reasons.

Share Information

As at 30 June 2014, Dart Energy had 13,015 shareholders and the share capital position was as follows:

Category	ASX Code	Number on Issue
Issued Ordinary Shares	DTE	1,108,752,733
Unlisted Options		57,168,071

Share data during the quarter under review is as follows:

- On 30 June 2014, Dart Energy securities closed at a price of \$0.18 per share.
- The highest and lowest prices of Dart Energy securities in the quarter were \$0.19 per share on 10 June 2014 and \$0.105 per share on 4 April 2014, and four other days in April 2014, respectively.
- Average daily volume of Dart Energy securities was approximately 2.9 million shares.

DIRECTORY

Directors	Rob Neale – Non-Executive Chairman John McGoldrick – CEO & Managing Director Shaun Scott – Non-Executive Director Stephen Lonie – Non-Executive Director								
Company Secretary	Paul Marshall								
Management	Eytan Uliel – Chief Financial Officer Justin Walta – Chief Operating Officer								
Principal Registered Office in Australia	Level 9, Waterfront Place, 1 Eagle Street Brisbane, Queensland 4000, Australia Telephone: +61 7 3149 2100 Facsimile: + 61 7 3149 2101 Postal Address: GPO Box 3120 Brisbane, Queensland 4001, Australia								
Head Office	152 Beach Road #19-03/04 The Gateway East, Singapore 189721 Telephone: +65 6508 9840 Facsimile: +65 6294 6904								
Share Registry	Computershare Investor Services Pty Limited <table border="0"> <tr> <td><u>Street Address</u></td> <td><u>Postal Address</u></td> </tr> <tr> <td>117 Victoria Street</td> <td>GPO Box 2975</td> </tr> <tr> <td>West End, Brisbane</td> <td>Melbourne, Victoria 3001</td> </tr> <tr> <td>Queensland 4101, Australia</td> <td>Australia</td> </tr> </table> Telephone +61 3 9415 4000 Facsimile: +61 3 9473 2500	<u>Street Address</u>	<u>Postal Address</u>	117 Victoria Street	GPO Box 2975	West End, Brisbane	Melbourne, Victoria 3001	Queensland 4101, Australia	Australia
<u>Street Address</u>	<u>Postal Address</u>								
117 Victoria Street	GPO Box 2975								
West End, Brisbane	Melbourne, Victoria 3001								
Queensland 4101, Australia	Australia								
Auditor	PricewaterhouseCoopers Riverside Centre, 123 Eagle Street Brisbane, Queensland 4000, Australia								
Stock Exchange Listing	Australian Securities Exchange ASX Code: DTE								
Website Address	www.dartgas.com								
ABN	21 122 588 505								

SUMMARY OF ASSETS AS AT 30 JUNE 2014

Asset	Interest %	Operator	Anticipated expiry date	Gross Area (km ²)	Resource Type
UK (a),(b)					
PEDL 133 CSG	100	Dart	30 June 2035	330	CSG
PEDL 133 Black Metal shale	100	Dart	30 June 2035	(c)	Shale
PEDL 133 Lothian (Broxburn shale)	49	Dart	30 June 2035	(c)	Shale
PEDL 159	100	Dart	30 September 2035	295	CSG
PEDL 012	75	Dart	3 April 2027	33	CSG/Shale
PEDL 139	17.5	IGas	30 September 2037	100	CSG/Shale
PEDL 140	17.5	IGas	30 September 2037	142	CSG/Shale
PEDL 146	75	Dart	30 September 2035	276	CSG
PEDL 147	75	Dart	30 September 2035	89	CSG/shale
PEDLs 173/174/178/179	100	Dart	30 June 2039	341	CSG/tight oil
PEDLs 185/188/189	75	Dart	30 June 2039	400	CSG/shale
PEDLs 186/187	75	Dart	30 June 2039	180	CSG/shale
PEDLs 200/207/210	75	Dart	30 June 2039	258	CSG/shale
EXL 273	75	Dart	29 October 2025	48	CSG
EXL 288	75	Dart	30 September 2024	75	CSG/shale
PL 162-1	100	Dart	1 June 2017	42	CSG
Australia (NSW)					
PEL 445	100	Dart	18 March 2019 ^(d)	5,868	CSG
PEL 456	50	Santos	5 March 2018	5,023	CSG
PEL 458	100	Dart	6 June 2016	2,003	CSG
PEL 459	100	Dart	8 July 2015	5,560	CSG
PEL 460	100	Dart	8 July 2015	3,533	CSG
PEL 463	100	Dart	22 October 2015	1,897	CSG
PEL 464	100	Dart	22 October 2015	738	CSG
Belgium					
Limburg	80	Dart	19 April 2019	363	CSG
Germany					
Saxon I West	100	Dart	11 March 2059	1,510	CSG/shale
Saxon II	100	Dart	30 October 2058	391	CSG/shale
India					
Assam	10 ^(e)	Dart	27 April 2047	113	CSG
Indonesia					
Tanjung Enim	45	Dart	4 August 2039	308	CSG
Muralim	50	Dart	3 September 2040	983	CSG
Bontang Bengalon	100	Dart	9 October 2042	411	CSG
Sangatta West	24	Dart/ Ephindo	12 November 2038	1,168	CSG

Notes:

- The Company has an option, until 30 June 2016, to farm-in to an 80% shale horizon interest in a further licence (PEDL 169).
- The table above does not include licences subject to relinquishment in the U.K., being PEDLs 161, 176, 195, 196, 198, 211, EXL 290, AL010 and a major part of PEDL 163. The relinquishment process is expected to be completed in the near future.
- Included in acreage for CSG horizon.
- The expiry date for PEL 445 was 18 April 2013. A renewal which was lodged within the prescribed time is currently pending.
- In May 2014, Dart Energy agreed to transfer 50% of its 60% participating interest in the Assam CBM Block. The transfer is pending approval from the Government of India.