

26 August 2014

Recommended proposed acquisition of Dart Energy Limited by IGas Energy plc – Update on independent expert’s opinion and postponement of Scheme Meeting

The Independent Expert has concluded that the Scheme is **not fair** to Dart shareholders **but remains reasonable**, and considers the Scheme is **still in the best interests of Dart shareholders**.

The Dart Board continues to **unanimously recommend that Dart shareholders vote in favour of the Scheme** in the absence of a superior proposal.

The Scheme Meeting has been postponed to **9.30am (AEST) on Wednesday, 10 September 2014**.

Dart Energy Limited (“**Dart**”) refers to the proposed acquisition by IGas Energy plc (“**IGas**”) under a scheme of arrangement between Dart and its shareholders (“**Scheme**”). If the Scheme is implemented, Dart shareholders will receive 0.08117 IGas shares for each Dart share held (“**Scheme Consideration**”).

The Independent Expert, Deloitte Corporate Finance Pty Limited, has today issued a supplementary letter to the Independent Expert’s Report dated 21 July 2014 (the “**Supplementary Letter**”). In the Supplementary Letter, the Independent Expert has concluded that, in light of changes to the implied value of Scheme Consideration (primarily as a result of an approximate 10% decrease in the IGas share price since 21 July 2014), the Scheme is **not fair but remains reasonable**, and considers the Scheme is **still in the best interests of Dart shareholders**.

Consistent with the Independent Expert’s view that the Scheme remains in the best interests of Dart shareholders, the Dart Board has reaffirmed its support for the Scheme and continues to **unanimously recommend that Dart shareholders vote in favour of the Scheme** in the absence of a superior proposal. In particular, the Dart Directors note the comments of the Independent Expert in the Supplementary Letter stating that the decline in the share price of IGas is consistent with the decline experienced in the value of shares of other small oil and gas companies with operations in the United Kingdom. The Dart Directors continue to intend to vote the Dart shares they hold or control in favour of the Scheme, in the absence of a superior proposal.

The Supreme Court of Queensland has postponed the meeting for Dart shareholders to vote on the Scheme (**Scheme Meeting**) to **9.30am on Wednesday 10 September 2014** to allow time for Dart to dispatch supplementary material, including the Independent Expert’s Supplementary Letter, to Dart shareholders. The venue of the Scheme Meeting remains unchanged, being the Kingston Room, Level 2, Brisbane Polo Club, Nalldham House, 1 Eagle Street, Brisbane, Queensland 4000.

A copy of the supplementary material to be dispatched to Dart shareholders by Wednesday 27 August 2014 is attached, and contains a revised timetable for the Scheme and the Independent Expert’s Supplementary Letter. The supplementary material also includes a new proxy form (although Dart shareholders who have already submitted a proxy form and who do not want to change the way in which they have directed their

proxy how to vote, do not need to do anything – their proxy will remain valid for the postponed Scheme Meeting).

For and on behalf of the Board

Paul Marshall, Company Secretary

For further information contact:

John McGoldrick

Chief Executive Officer

Tel: +65 6508 9844

Eytan Uliel

Chief Financial Officer

Tel: +44 7500 534466

27 August 2014

Dear Dart shareholder,

Supplementary disclosure regarding independent expert's opinion and postponement of Scheme Meeting

The Independent Expert has concluded that the Scheme is ***not fair*** to Dart shareholders ***but remains reasonable***, and considers the Scheme is ***still in the best interests of Dart shareholders***.

The Dart Board continues to ***unanimously recommend that Dart shareholders vote in favour of the Scheme*** in the absence of a superior proposal.

The Scheme Meeting has been postponed to **9.30am (AEST) on Wednesday, 10 September 2014**.

Background

This document is supplemental to the scheme booklet dated 23 July 2014 (**Scheme Booklet**) in relation to the proposed recommended acquisition of all of the shares in Dart Energy Limited (**Dart**) by IGas Energy plc (**IGas**) under a scheme of arrangement between Dart and its shareholders (**Scheme**).¹

If the Scheme is implemented, Dart shareholders will receive 0.08117 IGas shares for each Dart share held on the record date of the Scheme (**Scheme Consideration**).

Before the Scheme was announced on 9 May 2014, the implied value of the Scheme Consideration was A\$0.1898 per Dart share.² As at 17 July 2014, being the last practicable date prior to the publication of the Scheme Booklet, the Scheme Consideration had an implied value of A\$0.1773.³

The Scheme Booklet included an independent expert's report from Deloitte Corporate Finance Pty Limited (**Independent Expert**) dated 21 July 2014. In its report, the Independent Expert concluded that the Scheme is fair and reasonable to Dart shareholders and therefore in the best interests of Dart shareholders.

The Scheme remains subject to a number of conditions, including the approval of Dart shareholders at a meeting convened to vote on the Scheme (**Scheme Meeting**) and regulatory approvals. An update on the status of conditions will be provided at the Scheme Meeting.

¹ An electronic copy of the Scheme Booklet was released to ASX on 23 July 2014 and can be viewed on the Dart website (www.dartgas.com).

² Based on the closing price of IGas shares on AIM of £1.295 and an A\$:£ exchange rate of 0.554 in each case on 8 May 2014.

³ Based on the closing price of IGas shares on AIM of £1.195 and an A\$:£ exchange rate of 0.547 in each case on 17 July 2014.

Developments regarding the IGas share price and Independent Expert's opinion

Since the announcement of the Scheme, the implied value of the Scheme Consideration has decreased from A\$0.1898 to A\$0.1501 per Dart share (as at 22 August 2014), predominantly as a result of a decrease in IGas' share price.⁴

For this reason, the Independent Expert has considered whether its opinion of the Scheme has changed since the date of its report and has now provided the Dart Board with a short letter setting out its opinion (**Supplementary Letter**) which is attached. I encourage you to read the Independent Expert's Supplementary Letter in full (in conjunction with the Scheme Booklet as updated by this letter).

What is the Independent Expert's opinion?

In the Supplementary Letter, the Independent Expert has noted that:

- the IGas share price has declined approximately 10% since the date of its report contained in the Scheme Booklet; and
- the fall in IGas' share price is consistent with the decline experienced in the value of shares of other small oil and gas companies with operations in the United Kingdom.

Following the review of information up to 22 August 2014, the Independent Expert has now estimated that the fair market value of:

- Dart shares is between A\$0.16 and A\$0.19 per share; and
- the Scheme Consideration is between A\$0.15 and A\$0.17.

As:

- the value of the Scheme Consideration overlaps the fair market value range of a Dart share, albeit at the low end; and
- the mid-point value of the Scheme Consideration is below the mid-point value of a Dart share,

the Independent Expert has concluded that the Scheme is ***not fair*** to Dart shareholders ***but remains reasonable***, and considers the Scheme ***is still in the best interests of Dart shareholders***.

What is the Dart Board's recommendation to Dart shareholders?

The Dart Board has reaffirmed its support for the Scheme and continues to ***unanimously recommend that Dart shareholders vote in favour of the Scheme*** in the absence of a superior proposal.

In forming this view, the Dart Board has considered the following:

- The Independent Expert's Supplementary Letter including the Independent Expert's observations and its conclusion that the Scheme remains in the best interests of Dart shareholders.

⁴ Based on the closing price of IGas shares on AIM of £1.040 and an A\$:£ exchange rate of 0.562 in each case on 22 August 2014.

- As noted in the Scheme Booklet, major shareholders of Dart, holding voting rights over a total of 337,662,293 Dart shares, representing 30.45% of the total voting rights of Dart (made up of 16.34% held by a subsidiary of New Hope Corporation Limited and 14.11% held by GEL/GPEL Limited) have indicated their intention to support the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Dart shareholders (which, as noted, remains the case).
- The current implied value of the Scheme Consideration based on the volume weighted average price (VWAP) of IGas shares in the 10 trading days up to and including 22 August 2014 (A\$0.1518),⁵ is still at a significant premium to Dart's share price before the announcement of the Scheme, being:
 - 12% over the closing price of Dart shares on 8 May 2014 of A\$0.135;
 - 30% over the average closing price of Dart shares over the month to 8 May 2014 of A\$0.117; and
 - 28% over the average closing price of Dart shares over the three months to 8 May 2014 of A\$0.119.
- There has been no fundamental change to:
 - the advantages and disadvantages of the Scheme which are outlined in the Scheme Booklet; or
 - the respective businesses of Dart or IGas.

Each of the Dart Directors continues to intend to vote the Dart shares they hold or control in favour of the Scheme, in the absence of a superior proposal.

The Dart Board notes that, if the Scheme proceeds, the implied value of the Scheme Consideration (calculated by reference to the trading price of IGas shares and the A\$:£ exchange rate) will continue to fluctuate before implementation of the Scheme. As noted in section 2.3A on page 27 of the Scheme Booklet, the Dart Board recommends that you should carefully consider these factors, among others, before deciding whether to vote in favour of the Scheme at the Scheme Meeting.

Scheme Meeting postponed

To provide adequate opportunity for Dart shareholders to consider the Supplementary Letter and to lodge proxy forms, Dart has obtained orders from the Supreme Court of Queensland to postpone the Scheme Meeting to **9.30am (AEST) on Wednesday 10 September 2014**.

The venue for the Scheme Meeting remains unchanged, being the Kingston Room, Level 2, Brisbane Polo Club, Naldham House, 1 Eagle Street, Brisbane, Queensland 4000.

Voting

If you have already submitted a proxy form and do not want to change the way in which you have directed your proxy how to vote, you do not need to do anything. Your proxy

⁵ Based on an A\$:£ exchange rate of 0.562 on 22 August 2014.

will remain valid even though the Scheme Meeting has been postponed.

If you:

- have already submitted a proxy form and want to change the way in which you have directed your proxy how to vote (or want to appoint a different proxy); or
- have not appointed a proxy but would like to,

you may do so by completing and returning the proxy form enclosed with this letter (using the reply paid envelope provided if in Australia or, if outside Australia, by affixing the appropriate postage to the envelope) **so that it is received by 9.30am (AEST) on Monday 8 September 2014**. Alternatively, you may change your proxy online by visiting www.investorvote.com.au (custodians and nominees can visit www.intermediaryonline.com) or attend the Scheme Meeting in person and vote as you wish.

Further voting options are set out on page 15 of the Scheme Booklet (although references to times and dates should now be read having regard to the revised timetable below).

Revised timetable

A revised timetable for the Scheme following the postponement of the Scheme Meeting is set out below (capitalised terms not defined in this letter have the meaning given to them in the Scheme Booklet).

Event	Indicative date
IGas shareholder meeting	1 September 2014
Latest time and date for receipt of completed proxy forms for the Scheme Meeting	9.30am on 8 September 2014
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm on 8 September 2014
Scheme Meeting	9.30am on 10 September 2014
Second Court Date	15 September 2014
Effective Date (Dart Shares suspended on ASX from close of trade)	16 September 2014
Latest time and date for receipt of completed Small Shareholder Election Form or online election to participate in the Small Shareholder Sale Facility	5.00pm on 23 September 2014
Record Date for determining eligibility to participate in the Scheme	7.00pm on 23 September 2014
Implementation Date	30 September 2014
New IGas Shares admitted to trading on AIM	1 October 2014

All times set out above are AEST. The dates and time set out above are indicative only and are subject to the Court approval process, regulatory approvals and the timing of conditions to the Scheme being satisfied or waived. Dart will announce any changes to the above timetable to ASX.

Questions

If you have any questions, please call the Shareholder Information Line on 1300 580 460 (in Australia) or +61 3 9415 4383 (outside Australia) on weekdays between 8.30am and 5.00pm (AEST). Alternatively, contact your legal, financial or other professional adviser.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Neale', written in a cursive style.

Robert Neale
Chairman, Dart Energy Limited

The Directors
Dart Energy Limited
Level 9
Waterfront Place
1 Eagle Street
Brisbane QLD 4000

25 August 2014

Dear Directors

Re: Independent expert's report

We refer to our independent expert's report, dated 21 July 2014 (our Report) contained in the Scheme Booklet issued by Dart Energy Limited (Dart or the Company) on 23 July 2014, advising whether, in our opinion, the proposal under which IGas Energy Plc (IGas) would acquire 100% of the issued shares in Dart via a scheme of arrangement (the Proposed Scheme) is in the best interests of the shareholders of Dart (Shareholders). If the Proposed Scheme is approved, Shareholders will receive 0.08117 IGas shares for each Dart share, upon completion of the Proposed Scheme.

The full details of the Proposed Scheme are included in the Scheme Booklet which was issued by Dart on 23 July 2014.

In our Report we concluded that the Proposed Scheme was fair and reasonable and therefore in the best interests of Shareholders.

There has been a decline of approximately 10%¹ in the price of IGas shares since the date of our Report. We understand that there are no IGas specific matters that this decline can be attributed to, and rather that the decline is consistent with the decline experienced in the value of shares of other small oil and gas companies with operations in the United Kingdom.

Notwithstanding this decline has been experienced by the sector as a whole, but having had particular regard to the drop in value of an IGas share which Shareholders are receiving as consideration, we are now of the opinion that the Proposed Scheme is not fair. However, we continue to consider the Proposed Scheme is reasonable, and in addition, on balance we consider the Proposed Scheme is still in the best interests of Shareholders. Our analysis and rationale is set out below.

Valuation of a share in the Proposed Merged Entity

As set out in our Report, from 9 May 2014 (the day following the announcement of the Proposed Scheme) to 1 July 2014, IGas shares had traded in a range of GBP 1.25 to GBP 1.50 per share with a VWAP of GBP 1.33 per share. From 9 May 2014 to 22 August 2014, IGas shares have traded in a range of GBP 1.00 to GBP 1.50 per share with a VWAP of GBP 1.24 per share. The following table sets out the share market trading in IGas shares on the AIM since the announcement of the Proposed Scheme and the release of the Scheme Booklet.

¹ Based on the closing price of an IGas share as at 23 July 2014 and as at 22 August 2014

Table 1

	GBP (up to 22 August 2014)	GBP (up to 1 July 2014)
Share prices after the announcement of the Proposed Scheme (from 9 May 2014)		
Share price trading range	1.00 to 1.50	1.25 to 1.50
VWAP	1.24	1.33
Most recent trading price	1.04	1.28
Share prices after the release of the Scheme Booklet (from 23 July 2014)		
Share price trading range	1.00 to 1.20	n/a
VWAP	1.09	n/a

Source: CapitalIQ

For the reasons set out in our Report, we consider that the market price of an IGas share after the announcement of the Proposed Scheme provides the best available evidence of the value the market attributes to a share in the Proposed Merged Entity.

In our Report, based on the share market trading activity in IGas shares since the announcement of the Proposed Scheme up to the date of our Report, we had assessed the value of a share in the Proposed Merged Entity to be in the range from GBP 1.30 to GBP 1.35 or AUD 2.35 to AUD 2.44 per share on an Australian dollar equivalent basis².

Based on the share market trading activity in IGas shares since the announcement of the Proposed Scheme and subsequent to the release of the Scheme Booklet, we have reassessed the value of a share in the Proposed Merged Entity to be in the range from GBP 1.05 to GBP 1.15 or AUD 1.87 to AUD 2.05 per share on an Australian dollar equivalent basis³.

Valuation of the consideration

We have reassessed the value of the consideration offered to Shareholders under the Proposed Scheme at between \$0.15 and \$0.17 per share, which is set out in the table below.

Table 2

	Value of consideration	
Reassessed value of a share in the Proposed Merged Entity (on a minority basis)	GBP 1.05	GBP 1.15
Exchange rate (AUD:Great British pounds sterling (GBP)) ¹	1.78	1.78
Value of a share in the Proposed Merged Entity	\$1.87	\$2.05
Ratio of Igas shares to be issued to Shareholders (per Dart share)	0.08117	0.08117
Consideration per Dart share – AUD	\$0.15	\$0.17

Source: Deloitte Corporate Finance analysis

Note:

1. Determined using a foreign exchange rate as at 22 August 2014 of \$1.78 per GBP 1.00

² Determined using a foreign exchange rate as at 1 July 2014 of \$1.81 per GBP 1.00

³ Determined using a foreign exchange rate as at 22 August 2014 of \$1.78 per GBP 1.00

The Proposed Scheme is not fair

Set out in the table below is a comparison of our fair market value of a Dart share with the reassessed value of the consideration offered by IGas.

Table 3

	Low (\$)	High (\$)
Estimated fair market value of a Dart share (Section 7 of our Report) – AUD	0.16	0.19
Estimated fair market value of consideration offered (as set out above) – AUD	0.15	0.17

Source: Deloitte Corporate Finance analysis

We have updated the fair market value of a Dart share stated in Section 7 of our Report based on the current USD/AUD exchange rate as at 22 August 2014 of AUD 0.93 per USD 1.00. Based on the current USD/AUD exchange rate, as at 22 August 2014, our assessed fair market value of a Dart share moves from \$0.15 to \$0.19 per share to \$0.16 to \$0.19 per share.

The consideration offered by IGas overlaps the range of our estimate of the fair market value of a Dart share, albeit at the low end of our estimated value of a Dart share. Further to this, the mid-point value of the consideration of \$0.16 per share is below the mid-point value of a Dart share of \$0.175. Accordingly it is our opinion that the Proposed Scheme is not fair.

The Proposed Scheme is reasonable

Notwithstanding that we are of the opinion that the Proposed Scheme is not fair, we consider the Proposed Scheme remains reasonable based on the following significant advantages:

- Shareholders are still receiving a premium to Dart's share price prior to the announcement of the Proposed Scheme
- the Proposed Merged Entity will be operationally more diversified, and have increased scale, compared to Dart on a standalone basis
- the Proposed Merged Entity will have greater operating cash flows
- the Proposed Merged Entity may potentially have enhanced liquidity and broker coverage and access to capital markets
- Dart's shares are still trading above the price at which they were trading immediately before the announcement of the Proposed Scheme.

The Proposed Scheme is in the best interests of Shareholders

Given the small difference between the mid-point of our valuation of the consideration and the mid-point of our valuation of a Dart share, and noting the significance of the advantages of the Proposed Scheme, on balance, we consider the Proposed Scheme is still in the best interests of Shareholders.

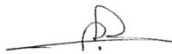
Regardless of the outcome of the Proposed Scheme, the price of IGas shares will vary in the future, based on market movements, fluctuations in the oil and gas price and volumes produced by IGas, developments in the oil and gas industry (including any regulatory changes) and changes in IGas' specific circumstances.

We will continue to monitor the impact of the above factors on the opinion in our Report up to the date of the Scheme Meeting and we will advise you if we consider it becomes necessary to change our opinion.

An individual shareholder's decision in relation to the Proposed Scheme may be influenced by their own particular circumstances. If in doubt the shareholders should consult an independent adviser.

This letter should be read in conjunction with and is supplemental to, our Report. It is provided to you in accordance with ASIC's requirements of us as independent expert in RG 111.102-111.104.


Yours faithfully


A handwritten signature in black ink, appearing to be 'R. Polson', written over a horizontal line.

Robin Polson
Authorised Representative
AR Number 461010



Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
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Victoria 8060 Australia

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(outside Australia) +61 3 9473 2555

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the scheme booklet online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 9.30am (AEST) Monday, 8 September 2014**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Dart Energy Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Dart Energy Limited to be held in the Kingston Room, Level 2, Brisbane Polo Club, Naldham House, 1 Eagle Street, Brisbane QLD 4000 on Wednesday, 10 September 2014 at 9.30am (AEST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

SPECIAL BUSINESS

	For	Against	Abstain
1 "That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme proposed to be entered into between Dart and holders of its ordinary shares (which is described in the Scheme Booklet which contains this Notice of Scheme Meeting) is agreed to with or without such modifications or conditions as may be approved by the Court."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____