

25 June 2012

Lochard Energy Group Plc

Athena Operations Update

Lochard Energy Group Plc ("**Lochard**" or the "**Company**") (AIM: LHD, ASX: LHD) notes the announcement made today by Ithaca Energy Inc. ("Ithaca") relating to the Athena project.

Lochard has a net 10% interest in this field through its 100% ownership of Zeus Petroleum Limited.

The Ithaca announcement was as follows:

"Athena Operations Update: The operational programme since start-up has been focused on achieving full and stable production from the four production wells and processing plant on the BW Athena floating production, storage and offloading vessel ("FPSO") and assessing the potential of the wells and the optimal production rates for the maximisation of oil recovery from the field over the coming years. The execution of these operations has progressed as planned. All the production facilities are now fully commissioned and the BW Athena is operating as designed, with continued well optimisation activities ongoing. The first cargo of crude has been transferred from the FPSO to the storage tank at the Ithaca operated Nigg oil terminal using the Betty Knutsen shuttle tanker.

Currently only three of the four production wells on the field are flowing as a result of a suspected downhole restriction in one of the wells. Testing has shown that there are no issues with the integrity of the well or performance of the reservoir in the area of the field drained by the well. The changeable flow rates achieved from the well during testing indicate that the restriction is likely attributable to a blockage in the production tubing located within the well. Diagnostic work is ongoing to identify the nature of the blockage and the most effective course of action for eliminating it.

Gross production from the field is currently approximately 12,000 barrels of oil per day ("bopd"), 2,700 bopd net to Ithaca with three producing wells. Meanwhile, water injection is online to support

United Kingdom

Lochard Energy Ltd
Reg No 5777565
15 Appold Street
London EC2A 2HB UK
W www.lochardenergy.com

Australia

Lochard Energy Group Plc
ARBN 127 927 495
Reg No 5209284
Level 1, 46 Mews Road
Fremantle 6160 WA
T +61 8 933 58848
F +61 8 933 57243

the production wells. Based on the data obtained, the gross production potential of the restricted well is approximately 5,000 bopd, 1,125 bopd net to Ithaca.

The Company is currently evaluating remote intervention methods to restore the restricted well to its full production potential. This includes use of the existing facilities to hydraulically overcome the obstruction. If these methods are not successful, a rig based workover may be required. In that case, the workover is anticipated to be conducted towards the end of this year.

The co-venturers in the Athena field are: Ithaca, operator (22.5%), Dyas UK Limited (47.5%), EWE Energie AG 20%) and Zeus Petroleum Limited (10%).”

Enquiries:

Lochard Energy Group plc

Clive Carver, Chairman +44 1883 717357

finnCap Limited

Sarah Wharry / Christopher Raggett +44 207 220 0500

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