DART ENERGY

Singapore (Head Office)
T+65 6508 9840 **F**+65 6294 6904
152 Beach Road, #19-01/04 The Gateway East
Singapore 189721

Brisbane (Registered Office)
T+61 7 3149 2100 **F**+61 7 3149 2101
Level 9, Waterfront Place, 1 Eagle Street,
Brisbane Qld 4000, Australia
GPO Box 3120, Brisbane Qld 4001,

dartgas.com

ASX CODE DTE

ABN 21 122 588 505

22 August 2013

Business & Restructuring Update

Dart Energy Limited ("Dart" or "the Company", ASX: DTE) is pleased to provide the following update in relation to the ongoing restructuring of the Company and its activities in the U.K. and in the rest of the world.

Strategy & Restructure

1. Strategy

- The Company's main strategic focus is to progress its core Scottish CSG projects into development and the exploration of its English shale gas prospects in the UK, and retention of a limited number of other high prospect projects with low holding costs, so as to preserve longer-term portfolio optionality. The Company is seeking to exit, relinquish, sell or farm-down assets not consistent with this strategy, such that limited capital will be deployed in support of non-core assets.

2. FLG Sale

- To this end, on 15 July 2013, Dart announced the sale of its shareholding in Dart Energy (FLG) Pte Ltd ("FLG"), which holds Dart's share of the Chinese Liulin CBM project, for US$20.8m. To date, Dart has received US$3m, being the agreed deposit payment for the sale. The balance of US$17.8m is payable on completion, which is subject to certain regulatory approvals being obtained in China. The Purchaser has advised Dart that good progress is being made in relation to obtaining these approvals, and currently estimates completion during the last quarter of 2013.

3. UK Sales & Portfolio Rationalisation

- Dart has completed the sale of a portion of English licence AL010 to Alkane Energy plc (AIM: ALK) ("Alkane") and also the sale of its royalty interest in the Florence coal mine methane project in England to Alkane. These transactions realised cash proceeds of £425,000 and reduced annual licence fees. The Company has also relinquished EXL284 in Wales.

4. Other Non-Core Assets

- The Company is engaged in ongoing dialogue with various parties in relation to sale or farm-out of other non-core assets in the UK, Europe, Australia, East Kalimantan in Indonesia, and all of the Company's assets in India. The Company hopes to complete the process of disposing of, or reducing the commitments to a minimal level, on the majority of these assets by the end of 2013.

5. Overhead & Cost Reductions

- The Company's current overhead is approximately $1.1m per month, following a number of cost reduction steps that have been implemented in the past six months, including staff reductions, reducing the size of the Board and the closure or substantial downsizing of offices. The current

overhead represents a reduction of over 65% compared to the monthly overhead prior to commencement of the restructuring. The Company is targeting further reductions in overheads, and expects as it completes the restructuring and finalises additional asset sales to be able to reduce overhead by a further 10% - 20% from current levels.

United Kingdom Operations

1. Shale Gas Farm Out Process

- Discussions continue with a number of parties in relation to potential farm-outs of various licences held by the Company in England, which are primarily of interest for their shale gas potential. Several parties are undertaking, and in some cases have completed, due diligence, and commercial negotiations continue. Dart will keep the market fully informed if and when these negotiations result in a definitive agreement being reached.

2. Upcoming UK Drilling Activity

- Dart's 2013-2014 U.K. work program is for seven CSG exploration wells. Land Access Agreements have been secured and full Planning Permission has been awarded for five of the planned exploration wells, with the balance expected to be received in the coming months. Final regulatory approvals and rig contract discussions are to be completed over the coming months, so as to enable commencement of drilling activities in the last quarter of 2013, which will then continue through 2014.

- Dart's 2013-2014 U.K. work program also includes diagnostic work in relation to a number of "legacy" wells in the Dart portfolio. Dart's UK licence holdings was primarily the result of the acquisition of two companies, Composite Energy and Greenpark Energy, both of which companies had drilled a number of wells prior to Dart's ownership. Dart has undertaken a desk-top review of pre-existing well stock, and in consultation with relevant regulators, a number have been identified for a review of well architecture and/or abandonment over the next 12 – 18 months.

3. PEDL 133, Airth CBM Project

- In August 2012 the Company submitted a planning application to the Stirling and Falkirk local councils in Scotland, for coal seam gas (CSG) wells and a central processing plant, together comprising the Airth CSG Project. As the relevant local councils did not make a decision on the matter within the statutory time period. Dart sought definitive resolution of these planning applications by referring the matter to the Scottish Government for a decision in June 2013.

- Scottish Government guidance is for such referrals to ordinarily be determined within 6 months of referral. To this end, a number of procedural aspects of the process are currently underway. A Reporter was appointed by Scottish Government in June and an additional Reporter was appointed in July. The Reporters are tasked with independently considering the planning appeal and making a decision on the planning application. The Reporters have requested various preparatory reports, and Dart has recently submitted a response to a number of representations made to the Reporters by various local residents and interest groups – this response is available for download at www.dartenergyscotland.co.uk. The Reporter has arranged a case management meeting for early October 2013, which will outline the expected process and timeline to completion of the process and reaching a decision. Dart will update the market following this meeting.

Asia Pacific Operations

1. China

- In July 2012 Dart Energy International Pte Ltd and ECO Environmental Investments Limited ("ECO", a wholly owned subsidiary of HK-listed Towngas, one of the largest distributors of natural gas in China and Hong Kong) signed a Joint Venture Agreement ("JVA") to form a joint venture company, EDA Energy Company Limited ("EDA"), and to participate in the Xiushan shale gas project in China. In September 2012, EDA signed a Shale Gas Production Sharing Contract (the "Xiushan PSC") with Henan CBM Development and Utilization Company ("HCBM") for the exploration, development and production of shale gas in the Xiushan project area. The Xiushan PSC is still subject to relevant government approvals. EDA's participating interest in the Xiushan PSC is 49%, and EDA is named as the operator. In August 2013, Dart and ECO signed a Shareholders' Agreement governing Dart and ECO's partnership in EDA. Subject to satisfaction of conditions precedent, including regulatory approvals, this provides that (i) Dart's interest in EDA will be 49%, (ii) upon satisfaction of conditions precedent Dart will be paid a net US$1.5m development fee, and (iii) Dart will contribute a net US$4.9m of the first US$20m spend, and thereafter, subject to technical success, the SHA provides for up to a further US$30m of aggregate funding, with Dart's share being partially carried.

2. Indonesia

- In relation to the Company's assets in South Sumatra, preparations for a limited drilling and testing work program in line with minimum commitments, and field operations are scheduled to commence by end 2013. Based on results to date, these licences exhibit high technical prospectivity for CSG, and Dart's work program is aimed at proving up reserves and resources and demonstrating initial production potential.

3. Australia

- In relation to the Company's assets in Australia, current NSW Government policy is such as to materially impact the near term prospects for CSG development on much of the Company's licence areas in that State. As such, no field activity is currently planned, and the Australian assets are being retained on a "care and maintenance" basis.

Corporate

1. HSBC Facility

- Dart has in place a US$100m debt facility from HSBC (the "Facility"). This Facility was designed to provide development finance capital for PEDL133 in Scotland, the Liulin project in China, and the Sangatta West project in Indonesia. The Facility consists of two tranches:
  - Tranche A: up to US$90m reserve based lending facility, to be drawn down based on project finance needs, with the amount available to be drawn from time to time linked to various metrics related to the production and "look-forward NPV" of the various projects to a particular date, tested every six months.
  - Tranche B: US$10m, for general working capital purposes.
  - Security for the Facility consists of PEDL 133, and Dart's interest in FLG and Sangatta West.

- Currently, the Facility is drawn as to US$17m in total; Tranche A is drawn as to US$7m, and Tranche B is drawn in full as to US$10m. These funds were applied to development drilling expenditure at PEDL 133, and payment of fees and other associated HSBC costs.

- In relation to Tranche B, if a security asset is sold any drawn component of Tranche B becomes repayable, and Tranche B is cancelled. To allow the pending FLG sale in China to close, HSBC has agreed that if Dart deposits from the sales proceeds received on completion an equivalent amount of cash in a restricted account with HSBC, then Tranche B need not be repaid and cancelled. Therefore, on completion of the sale of FLG, and absent agreement to the contrary with HSBC, Dart intends to deposit US$10m of the sale proceeds in this manner.

- Tranche A was structured with the expectation that the PEDL 133 project would be approved in a reasonable timeframe. As noted, this has not been the case, despite significant contingency being allowed. As a result of this delay the current "look-forward NPV" does not include a significant portion of the expected project revenues, Tranche A having been structured with a firm end date to the calculation period. Availability under Tranche A has thus currently reduced to nil. Consequently, the US$7m previously drawn is presently offset by US$7m of cash held by Dart with HSBC, in a restricted account, and will remain so until the timing of PEDL 133 is resolved following the process outlined above, at which point a negotiation with HSBC to restructure the facility can be concluded.

2. LNG Shares

- The Company held approximately 13.8m shares, or approximately 5% of the issued share capital of the ASX listed entity, LNG Limited. As announced by LNG Limited on 8 August 2013, the Company has successfully sold its entire holding in LNG Limited, realising a total of approximately $2.7m.

3. Cash Position

- The Company's cash position as at 15 August 2013 was $21.1m, inclusive of the FLG deposit funds received and the sale of the LNG Limited shares. Of this, US$7m ($7.7m) is held in an HSBC restricted account and is thus generally not accessible to the Company, and approximately $6m comprises cash deposits placed by the Company in support of work program guarantees, primarily in Indonesia, which are expected to be released back to the Company progressively once work programs are completed.

- As noted above the Company expects to receive an extra US$17.8m ($19.5m) on completion of the FLG sale (of which US$10m ($10.9m) will be deposited in the HSBC restricted account, absent any other agreement with HSBC). Therefore, at completion of the FLG sale, using the current cash balance but without working capital changes, funding of operating activities in the interim period, and excluding the funds to be held in HSBC restricted accounts, the Company's available cash at that time would be approximately $16m (or $22m if the $6m cash deposits held in support of work program guarantees, as mentioned above, is included).

- The Company expects to secure additional cash and funding this year, from sources including the intended farm-out of assets in the UK, and from the ongoing program to sell non-core assets in other jurisdictions, and will advise the market of any material developments.

6. Full Year Accounts and Expected Impairment

- The Company is in the process of finalising its full year accounts for the period ending 30 June 2013. The Directors expect to release these around 25 September 2013. The Directors presently expect that the accounts will include a material impairment charge, primarily relating to the reduction in book value attributed to the Company's assets in Australia, arising from the NSW Government policy currently in-place, which has materially impacted near term prospects for CSG development on much of the Company's licence area in that State. Aggregate book value of the Company's assets is currently $365m, of which $118m represents the carrying value of the Company's Australian assets.

7. Board & Management

- Consistent with the restructuring of the Company and the revised strategic focus, the Board and management team of the Company has been streamlined, with duplicate positions eliminated across the organisation.

- As part of its incentive and retention plan, the Company presently intends to issue options over new shares to executives and management. The number to be issued and the terms are currently being finalised by the Remuneration Committee, but the exercise price and terms of exercise will be such that option-holders will only benefit in line with shareholder value creation. Directors will not participate in any new options issue. The Company currently has approximately 70m options on issue. Of these, all but 1.2m have exercise prices ranging from between 40 cents and $1.15 per share. A total of 33.7m of these must be exercised within the next 12 months, at exercise prices of either $0.7879 or $0.98625 per share, failing which they will lapse.

ENDS

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: +65 6508 9844