Dart Energy Limited

ABN 21 122 588 505

Annual Financial Report
for the year ended 30 June 2011

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Contents

Important Note:

*The resource estimates used in this Annual Financial Report ("Report") were, where indicated, compiled by Doug Barrenger of MBA Petroleum Consultants ("**MBA**") and John Hattner of Netherland, Sewell & Associates, Inc. ("**NSAI**") and are consistent with the definitions of proved, probable and possible hydrocarbon reserves and resources that appear in the Australian Stock Exchange ("**ASX**") Listing Rules. Mr. Barrenger and Mr. Hattner are qualified in accordance with the requirements of ASX listing rule 5.11 and have consented to the use of their resource figures in the form and context they appear in this Report.*

Directors	Nicholas Davies BSc (Hons Math/Eng) *Executive Chairman*
	Simon Potter MSc / BSc (Hons) *Managing Director and Chief Executive Officer*
	Stephen Bizzell BCom, ACA, MAICD *Executive Director*
	Shaun Scott BBus (Accountancy) / BA (Rec Admin), ACA *Executive Director*
	David Williamson (Appointed on 21/07/2010) BCom, FCA / MAICD *Non-Executive Director*
	Peter Clarke (Appointed on 08/02/2011) HND Business Studies *Non-Executive Director*
	Simon Poidevin (Appointed on 02/03/2011) BSc (Hons) *Non-Executive Director*
Company Secretary	Paul Marshall LLB (Hons), ACA
Principal registered office in Australia	Level 11, Waterfront Place, 1 Eagle Street. Brisbane QLD 4000
	Telephone: +61 7 3149 2100 Facsimile: +61 7 3149 2101
	Postal Address: GPO Box 3120 Brisbane Qld 4001
Head Office	152 Beach Road #19-01/04 The Gateway East Singapore 189721
	Telephone: +65 6508 9840 Facsimile: +65 6294 6904
Share Registry	Link Market Services Locked Bag 14
	Sydney South NSW 1235 Telephone: (02) 8280 7454 Facsimile: (02) 9287 0303
Auditor	PricewaterhouseCoopers Riverside Centre 123 Eagle Street Brisbane Qld 4000
Stock Exchange Listing	Australian Stock Exchange Ltd
	ASX Code: DTE
Website address	www.dartenergy.com.au

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Dart Energy Limited (referred to hereafter as the "Company" or "Dart") and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors
The following persons were directors of Dart throughout the whole of the financial year and up to the date of this report unless otherwise stated:

Nicholas Davies
Simon Potter
Stephen Bizzell
Shaun Scott
David Williamson (Appointed on 21/07/2010)
Peter Clarke (Appointed on 08/02/2011)
Simon Poidevin (Appointed 02/03/2011)

Principal Activities
There were no significant changes in the nature of the Group's activities during the year.

During the year, the principal continuing activities of the Group included coal seam gas (CSG) (also known as coal bed methane gas (CBM)) exploration in Australia, Europe and Asia. The Group also continued to review and acquire opportunities to participate in CSG activities both within its existing areas of operations and new geographies.

Corporate
On 20 July 2010, Dart was demerged from the Arrow Energy Group ("Arrow"). On 22 July 2010, the Company was admitted to the official list of the Australian Securities Exchange ("ASX"), ultimately being included in the S&P ASX 200 Index from 19 March 2011.

Contemporaneous with the listing on ASX, Dart successfully completed an institutional placement to raise approximately $36 million to fund Dart's business operating expenditure including on-going exploration and operating activities, tenement acquisition and business development costs following demerger from Arrow. Pursuant to the placement, on 30 July 2010, Dart issued 52.5 million shares increasing the number of Dart shares on issue then to approximately 420 million from 367 million at the time of ASX listing.

Since the time of demerger from Arrow and listing on ASX, Dart has grown its portfolio significantly from 8 licenses with gross CSG acreage of 9,611 km^2 and gross OGIP of 10.6 Tcf in Australia and Asia to 36 licenses (excluding 2 geothermal licenses in Australia) with gross CSG acreage of over 38,000 km^2 and gross OGIP of 77.2 Tcf across Australia, Europe and Asia whilst ensuring all future obligations were fully funded and resourced appropriately. This growth was underpinned by the following key initiatives:

- Acquisition of Apollo Gas Limited, Australia

  Apollo Gas Limited ("Apollo") was an ASX listed Company primarily engaged in the CSG exploration business in NSW, Australia. Apollo held a large acreage position of over 23,000km^2 comprising seven CSG exploration permits.

  In early October 2010, Dart announced that it had reached an agreement with Apollo to make a recommended offer for all issued securities in Apollo, other than those already owned by Dart. The transaction valued Apollo at approximately $145 million based on the last traded price of Dart on the ASX prior to the announcement.

  The Bidder's Statement was lodged with the ASX on 25 October 2010 and by 7 December 2010, Dart had secured voting power over 95.1% of Apollo, thus declared the bid as unconditional and issued a compulsory acquisition notice on 20 December 2010. Dart had successfully completed the takeover of Apollo on 8 February 2011.

  Approximately 118 million Dart shares were issued to Apollo shareholders as consideration under the takeover offer, increasing the total number of Dart shares on issue then to approximately 538 million. In addition, approximately 11 million shares were issued by way of exercise of options issued to certain Apollo shareholders pursuant to the Dart's takeover offer. The number of Dart shares on issue thus increased to approximately 549 million upon completion of Apollo acquisition.

  Consequently, the 21.05% interest in Apollo held by Dart prior to the takeover had been valued at $43 million resulting in a fair value gain amounting to $37 million recognised as a profit in the financial year ended 30 June 2011.

- Acquisition of Composite Energy Limited, United Kingdom

  Composite Energy Limited ("Composite") was a Company engaged in the CBM and shale gas business in Europe and had a portfolio of 15 CBM permits in the United Kingdom and two in Poland.On 3 September 2010, Dart acquired a 10% stake in Composite by subscription of US$7 million in cash. In addition, Dart had the option to invest a further US$5 million in Composite for a further 10% stake and the right but not the obligation to acquire the remaining 80% for US$56 million payable in Dart shares or cash or a combination of both.

  On 28 February 2011 Dart reached an agreement to acquire the 90% of Composite that it did not already own for approximately US$46.7 million payable in Dart shares. This transaction represented an acceleration of, and superseded, the previous arrangement described above.

  Approximately 36 million Dart shares were issued to Composite shareholders as consideration, increasing the total number of Dart shares on issue then to approximately 585 million.

Corporate (continued)

In addition, during the financial year ended 30 June 2011, Dart successfully completed a $100 million capital raising by way of a fully underwritten non-renounceable offer (as briefly described below) and realised cash from sale of certain investments, following which Dart had free cash of over $150 million and no debt.

- Capital raising of $100 million

  On 18 April 2011, Dart announced a fully underwritten accelerated non-renounceable offer (Entitlement Offer) to raise A$100million, comprising an Institutional Entitlement Offer and a Retail Entitlement Offer. The Institutional Entitlement Offer was successfully completed with an approximate 98% take-up on 20 April 2011, raising approximately A$54million. The Retail Entitlement Offer was completed on 13 May 2011, raising approximately A$46million.

  As part of the Entitlement Offer, 132.4 million new ordinary shares in Dart were issued in aggregate comprising 72.5 million new ordinary shares under the Institutional Entitlement Offer and 60.9 million new ordinary shares under the Retail Entitlement Offer. Thus, the total number of Dart shares on issue then increased to approximately 721 million.

  As noted, following the completion of the capital raising, Dart had no debt and had free cash of over A$150millionwhich would fully fund Dart's announced portfolio-wide forward program of activity. The program involves drilling over 100 exploration and appraisal wells and commencement of early development work on several projects and will take 15 to 18 months from the time of the capital raising. During this time, Dart expects to rapidly mature its substantial resource base and establish commerciality at a number of projects while seeking early cash flow. Dart's strategy remains focused on operating in locations with strong energy demand and where attractive margins are available, enabling Dart to pursue step-change organic growth initiatives at a time when the market is actively pursuing alternative energy investments.

- Proceed from sale of investments - $8.2 million

  During February 2011, Dart sold 1.63 million shares in Liquefied Natural Gas Limited ("LNG") at an average price of $0.62 per share raising approximately $1 million. Shares in LNG were transferred to Dart as part of the demerger from Arrow at a valuation of $0.31 per share. Dart continues to hold 14.4 million shares in LNG.

  During January and February 2011, Dart converted $6.3 million of its outstanding Far East Energy Corporation ("FEEC") convertible loan note at approximately $0.44 (US$0.475) per share and received 14.3 million FEEC shares. Of these shares, 14 million shares were sold during February and March 2011 at an average price of $0.51 per share (post selling costs) generating total proceeds of approximately $7.2 million. Dart continues to hold 0.3 million shares in FEEC and a $4.0 million convertible loan note in FEEC.

In addition, during the financial year, Dart pursued several other corporate and business development initiatives. These included new permits in India, Indonesia, Belgium and Poland, independent reserve certifications in Australia and Europe - believed to be the most sizeable CBM reserves certification to-date in Europe; and, gas sales agreements in China and the U.K. These initiatives and ongoing business activities are briefly outlined in the Business Review section of this report.

Dividends - Dart Energy Limited
Dart does not currently have any cash generating business units or assets, nor does it have a Board approved dividend policy. All of Dart's assets are in exploration or appraisal stage and thus are cash consuming rather than cash generating. Accordingly, it is unlikely that a dividend will be paid by Dart in the short-term.

No dividends were paid or proposed to be paid to members during or since the end of the financial year.

Review of operations
A summary of consolidated results and assets by segment is set out below:

	Segment Results (EBITDA)		Segment Assets	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
(a) Australia	**27,451**	1,624	**221,152**	-
(b) India	**(3,312)**	(5,235)	**161**	2,032
(c) Indonesia	**(528)**	(3,102)	**11,407**	8,320
(d) China	**(322)**	(703)	**32,943**	27,293
(e) Vietnam	**(10,497)**	(36)	**-**	10,855
(f) Europe	**(8,480)**	-	**62,099**	-
(g) Singapore / Corporate	**(7,463)**	(11,235)	**3,332**	12,046
Total segment results / assets	**(3,151)**	(18,687)	**336,094**	60,546

Segment assets refers to the measure of the Group's intangible assets (goodwill and exploration), property, plant and equipment, investments in associates and financial instruments (derivative options and convertible exchange note in Far East Energy Corporation), and listed securities in LNG Limited and Bow Energy Limited.

Segment results (EBITDA) are adjusted earnings/(loss) before interest, tax, depreciation and amortisation, which is the measure of segment result that is reported to the Board to assess the performance of the segments. Reconciliation of segment results and assets to profit/(loss) before tax and total assets respectively is included in note 4 to the financial statements.

Business Review

As noted, during the financial year ended 30 June 2011, Dart has successfully expanded its portfolio since the time of demerger from Arrow and listing on ASX. Operationally, Dart undertook exploration and appraisal activities across multiple assets in the portfolio and successfully implemented several business development initiatives which are briefly discussed in the sections corresponding to their respective geographies below.

- **Australia**

As noted in Dart's announcement on ASX of 7 April 2011 titled "Substantial Australian Resource Estimate", following the completion of the acquisition of Apollo Gas Limited in January 2011, Dart engaged MBA Petroleum Consultants Pty Ltd ("MBA**"**) to undertake an assessment of the coal bed methane resource within six of the seven licenses in the portfolio, being PELs 456, 459, 460, 461, 463, 464 in New South Wales, Australia. Dart has previously reported contingent resources in PEL458 that was independently assessed by Netherland, Sewell and Associates, Inc. ("NSAI"). The resource position for Dart's NSW portfolio as at 31 March 2011 aggregated, on a net basis, to a best estimate of gas-in-place of 32.5 Tcf, a prospective resource of 12.3 Tcf, a 1C contingent resource of 0.3 Tcf, a 2C contingent resource of 0.5 Tcf and a 3C contingent resource of 1.5Tcf. A brief summary of activities across Dart's permits in Australia is set out below.

PEL 456
Location: Liverpool Ranges, Upper Hunter, NSW
Interest: Dart85%, Santos 15% (operator)
Gross Resource (MBA): OGIP 30,170Bcf, Prospective resource 1,090Bcf, 3C resource 939 Bcf

PEL 456 is located in the Upper Hunter Valley of New South Wales covering an area of 5,953 km^2. Dart holds 85% interest in the licence with Santos holding the remaining 15%. Santos elected to exercise its farm-in rights for a further 35% by funding additional exploration and appraisal activities (anticipated to commence in the subsequent financial period) comprising shooting additional seismic, further core hole drilling and a multi-well pilot and testing program.

The Central Ranges Gas Pipeline (CRGP) and Queensland Hunter Gas Pipeline (QHGP) traverse the exploration licence in addition to nearby high capacity power transmission lines, both of which present commercialisation opportunities for regional gas-fired power generation.

PEL 458
Location: Newcastle, NSW
Interest: Dart100%
Gross Resource (NSAI): OGIP 1,342 Bcf, 2C resource 542 Bcf

Review of operations (continued)

Business Review (continued)

- **Australia (continued)**

PEL 458 covers 2,000km^2 in the locality of Newcastle. In early 2010, 4 core holes were drilled by Arrow with encouraging results, as part of its farm-in obligations to Apollo, prior to its subsequent acquisition by Dart.

Dart reviewed the progress on PEL 458 and has planned two surface-to-inseam (SIS) pilot wells at Fullerton Cove, north of Newcastle, accessing the prospective Medowie and Border seams at approximate depths of 650 meters and 700 meters respectively. Land access for these two wells has been secured and environmental studies have commenced. Dart anticipates that the drilling will take place in the subsequent financial period.

PEL 459
Location: Narrabri, NSW
Interest: Dart 100%
Gross Resource (MBA): OGIP 1,034 Bcf, Prospective resource 481 Bcf

PEL 459 is located in the Narrabri region of New South Wales covering 7,494km^2. Dart carried out preliminary work including shooting 47.6km of 2D seismic in the western portion of the licence and drilling a well in March 2011 to acquire preliminary data.

Commercialisation options for potential gas discoveries include the Queensland Hunter Gas Pipeline (QHGP) that transverses the western edge of PEL 459, the Central Ranges Gas Pipeline (CRGP) that terminates approximately 40km to the south and the 210MW proposed gas-fired generation power plant near Narrabri.

PEL 460
Location: Hunter West*, NSW*
Interest: Dart 100%
Gross Resource (MBA): OGIP 1,132 Bcf, Prospective resource 527 Bcf

PEL 460 is located in the Hunter West region of New South Wales covering 4,741km^2. Dart reviewed the progress on PEL 460 and has planned an initial exploration program which is anticipated to commence in the subsequent financial period. A core hole has since been spudded in August 2011 as the initial exploration activity on PEL 460.

PEL 464
Location: Gunnedah*, NSW*
Interest: Dart 100%
Gross Resource (MBA): OGIP 132 Bcf, Prospective resource 61 Bcf

PEL 464 is located in the Gunnedah region of New South Wales covering 958 km^2. Approximately 36 kilometres of 2D seismic was completed in February 2010. During the financial year, Dart drilled a core hole in March 2011 to tie-in the local stratigraphy to the acquired data.

Following the election of a new State Government in NSW there was announced a 60 day moratorium on new CSG licences and activities in NSW. This moratorium ended in July 2011 with a set of new rules designed to address concerns raised by the community regarding the safety and environmental sustainability of CSG development in NSW. Whilst the new rules announced are in line with Dart's position statements for NSW, the moratorium has caused a minor delay to the implementation of Dart's exploration and appraisal activities in NSW.

- **Europe**

Dart completed the 100% acquisition of Composite in February 2011, which has since been rebranded as Dart Europe and fully integrated in the Group's operations. The asset portfolio includes PEDL 133 and 14 other PEDL licences across the United Kingdom and three licences in Poland.

In addition, in May 2011, Dart entered into a CBM joint venture with NV Mijnen ("NVM") in Belgium. Dart has an 80% stake and will be the operator and manager of the joint venture. The purpose of NVM is to explore, appraise and develop CBM resources on NVM's existing coal mining concession area in the Campine Basin, Flanders, Belgium and secure further CBM and unconventional gas concessions in the same region.

Review of operations (continued)

Business Review (continued)

- **Europe (continued)**

United Kingdom

PEDL 133 (Airth)
Location: Midlands Valley, Scotland
Interest: Dart 100%
Gross Resource (NSAI) (CBM): OGIP 1,094 Bcf, 2C resource 607 Bcf, 3P reserves 83 Bcf, 2P reserves 44 Bcf
Gross Resource (NSAI) (Shale): OGIP 2,548 Bcf, Prospective resource 382 Bcf

PEDL 133 is the most advanced licence in the Dart Europe's portfolio with both CBM and shale gas resources present. Prior to the acquisition, over £20 million had been invested in the licence with 14 exploration, appraisal and development CBM wells drilled. In 2008, the Airth-10 CBM pilot well demonstrated continuous gas production in excess of 200 mcfd.

Since the Composite acquisition, Dart has made significant progress in evaluation of the CBM potential in PEDL 133 including a detailed technical review of available data and planning a pilot project in 2011 that will enable early gas commercialisation, and conducting geological and engineering studies required to move to full field development as early as 2012.

In June 2011, NSAI conducted an independent reserve certification on PEDL 133 amounting to 3P reserves of 83 Bcf and 2P reserves of 44 Bcf. These reserves are estimates are believed to be the most sizeable CBM reserves certification to date in Europe.

Following the reserve certification, in July 2011, Dart was successful in securing a 5-year gas sales agreement ("GSA") with SSE Energy, a UK FTSE 100 utility company. The GSA is sized to deliver the current 2P reserves during the term and has no minimum delivery requirement. SSE will purchase gas delivered from April 2012 at prevailing UK gas prices, which are currently approximately US$10/mcf.

Poland

USCB
Location: Upper Silesia, Southern Poland
Interest: Dart 100%
Gross Resource (NSAI): OGIP 526 Bcf, Prospective 114 Bcf

In late 2010, Composite (now Dart Europe) secured the Upper Silesia Coal Basin (USCB) concession in Upper Silesia, Southern Poland.

Dart undertook a review of USCB concession and planned a pilot well which is anticipated to be drilled in the subsequent financial year (late 2011) subject to environmental approval from the relevant authorities in Poland.

Milejow
Location: Lublin Basin, Eastern Poland
Interest: Dart 100%
Gross Resource (NSAI) (CBM): OGIP 265 Bcf
Gross Resource (NSAI) (Shale): OGIP 9,485 Bcf

The Milejow concession is proximate to the existing Chelm concession owned by Dart Europe. Dart undertook a review of Milejow concession and plans to undertake and complete a seismic acquisition program in the subsequent financial period ahead of a drilling program.

- **China**

Liulin PSC
Location: Shanxi province, China
Interest: Dart 22.5% (joint operator), Fortune Oil 27.5% (joint operator), CUCBM 50%
Gross Resource (NSAI): OGIP 808Bcf, 2C resource 241 Bcf, 3P reserves 85 Bcf, 2P reserves 1.4 Bcf

The Liulin PSC is located in the eastern part of the Ordos basin covering 183 km^2. Dart is joint operator of the block with Fortune Oil through a joint venture company, Fortune Liulin Gas Company Ltd ("FLG").

Review of operations (continued)

Business Review (continued)

- **China (continued)**

In September 2010, Dart was successful in securing a 15-year initial gas sales agreement ("GSA") between China United Coal Bed Methane ("CUCBM") on behalf of the Liulin gas project (Dart's current net interest is 22.5%) and Shaanxi CUCBM. The GSA is for annual volumes of 1.4 Bcf commencing 1 July 2011, with take-or-pay arrangements commencing 1 July 2012. The initial price agreed is for RMB 1.38/m^3 (US$6.05/mcf), subject to annual review and escalation.

On 17 December 2010, Dart exercised its option to increase its stake in FLG from 35% to 45% for additional investment of US$8.7 million in FLG to fund the ongoing work program at Liulin PSC. Consequently, Dart's effective interest in Liulin PSC increased from 17.5% to 22.5%.

FLG drilled multiple wells on Liulin PSC. Production testing commenced and continues in the subsequent financial period on a number of wells with commercial gas rates.

Dajing PSC
Location: Xinjiang Autonomous Region, western China
Interest: Dart49% (operator), PetroChina 51%
Gross Resource (NSAI): OGIP 6,589 Bcf, Prospective resource 3,481 Bcf

In April 2011, the Ministry of Commerce gave final approval for the Dajing Production Sharing Contract that covers 3,969 km^2 in the Junggar Basin. The Joint Management Committee subsequently approved the first year exploration drilling programme that includes 14 core wells across the licence.

Drilling commenced, in the subsequent financial period (in September 2011), with four rigs drilling concurrently.

- **Indonesia**

Sangatta West PSC
Location: East Kalimantan, Indonesia
Interest: Dart 24% (joint-operator), Ephindo 24% (joint-operator), Pertamina 52%
Gross Resource (NSAI): OGIP 587 Bcf, 2C resource 314 Bcf

The Sangatta West PSC is located in East Kalimantan, 50 km north of the Bontang LNG facility. There are a number of active coal mines in proximity to the PSC area. Dart farmed into the block by acquiring a 50% equity interest in Sangatta West CBM Inc. ("SWCI"), which itself has a 48% stake in the PSC. Pertamina holds the other 52%.

Dart and Ephindo are jointly operating the block through ownership of SWCI, with Dart having primary responsibility for technical and operating issues. A drilling program comprising four pilot wells commenced with drilling and well testing continuing in the subsequent financial period.

Tanjung Enim
Location: South Sumatra, Indonesia
Interest: Dart45% (operator), PT Bukit Asam 27.5%, Pertamina 27.5%
Gross Resource (NSAI): OGIP 472 Bcf, Prospective resource 307 Bcf

The Tanjung Enim PSC covers 308 km^2 in the South Sumatra basin. Dart commenced initial exploration program comprising three wells and drilling continued into the subsequent financial period.

Muralim
Location: South Sumatra, Indonesia
Interest: Dart50% (operator), Medco Energi 50%
Gross Resource (NSAI): OGIP 2,713 Bcf, Prospective resource 1,436 Bcf

On 3 December 2010, Dart signed a new PSC for the Muralim PSC in South Sumatra. Dart holds 50% participating interest and operatorship with the other 50% held by Medco Energi. The PSC is for a 30-year term, with a 6-year initial exploration and appraisal period. Muralim is proximate to the Tanjung Enim block as well as the South Sumatra-West Java pipeline that connects to Java, the main gas demand centre in Indonesia. Conventional gas production in South Sumatra and export volumes to Java are in decline and it is anticipated CBM production will supplement declining conventional production capacity and establish new reserves.

Review of operations (continued)

Business Review (continued)

- **Indonesia (continued)**

Dart commenced geological and geophysical studies which are expected to be followed by two core wells in the subsequent financial period.

- **India**

Assam and Satpura
Location: Assam and Madhya Pradesh respectively
Interest: Assam – Dart 60% Indian Oil 40%; Satpura – Dart 80% Tata Power 20%
Gross Resource (NSAI): Assam – OGIP 1,177 Bcf, Prospective 790 Bcf; Satpura – OGIP 1,438 Bcf, Prospective 959 Bcf

In July 2010, Dart was awarded two CBM licences as part of the Indian Government's CBM IV bidding round. On both blocks, Dart has proposed a 15-core well program and two pilot wells as part of Phase 1 exploration. Upon completion, Phase 2 includes 21 pilot wells with the possibility of combining it with an early commercial development project via compressed natural gas (CNG).

In addition, Dart undertook preparatory work including submission of the Terms of Reference for an Environmental Impact Assessment (EIA)to enable exploration drilling and expects the exploration program to commence in the subsequent financial period.

Electrosteel
Location: Jharia basin, Jharkhand, eastern India
Interest: Dart30% (operator), Electrosteel Castings Ltd 70%
Gross Resource (NSAI): OGIP 168 Bcf, Prospective resource 50 Bcf, 2C resource 62 Bcf

In March 2011, Dart entered a joint venture with Electrosteel, for the production and use of CBM from Electrosteel's coal mine licence area in Parbatpur India covering 8.8 km^2.The Parbatpur coal seams have high gas content and gas saturation close to 100% requiring degassing ahead of mining for regulatory and mine safety purposes.

Dart undertook a detailed technical study of the Parbatpur area and has identified eighteen coal seams with over 80 metres of net thickness between 200 and 1,100 metres depth.

Dart has commenced the initial work program comprising two core holes and drilling up to six pilot wells which continued into the subsequent financial period.

Tatapani Ramkola
Location: Chhattisgarh, India
Interest: Dart50% (operator), GAIL 35%, Tata Power 15%

The Tatapani Ramkola block was awarded to Dart in 2006 in the Indian Government's CBM III bidding round. Dart drilled five pilot wells and commenced production testing which has produced high volumes of water albeit gas rates remain low. Production testing will identify any long term potential and Dart expects to make a decision in the subsequent financial period (by end 2011) whether or not to proceed to Phase 2 drilling (of up to 15 wells). Preliminary indications are that it is unlikely that Dart will proceed to Phase 2 drilling.

Significant changes in the state of affairs

Other than as disclosed in this report, there are no significant changes in the business operations of Dart during the year.

Matters subsequent to the end of the financial year

On 25 August 2011, Dart announced it will undertake a substantial restructure, including a proposed listing of its international portfolio of coal bed methane ("CBM") assets on the Singapore Stock Exchange as Dart Energy International,, to provide a platform for future growth and to unlock shareholder value.

Dart intends to seek a separate, minority listing of all of its international assets on the Singapore Stock Exchange ("SGX") by the end of 1Q 2012. This includes all of Dart's assets in the high-growth Asian markets of China, India and Indonesia, as well as all of Dart's assets in Europe.

Dart will continue to hold a majority stake in the new international vehicle. The exact level of minority interest to be floated via an Initial Public Offering (IPO) is still to be determined, due in part to ongoing potential strategic partner and asset discussions.

In Australia, Dart has accumulated a sizeable resource base in New South Wales, close to major gas markets and in close proximity to existing and proposed infrastructure.

Demand for resources in the Australia unconventional landscape and the projected future gas deficit in New South Wales continues to drive corporate and asset level merger activity amongst CBM companies, including within the Gunnedah Basin, with recent transactions priced at significant premiums to trading valuations. Dart will also continue to assess the optimal ownership structure for the Australian business and explore the introduction of strategic partners as may be appropriate either at an asset or corporate level.

Simon Potter, the existing CEO and Managing Director, decided to resign for personal reasons to return with his family to live in the UK. Nicholas Davies, the current Chairman, moved temporarily into an Executive Chairman role to cover the transition period until a new Chief Executive is appointed for Dart Energy International. It is anticipated that this latter appointment will take place well in advance of any potential SGX listing. Nicholas will primarily drive the SGX listing initiative while continuing to focus on international growth initiatives.

In addition, Shaun Scott temporarily expanded his existing Executive Director role during this transition period and took on primary responsibility for management and implementation of strategic initiatives in Australia. The remainder of the Dart executive team will remain in place with Stephen Bizzell continuing as Executive Director, Robbert de Weijer as CEO of Dart's Australia operations. Eytan Uliel as Chief Commercial Officer, Nathan Rayner as Chief Operating Officer and Martin Cooper as Chief Financial Officer.

UBS Investment Bank was appointed as financial adviser in relation to the Group restructure and proposed listing on the SGX.

At the 22 August 2011 board meeting it was resolved to fully provide against the expenditure incurred on the Hanoi Trough PSC. The Company has accounted for this as an adjusting post balance sheet event such that the A$10.8 million of exploration assets and A$1.8 million of goodwill for Vietnam have been written-off in the income statement for the year ended 30 June 2011.

Likely developments and expected results of operations
Further information on likely developments in the operations of the Group and the expected results of operations have not been included because the directors believe it would likely result in unreasonable prejudice to the Group.

Health, Safety and Environment (HSE)

The Group is subject to environmental regulation in the various jurisdictions in which it operates. These regulations cover the Group's exploration, development and production activities. There were no reportable incidents in the current financial year.

As a minimum, the Group seeks to comply with environmental regulation in all of the countries in which it operates.

Safety is a core value to Dart and the Group strives for a zero injury workplace for all employees, contractors and visitors to its operations.

Insurance of Officers

During the financial year, Dart acquired insurance, for which the premium paid was $90,281 to cover directors, officers and senior executives of the Group and its Australian based controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Information on directors

Nicholas Davies BSc (Hons Math/Eng). *Non-Executive Chairman.* Age 53.

Experience and expertise
Nicholas has over 30 years oil and gas industry experience in upstream development, strategic planning, new business development and marketing. Prior to becoming Chairman of Dart, he was CEO and Managing Director of Arrow. Before this, he was President of BP's Asia Pacific Gas and Power business headquartered in Tokyo and immediately prior to that was President of Atlantic Richfield Company South East Asia, based in Singapore. Nicholas currently resides in Singapore.

Other current directorships
Acer Energy Ltd (from 2011)

Former directorships in last 3 years
Liquefied Natural Gas Limited (from 2007 to March 2010)
Arrow Energy Limited (from 2004 to August 2010)

Special responsibilities
Non-Executive Chairman of the Dart Energy Limited Board
Chairman of Remuneration and Nomination Committee
Member of Risk Committee

Interests in shares and options
5,988,501 ordinary shares in Dart Energy Limited.
375,000 31 March 2014 Unlisted Options at $0.98625
375,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2012
375,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2013

Simon Potter MSc / BSc (Hons). *Managing Director and Chief Executive Officer.* Age 53.

Experience and expertise
Simon has over 30 years oil and gas industry and mining sector experience. From the Zambian Copperbelt to a 20 year career with BP he has held executive roles in companies managing oil and gas exploration, development and production, gas processing, sales and transport, LNG manufacture, marketing and contracting in Europe, Russia, America, Africa and Australasia. On leaving BP he took up the role of CEO at Hardman Resources where he oversaw growth of that listed company into an oil producer and considerable exploration success in Africa ahead of executing a corporate sale to Tullow Oil. Simon has resigned from Dart and will be leaving the company in October 2011. Simon currently resides in Singapore.

Other current directorships
None

Former directorships in last 3 years
Rialto Energy Limited (July 2008 - July 2010)

Special responsibilities
Managing Director and Chief Executive Officer of Dart Energy Limited (until October 2011)

Information on directors (continued)

Simon Potter MSc / BSc (Hons). *Managing Director and Chief Executive Officer.* Age 53.

Interests in shares and options
1,224,161 31 March 2014 Unlisted Options at $0.98625
1,224,161 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2012
1,224,160 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2013

Stephen Bizzell BCom, ACA, MAICD *Executive Director.* Age 43.

Experience and expertise
Stephen is a Chartered Accountant and early in his career was employed in the corporate finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions and has over 15 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies. Stephen was an Executive Director of Arrow from 1999 till August 2010. He is Chairman of boutique corporate advisory and funds management group, Bizzell Capital Partners Pty Ltd. Stephen currently resides in Brisbane.

Other current directorships
Renison Consolidated Mines N.L. (from 1996) (Chairman)
Bow Energy Ltd (from 2004)
Stanmore Coal Ltd (from 2009)
Hot Rock Ltd (from 2009)
Diversa Ltd (from 2010)
Renaissance Uranium Ltd (from 2010)

Former directorships in last 3 years
Arrow Energy Limited (from1999 to August 2010)
Liquefied Natural Gas Limited (Alternate Director) (from 2007 to March 2010)
Apollo Gas Ltd (from 2009 to January 2011)

Special responsibilities
Executive Director of Dart Energy Limited Member of Risk Committee

Interests in shares and options
4,730,033 ordinary shares in Dart Energy Limited.
750,000 31 March 2014 Unlisted Options at $0.98625
750,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2012
750,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2013
881,250 15 December 2014 Unlisted Options at $0.40.

Information on directors (continued)

Shaun Scott BBus(Accountancy) / BA (Rec Admin), ACA. *Executive Director.* Age 46.

Experience and expertise
Shaun is a Chartered Accountant with over 25 years of experience in upstream and downstream projects, mergers and acquisitions and finance in the energy sector in Australia, Asia, and the United States. He previously held the roles of Chief Commercial Officer, Chief Financial Officer and Chief Executive Officer of Arrow. Prior to joining Arrow in 2004, Shaun held a variety of senior executive roles across the industry. Shaun currently resides in Brisbane.

Other current directorships
Acer Energy Ltd (from March 2011)
Anaeco Limited (from March 2011)
Site Group International Limited (from August 2011)

Former directorships in last 3 years
Pure Energy Limited (from 2007 to September 2008).

Special responsibilities
Executive Director of Dart Energy Limited
Member of Risk Committee

Interests in shares and options
576,668 ordinary shares in Dart Energy Limited.
750,000 31 March 2014 Unlisted Options at $0.98625
750,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2012
750,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2013

David Williamson BCom FCA / MAICD. *Non-Executive Director.* Age 60.

Experience and expertise
David has been registered as a Chartered Accountant for 33 years. He is principal of his own firm Williamson Chaseling Pty Ltd and has gained a wide range of experience covering business management, finance, general accounting, taxation and audit assignments. He has had considerable experience in the resources sector being a Non-Executive Director of New Hope Corporation Limited since 1999 which operates coal mines in Queensland. David is currently also a Non-Executive director of ASX listed companies Drill Torque Limited and Northern Energy Corporation Limited. David is Chairman of the Audit Committee of New Hope Corporation Limited and of Northern Energy Corporation Limited. David has also been a Non-Executive Director since 2001 of Australian Health and Nutrition Association Limited (Sanitarium Health Food Co) and is currently Chair of the Finance and Business Committee which reviews all finance and business proposals. David currently resides near Newcastle.

Other current directorships
New Hope Corporation Limited (from 1999)
Northern Energy Corporation Limited (from 2011)
Drill Torque Limited (from 2011)

Former directorships in last 3 years
Arrow Energy Limited (from 2006 to August 2010)

Special responsibilities
Chairman of Risk Committee
Member of Audit Committee.

Interests in shares and options
100,000 ordinary shares in Dart Energy Limited.
250,000 31 March 2014 Unlisted Options at $0.98625
250,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2012
250,000 31 March 2014 Unlisted Options at $0.98625 exercisable on or after 29 July 2013

Information on directors (continued)

Peter Clarke HND Business Studies. *Non-Executive Director.* Age 61.

Experience and expertise
Peter is a former investment banker and a Resident of Hong Kong. He worked for over thirty years in Sydney, Hong Kong, London, New York and Tokyo. Most of his career was spent at Salomon Brothers and at Merrill Lynch where he served as Chairman of the Asia Pacific region for nearly a decade. In addition to his banking roles he has also served on numerous government and regulatory committees and boards in both London and Hong Kong. Peter currently resides in Hong Kong

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Chairman of Audit Committee.
Member of Remuneration and Nomination Committee

Interests in shares and options
100,000 ordinary shares in Dart Energy Limited. The Group has agreed to issue 750,000 options over ordinary shares in Dart Energy Limited to Mr Clarke with an exercise price of $0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will be exercisable in line with the options issued to Mr David Williamson.

Simon Poidevin *BSc (Hons)* *Non-Executive Director.* Age 52

Experience and expertise
Simon is an Executive Director of Bizzell Capital Partners Pty Ltd, a boutique corporate advisory and funds management group. He was previously an Executive Director of Pengana Capital and before that he had 14 years with Citigroup in Australia, where he was a Managing Director and jointly headed the firm's Corporate Broking business. Simon is also a former Wallaby who represented Australia in 59 Rugby Union Tests. He was awarded an OAM in 1988, inducted into the Australian Sports Hall of Fame in 1991 and honoured with a Centenary Medal in 2003. He is also on the Board of the University of NSW Foundation. Simon currently resides in Sydney.

Other current directorships
None

Former directorships in last 3 years
None

Special responsibilities
Member of Audit Committee
Member of Remuneration and Nomination Committee.

Interests in shares and options
122,728 ordinary shares in Dart Energy Limited
The Group has agreed to issue 750,000 options over ordinary shares in Dart Energy Limited to Mr Poidevin with an exercise price of $0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will be exercisable in line with the options issued to Mr David Williamson.

Company secretary
The company secretary is Paul Marshall LLB (Hons), ACA. Paul has a Bachelor of Law degree and is a Chartered Accountant with over 25 years' experience.

Meetings of directors
The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of committees					
			Audit		Risk		Remuneration	
	A	B	A	B	A	B	A	B
Nicholas Davies	15	15	3	3	1	1	1	1
Simon Potter	15	15	**	**	**	**	**	**
Stephen Bizzell	15	15	3	3	1	1	**	**
Shaun Scott	15	14	**	**	1	1	**	**
David Williamson (Appointed on 21/07/2011)	13	13	4	4	1	1	**	**
Peter Clarke (Appointed on 08/02/2011)	6	6	1	1	**	**	1	1
Simon Poidevin (Appointed on 02/03/2011)	4	4	1	1	**	**	1	1

A = Number of meetings held during the time the director held office or was a member of the committee during the year
B = Number of meetings attended
** = Not a member of the relevant committee

Remuneration report (Audited)
This remuneration report sets out remuneration information for Dart's non-executive directors, executive directors, other key management personnel and the highest remunerated executives of the Group and the Company.

Directors and executives disclosed in this report

Name	**Position**
Non-executive and executive directors	
Other key management personnel	
Eytan Uliel	Chief Commercial Officer
Martin Cooper	Chief Financial Officer (appointed24 November 2010)
Nathan Rayner	Chief Operating Officer (appointed 12 October 2010)
Peter Roles	Chief Technical Officer (appointed 1 September 2010)
Peter Godfrey	Vice President Commercial (resigned 31 August 2010)
Robbert de Weijer	Chief Executive Officer - Australia (appointed 11 January 2011)

Changes since the end of the reporting period
Simon Potter has resigned from the position of Managing Director and CEO of Dart Energy and will be leaving the Company in October 2011.

Role of the nomination and remuneration committee
The nomination and remuneration committee is a committee of the board in relation to remuneration. It is primarily responsible for making recommendations to the board on:
- non-executive director fees
- executive remuneration (directors and other executives), and
- the over-arching executive remuneration framework and incentive plan policies.

Its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

The Corporate Governance Statement provides further information on the role of this committee.

Remuneration report (Audited) (continued)

Principles used to determine the nature and amount of remuneration

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chair is not present at any discussions relating to determination of his own remuneration.

Non-executive directors do not receive performance based pay. However, to promote further alignment with shareholders, non-executive directors have been granted options under the Dart Option plan.

Directors' fees

The current base fees were last reviewed with effect from March 2011. The Chair's remuneration is inclusive of committee fees while other non-executive directors who chair, or are a member of, a committee receive additional yearly fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $750,000 per annum.

The following fees have applied:

	From 1st April to 30 June 2011
Base fees	
Chair	$120,000
Other non-executive directors	$70,000
Additional fees	
Audit committee – Chair	$12,000
Audit committee – member	$7,500
Nomination and remuneration committee – Chair (*)	$12,000
Nomination and remuneration committee – member	$7,500
Risk committee – Chair	$12,000
Risk committee – member	$7,500

(*) Nicholas Davies does not receive additional remuneration for chairing or being a member of the board committees.

Retirement allowances for non-executive directors
There are no retirement allowances for non-executive directors. For Australian resident non-executive directors, superannuation contributions required under the Australian superannuation guarantee legislation continue to be made and are deducted from the directors' overall fee entitlements.

Executive pay
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Remuneration report (Audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short- and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The executive pay and reward framework has three components:

- base pay and benefits, including superannuation(where applicable)
- short-term performance incentives, and
- long-term incentives through participation in the Dart Employee Option Plan.

The combination of these comprises an executive's total remuneration. The Group intends to conduct a review of the incentive plans during the year ending 30 June 2012 to ensure continued alignment with financial and strategic objectives.

Base pay and benefits
These are structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executive's contract.

Executives receive benefits including health insurance and housing allowances and superannuation (where applicable).

Short-term incentives (STI)

Subject to personal performance, executives and other participants are eligible to reward through the Short-Term Incentive scheme (STI). The STI will be paid in either cash or fully paid unrestricted and fully vested shares of Dart Energy Limited, at the sole discretion of the Company.

The number of shares allocated in respect of any STI will be based on the value of STI divided by the volume weighted average price for shares of Dart Energy Limited in the ten trading days immediately prior to the STI award. The shares will vest immediately after they are allocated.

Awards of STI are determined by the nomination and remuneration committee for executive directors and the CEO. Awards are determined by the CEO for senior management. Awards under STI outside of those determined under the formal metrics may be made at the discretion of the Company in the event of exceptional performance. Such exceptional awards under the STI were made to recognise the exceptional performance of certain key management personnel during the year ended 30 June 2011 as identified in the table on page 17. Awards under the STI (using the metrics set out below) will be determined by the Company for the first time in January 2012.

The STI has two components:

- Individual component – assessed and paid on achievement of individual key performance indicators, which are in line with company objectives
- Group component – assessed on Total Shareholder Return (TSR).

Remuneration report (audited) (continued)

In relation to the individual component, key management personnel have annual KPI's set at the beginning of each year. The individual KPI's are set to ensure alignment between the individual and the Company's stated aims of:

- 2 new gas sales agreements by 31st December 2011
- 4 new licences by 31st December 2011
- 175PJ of P2 net reserves by 31st December 2011
- 1,500PJ of P3 net reserves by 31st December 2011

The split of the components are as follows (% of base salary):

STI Component	Executive Directors	CEO	Senior Management
Individual	12.5%	20%	15%
TSR	12.5%	20%	10%

The TSR is determined by comparison of Dart's TSR to the TSR of the following companies listed on the Australian Stock Exchange for the same period. Each year, the outlying performers (best two and worst two) will be excluded from the final Comparator listing. The amount of incentive will then be paid based on the Company's ranking relative to the remaining nine companies in the Comparator index.

Company name	ASX Ticker
Bow Energy	BOW
Molopo Energy	MPO
Eastern Star Gas	ESG
Metagasco	MEL
Origin Energy	ORG
Santos	STO
Beach Energy	BPT
ROC Oil	ROC
AWE	AWE
Woodside Petroleum	WPL
Oil Search	OSH
Karoon Gas	KAR
NuEnergy Capital	NYG

TSR is calculated including share price growth, dividends and capital returns. Vesting will occur based on the Company's ranking within the peer group as follows:

Dart performance vs Comparator group	Bonus entitlement
0 – 50th percentile	0%
50th percentile	50%
60th percentile	65%
70th percentile	80%
80th percentile	100%
90th percentile	125%
100th percentile	150%

Remuneration report (audited) (continued)

Long-term incentives (LTI)

The long-term incentive scheme is designed to provide long-term incentives for executives and other participants to deliver long term shareholder returns. The payout will be dependent on the performance of Dart against the comparator group as defined above.

The split of the components are as follows (% of base salary):

LTI Component	Executive Directors	CEO	Senior Management
TSR	-	40%	25%

In exceptional circumstances there is the possibility of awards above these entitlements.

The LTI will be paid in the form of an equity interest in Dart Energy Limited (either in fully paid shares, options, or some other form of equity instrument).

The quantum of equity interests allocated in respect of the LTI will be based on the value of the LTI divided by the volume weighted average price for shares of Dart Energy Limited in the ten (10) trading days immediately prior to the LTI award date. The LTI may, at the sole discretion of the Company, be paid in cash (all or part).

For the avoidance of doubt, the Company is not obliged to make payment of any LTI in any period and the payment of any LTI is at the discretion of the Company.

Any LTI will vest in three equal instalments over the three years following the award of the LTI, provided the employees are still employed by the Group at the end of the vesting period.

Any LTI awarded in the form of options, will be exercisable at any time in the three years following the date on which the options vest.

The first awards under the LTI will be determined by the remuneration and nomination committee in January 2012.

Options

In addition to participation in the STI and LTI, certain key management personnel have a contractual entitlement to the grant of options. Further grants of options may be made at the board's discretion. Key management personnel also participate in the Dart Option plan. The terms of this plan are disclosed in note 39 to the financial statements. Further details of the options granted under the Dart option plan and to which the key management personnel are contractually entitled are included in the table on page 26.

Performance of Dart Energy Limited

Since Dart was listed, the Company has made significant progress towards achieving a number of milestones against its objectives (as described in the STI individual component KPIs above) and it is considered by the directors that the remuneration of key management personnel fairly reflects that performance.

Remuneration report (audited) (continued)

Cash remuneration

The cash remuneration actually received by the directors and the other key management personnel in respect of the year ended 30 June 2011 is shown in the table below. The remuneration details prepared in accordance with the accounting standards are included on page 20.

Name	Cash salary and fees $	Cash bonus $	Benefits* $	Super-annuation $	Total $
Nicholas Davies	98,203	-	-	12,213	110,416
David Williamson	66,778	-	-	6,010	72,788
Simon Poidevin (appointed 2 March 2011)	14,167	-	-	-	14,167
Peter Clarke (appointed 8 Feb 11)	18,752	-	-	-	18,752
Simon Potter	501,247	161,331	287,827	-	950,405
Stephen Bizzell	192,661	-	649	17,339	210,649
Shaun Scott	265,000	-	2,718	22,140	289,858
Eytan Uliel	338,267	133,632	202,102	-	674,001
Martin Cooper (appointed 24 Nov 2010)	133,531	-	20,030	4,339	157,900
Nathan Rayner (appointed 12 October 2010)	213,482	32,971	89,384	6,000	341,837
Peter Roles	277,553	79,427	152,862	-	509,842
Peter Godfrey	37,921	-	22,271	4,318	64,510
Robbert de Weijer (appointed 11 Jan 2011)	164,505	-	5,595	12,877	182,977
Total remuneration	**2,322,067**	**407,361**	**783,438**	**85,236**	**3,598,102**

*These benefits are non-monetary benefits settled by Dart in cash on behalf of the key management personnel.

Remuneration report (Audited) (continued)

Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures)* and the five highest paid executives of the Company and the Group are set out in the following tables.

Key management personnel of the Group and other executives of the Company and the Group

30 June 2011	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments		
Name	Cash salary and fees $	Cash bonus (STI) $	Non monetary benefits* $	Super-annuation $	Long service leave $	Termination benefits $	Options [(B)] $	Shares [(c)] (STI) $	Total $
Non-executive directors									
Nicholas Davies [(A)]	98,203	-	-	12,213	-	-	454,127	-	564,543
David Williamson	66,778	-	-	6,010	-	-	272,476	-	345,264
Simon Poidevin(appointed 2 March 2011)	14,167	-	-	-	-	-	25,078	-	39,245
Peter Clarke (appointed 8 Feb 11)	18,752	-	-	-	-	-	28,452	-	47,204
Sub-total non-executive directors	**197,900**	**-**	**-**	**18,223**	**-**	**-**	**780,133**	**-**	**996,256**
Executive directors									
Simon Potter [^#]	501,247	161,331	287,827	-	-	-	920,314	42,370	1,913,089
Stephen Bizzell [^#(B)]	192,661	-	649	17,339	-	-	817,427	52,500	1,080,576
Shaun Scott [^#]	265,000	-	2,718	22,140	-	-	489,367	66,250	845,475
Other key management personnel(Group)									
Eytan Uliel [^#]	338,267	133,632	202,102	-	-	-	461,860	-	1,135,861
Martin Cooper (appointed 24 Nov 2010)	133,531	-	20,030	4,339	-	-	97,709	-	255,609
Nathan Rayner (appointed 12 October 2010)	213,482	32,971	89,384	6,000	-	-	352,794	-	694,631
Peter Roles	277,553	79,427	152,862	-	-	-	-	-	509,842
Peter Godfrey	37,921	-	22,271	4,318	-	-	-	-	64,510
Robbert de Weijer (appointed 11 Jan 2011) [^#]	164,505	-	5,595	12,877	-	-	765,626	-	948,603
Total key management personnel compensation (group)	**2,322,067**	**407,361**	**783,437**	**85,237**	**-**	**-**	**4,685,230**	**161,120**	**8,444,452**

^,# denotes one of the 5 highest paid executives of the Group (^) and/or Company (#), as required to be disclosed under the Corporations Act 2001.

** Includes housing allowances for all other key management personnel except for Robbert de Weijer.*

[(A)]*Nicholas Davies does not receive additional remuneration for chairing or being a member of the board committees.*

[(B)]*Stephen Bizzell also received options over shares in Dart in replacement of options held by him over Apollo Gas Limited shares granted to him in his capacity as a director of that company. The value of the options received was $726,217 and these options vested on completion of Dart's acquisition of Apollo Gas Limited.*

[(c)]*Accrual for STI in relation to the 2011 financial year. Any shares to be issued will be subject to shareholder approval.*

Remuneration report (Audited) (continued)

Details of remuneration (continued)

Key management personnel of the Group and other executives of the Company and the Group

30 June 2010	Short-term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Cash bonus $	Non monetary benefits * $	Super-annuation $	Long service leave $	Options & Shares $	Total $
Non-executive directors							
Nicholas Davies ^ (A)	875,000	423,349	115,454	6,430	-	-	1,420,233
David Williamson (B)	48,588	-	-	4,373	-	-	52,961
Sub-total non-executive directors	**923,588**	**423,349**	**115,454**	**10,803**	**-**	**-**	**1,473,194**
Executive directors							
Simon Potter (appointed on 6 April 2010) ^#	123,460	-	73,765	-	-	-	197,225
Stephen Bizzell ^# (B)	156,929	-	-	-	-	-	156,929
Shaun Scott (appointed on 20 April 2010) ^# (B)	210,770	110,688	-	23,137	2,978	-	347,573
Other key management personnel(Group)							
Eytan Uliel (appointed on 1Jan 10) ^#	134,288	68,771	103,048	-	-	362,301	668,408
Peter Godfrey ^#	220,900	-	132,265	19,884	-	93,812	466,861
Total key management personnel compensation (Group)	**1,769,935**	**602,808**	**424,532**	**53,824**	**2,978**	**456,113**	**3,310,190**

^,# denotes one of the 5 highest paid executives of the Group(^) and/or Company (#), as required to be disclosed under the *Corporations Act 2001.*

*[*] *Includes housing allowances.*

[(A)] *Nicholas Davies was the CEO and Managing Director for the period 1 July 2009 to 5 April 2010 before the appointment of Simon Potter as the CEO and Managing director on 6 April 2010.*

[(B)] *For the year ended 30 June 2010, these directors were also directors of Arrow Energy Limited. The remuneration disclosed above is the amount of remuneration which relates to their services provided to Dart Energy Limited during the year ended 30 June 2010.*

Remuneration report (Audited) (continued)

Services agreement (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - Options *	
	2011	2010	**2011**	2010	**2011**	2010
Executive directors of Dart						
Simon Potter	41%	100%	8%	n/a	51%	n/a
Stephen Bizzell	19%	100%	5%	n/a	76%	n/a
Shaun Scott	34%	100%	8%	n/a	58%	n/a
Other key management personnel of the Group						
Eytan Uliel	48%	40%	8%	-%	44%	27%
Martin Cooper	62%	n/a	0%	n/a	38%	n/a
Nathan Rayner	38%	n/a	3%	n/a	59%	n/a
Peter Roles	85%	n/a	9%	n/a	6%	n/a
Peter Godfrey	100%	80%	n/a	9%	n/a	11%
Robbert de Weijer	19%	n/a	0%	n/a	81%	n/a

* Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the managing director, chief financial officer and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including health insurance, car allowances and tax advisory services, and participation, when eligible, in the Dart Option Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with executives may be terminated early by either party with written notice, subject to termination payments as detailed below.

Name	Term of agreement	Base salary including superannuation *	Significant changes to employment **	Termination Benefits ***
Nicholas Davies, *Chairman*	Re-appointment at AGM	$130,800	-	-
David Williamson, *NED*	Re-appointment at AGM	$70,000	-	-
Peter Clarke, *NED*	Re-appointment at AGM	$70,000	-	-
Simon Poidevin, *NED*	Re-appointment at AGM	$70,000	-	-
Simon Potter, *CEO and Managing Director*	On-going, commencing 6 April 2011	$512,000 / (SGD640,000)	12 months base salary	12 months base salary
Stephen Bizzell, *Executive Director*	On-going, commencing 23 August 2010	$3,000/day. Minimum $7,500/mth, plus 9% superannuation	12 months base salary	12 months base salary
Shaun Scott, *Executive Director*	On-going, commencing 23 August 2010	$3,000/day. Minimum $7,500/mth, plus 9% superannuation	12 months base salary	12 months base salary
Eytan Uliel, *Chief Commercial Officer*	On-going, commencing 1 September 2010	$333,000	12 months base salary	3 months written notice, or payment in lieu of notice
Martin Cooper, *Chief Financial Officer*	On-going, commencing 24 November 2010	$230,000	6 months base salary + 1 month for every year of service, capped at 12 months	3 months written notice, or payment in lieu of notice (1)
Nathan Rayner, *Chief Operating Officer*	On-going, commencing 12 October 2010	$300,000	6 months base salary + 1 month for every year of service, capped at 12 months	4 weeks written notice, or payment in lieu of notice (2)

Remuneration report (Audited) (continued)

Services agreement (continued)

Name	Term of agreement	Base salary including superannuation *	Significant changes to employment **	Termination Benefits ***
Peter Roles, *Chief Technical Officer*	On-going	$280,000	6 months base salary + 1 month for every year of service, capped at 12 months	4 weeks written notice, or payment in lieu of notice
Peter Godfrey, Vice *President Commercial*	Contract terminated on 31 August 2010	$220,000	6 months base salary + 1 month for every year of service, capped at 12 months	3 months written notice, or payment in lieu of notice
Robbert de Weijer, *CEO Australia*	On-going, commencing 11 January 2011	$300,000	6 months base salary + 1 month for every year of service, capped at 12 months	4 weeks written notice, or payment in lieu of notice (2)

** Base salaries quoted are for the year ended 30 June 2011.They are reviewed annually by the nomination and remuneration committee.*

*** Key management personnel are entitled to treat their employment as terminated and to receive these benefits in the event of:*

- *a fundamental change in their current position; or*
- *a significant diminution in their powers, discretions and responsibilities; or*
- *a significant change in duties and tasks which lessens the significance and status of those tasks; or*
- *a significant change in reporting lines.*

**** Termination benefits are payable on early termination by the Company, other than for gross misconduct, unless otherwise indicated, they are equal to the base salary for the remaining term of the agreement.*

(1) Additional termination benefits are subject to the Singapore Employment Act. The Act allows for discretionary payments to be made to employees with a minimum three years of service with the Company. Dart Singapore follows the common practice of payment of one month per one year of service with the Company, up to maximum of 12 months.

(2) Additional termination benefits are subject to the Australian National Employment Standards. The standards provide for an entitlement to termination payments based on the number of years of continuous service. Payment may range from 4 weeks up to a maximum of 12 weeks.

Remuneration report (Audited) (continued)
Share-based compensation (continued)

Share-based compensation
The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Share Price at Grant Date	Exercise price	Value per option at grant date	Service conditions achieved %	% Vested
23 Aug 2010	29 Jul 2011	31 Mar 2014	$0.81	$0.98625	$0.37093	30%	0%
23 Aug 2010	29 Jul 2012	31 Mar 2014	$0.81	$0.98625	$0.41375	30%	0%
23 Aug 2010	29 Jul 2013	31 Mar 2014	$0.81	$0.98625	$0.45092	30%	0%
01 Sep 2010	01 Sep 2010	31 Jul 2014	$0.81	$0.98625	$0.34091	100%	100%
01 Sep 2010	31 Aug 2011	31 Jul 2014	$0.81	$0.98625	$0.38769	21%	0%
01 Sep 2010	31 Aug 2012	31 Jul 2014	$0.81	$0.98625	$0.42828	21%	0%
12 Oct 2010	12 Oct 2010	31 Jul 2014	$1.21	$0.98625	$0.64160	100%	100%
12 Oct 2010	11 Oct 2011	31 Jul 2014	$1.21	$0.98625	$0.69954	19%	0%
12 Oct 2010	11 Oct 2012	31 Jul 2014	$1.21	$0.98625	$0.74953	19%	0%
24 Nov 2010	24 Nov 2010	31 Jul 2014	$1.23	$0.98625	$0.65041	100%	100%
24 Nov 2010	23 Nov 2011	31 Jul 2014	$1.23	$0.98625	$0.70983	16%	0%
24 Nov 2010	23 Nov 2012	31 Jul 2014	$1.23	$0.98625	$0.76100	16%	0%
30 Nov 2010	29 Jul 2011	31 Mar 2014	$1.18	$0.98625	$0.62900	26%	0%
30 Nov 2010	29 Jul 2012	31 Mar 2014	$1.18	$0.98625	$0.68493	26%	0%
30 Nov 2010	29 Jul 2013	31 Mar 2014	$1.18	$0.98625	$0.73294	26%	0%
11 Jan 2011	11 Jan 2011	31 Jul 2014	$1.14	$0.98625	$0.56928	100%	100%
11 Jan 2011	10 Jan 2012	31 Jul 2014	$1.14	$0.98625	$0.62831	13%	0%
11 Jan 2011	10 Jan 2013	31 Jul 2014	$1.14	$0.98625	$0.67896	13%	0%
29 Jun 2011	29 Jul 2012	31 Mar 2014	$0.58	$0.98625	$0.18666	13%	0%
29 Jun 2011	29 Jul 2013	31 Mar 2014	$0.58	$0.98625	$0.22396	13%	0%
29 Jun 2011	31 Mar 2014	31 Mar 2014	$0.58	$0.98625	$0.24637	13%	0%

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The exercise price of all options other than those granted on 15 Dec 2010 is A$0.98625 which is based on the VWAP of Dart Energy Limited shares in the first 5 days of trading on the ASX plus a premium of 25%. The exercise price of the options granted on 15 December 2010 is based on the terms of the replacement options issued on the takeover of Apollo Gas Limited.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Details of options over ordinary shares in the Company provided as remuneration to each director of Dart and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Dart. Further information on the options is set out in note 39 to the financial statements.

Remuneration report (Audited) (continued)
Share-based compensation (continued)

Name	Number of options granted during the year	Value of options at grant date *	Number of options vested during the year
Directors of Dart			
Nicholas Davies [(1)]	1,250,000	$852,864	-
David Williamson [(1)]	750,000	$511,719	-
Peter Clarke [(1)]	750,000	$164,247	-
Simon Poidevin [(1)]	750,000	$164,247	-
Simon Potter [(1)]	3,672,482	$1,512,569	-
Stephen Bizzell [(1)(3)]	2,250,000	$1,535,156	-
Shaun Scott [(1)]	2,250,000	$926,697	-
Other key management personnel of the Group			
Eytan Uliel [(2)]	1,650,000	$636,285	550,000
Martin Cooper [(2)]	225,000	$159,093	75,000
Nathan Rayner[(2)]	750,000	$522,668	250,000
Peter Roles	-	-	-
Peter Godfrey	-	-	-
Robbert de Weijer [(2)]	2,250,000	$1,407,412	750,000

* The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.
No options lapsed during the year.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No options were exercised by the Directors and key management personnel during the year.

Terms of Options:

[(1)]Executive options are granted (subjected to shareholder approval) with an exercise price equal to the VWAP of Dart Energy Limited shares in the first 5 days of trading on the ASX plus a premium of 25%, i.e. $0.98625. The options will expire on 31 March 2014 and will be governed by the Dart Option plan terms, see note 39 to the financial statement for further details.

[(2)] Special options are granted on signing of employment contract, on a one-off basis, allocated into 3 equal tranches, all with the exercise price equal to the VWAP of Dart Energy Limited shares in the first 5 days of trading on the ASX plus a premium of 25%, i.e. $0.98625. All special incentive options, once vested, are exercisable at any time by the holder prior to 31st July 2014.

[(3)] Stephen Bizzell also received 750,000 Dart A – Class options and 131,250 Dart F- Class options over shares in Dart in replacement of options held by him over Apollo Gas Limited shares granted to him in his capacity as a director of that company. The value of the options received was $726,217 and these options vested on completion of Dart's acquisition of Apollo Gas Limited. The options have an exercise price of $0.40 per share and an expiry date of 15 December 2014.

Remuneration report (Audited) (continued)

Details of remuneration: Bonuses and share-based compensation benefits

For each cash bonus and grant of options included in the tables on pages 21 - 22 and 25 - 26, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options vest when vesting conditions are met (see page 26 above). No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

	Bonus		Share-based compensation benefits (options)				
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Date options Vest**	**Maximum total value of grant yet to vest $**
Nicholas Davies	-	-	2010 2010 2010	- -	- -	29 Jul 2011 29 Jul 2012 29 Jul 2013	22,354 159,673 216,711
David Williamson	-	-	2010 2010 2010	- -	- -	29 Jul 2011 29 Jul 2012 29 Jul 2013	13,412 95,803 130,027
Peter Clarke	-	-	2011 2011 2011	- -	- -	29 Jul 2012 29 Jul 2013 31 Mar 2014	34,454 47,280 54,062
Simon Poidevin	-	-	2011 2011 2011	- -	- -	29 Jul 2012 29 Jul 2013 31Mar 2014	35,792 48,354 55,023
Simon Potter	100	-	2010 2010 2010	- -	- -	29 Jul 2011 29 Jul 2012 29 Jul 2013	25,820 228,384 338,051
Stephen Bizzell	-	-	2010 2010 2010	-	-	29 Jul 2011 29 Jul 2012 29 Jul 2013	40,237 287,410 390,081
Shaun Scott	-	-	2010 2010 2010	- -	- -	29 Jul 2011 29 Jul 2012 29 Jul 2013	23,728 173,615 239,987
Eytan Uliel	100	-	2010 2010	-	-	31 Aug 2011 31 Aug 2012	36,319 138,106
Martin Cooper	-	-	2010 2010	- -	- - -	23 Nov 2011 23 Nov 2012	14,236 26,687
Nathan Rayner	100	-	2010 2010	- -	- -	11 Oct 2011 11 Oct 2012	49,487 120,387
Peter Roles	100	-	- -	- -	- -	- -	- -
Peter Godfrey	-	-	- -	- -	- -	- -	- -
Robbert de Weijer	-	-	2011 2011	- -	- -	10 Jan 2012 10 Jan 2013	251,151 390,635

Remuneration report (Audited) (continued)

Share options granted to directors and the most highly remunerated officers
Options over unissued ordinary shares of Dart Energy Limited granted during or since the end of the financial year to the officers of the Company as part of their remuneration were as follows:

	Options granted
Directors of Dart Energy Limited	
Simon Potter, Managing Director	3,672,482
Shaun Scott, Executive Director	2,250,000
Peter Clarke (A)	750,000
Simon Poidevin (A)	750,000
Stephen Bizzell, Executive Director (B)	2,250,000
Nicholas Davies, Non-Executive Director	1,250,000
David Williamson, Non-Executive Director	750,000
TOTAL	**11,672,482**
Other executives of Dart Energy Limited	
Eytan Uliel, Chief Commercial Officer	1,650,000
Martin Cooper, Chief Financial Officer	225,000
Nathan Rayner, Chief Operating Officer	750,000
Robbert de Weijer, CEO, Australia	2,250,000
TOTAL	**4,875,000**

The options were granted under the Dart Energy Limited Employee Option Plan at different dates throughout the year.

(A)During the 2012 financial year approval will be sought at the Annual General Meeting for the issue of these unlisted options to Peter Clarke and Simon Poidevin who joined the Company during the year. The terms of the options are as described on page 26.

For accounting purposes a remuneration expenses has been recognised for these options from the date that the directors commenced service to Dart.

(B) Stephen Bizzell also received options over shares in Dart in replacement of options held by him over Apollo Gas Limited shares granted to him in his capacity as a director of that company. The value of the options received was $726,217 and these options vested on completion of Dart's acquisition of Apollo Gas Limited.

Shares under option
Unissued ordinary shares of Dart Energy Limited under option at the date of this report are as follows:

Date of options granted	Expiry date	Issue price of Shares	Number under option
5/08/2010	31/03/14	$0.98625	6,672,482
1/12/2010	31/03/14	$0.98625	4,250,000
1/12/2010	31/07/14	$0.98625	1,500,000
13/12/2010	15/12/14	$0.40	31,887,500
13/12/2010	10/08/15	$0.78790	262,500
28/02/2011	15/12/14	$0.01	3,075,851
15/04/2011	31/07/14	$0.98625	4,535,000
15/04/2011	31/07/15	$0.98	250,000
15/04/2011	31/07/15	$1.15	175,000
5/08/2011	31/07/15	$0.98	975,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of the options

The following ordinary shares of Dart Energy Limited were issued during the year ended 30 June 2011 on the exercise of options granted to shareholders or directors of Apollo Gas Limited and Composite Energy Limited.

No further shares have been issued since that date. No amounts unpaid on any of the shares.

Date options granted	Date shares issued	Issue price of Shares	Number of shares issued
13/12/2010	15/12/2010	$0.40	8,912,500
13/12/2010	15/12/2010	$0.40	543,750
13/12/2010	15/12/2010	$0.40	326,250
13/12/2010	15/12/2010	$0.40	217,500
13/12/2010	4/02/2011	$0.40	375,000
13/12/2010	4/02/2011	$0.40	375,000
28/02/2011	2/03/2011	$0.01	837,813
28/02/2011	3/03/2011	$0.01	1,407,004
28/02/2011	4/03/2011	$0.01	78,397
28/02/2011	18/03/2011	$0.01	14,449
28/02/2011	16/08/2011	$0.01	200,457

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2011 **$**	2010 $
(a) PwC Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	**170,600**	30,000
Other assurance services		
Agreed-upon procedures	**8,575**	-
Accounting advice	**11,000**	6,100
Due diligence services	**188,088**	-
Total remuneration for audit and other assurance services	**378,263**	36,100
(ii) Taxation services		
Tax compliance services	**52,140**	-
Total remuneration for taxation services	**52,140**	-
Total remuneration of PwC Australia	**430,403**	36,100
(b) Related practices of PwC Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	**275,000**	140,369
Other assurance services		
Accounting advice	**1,500**	-
Agreed-upon procedures	**17,850**	
Due diligence services	**28,500**	134,928
Total remuneration for audit and other assurance services	**322,850**	275,297
(ii) Taxation services		
Tax compliance and advice	**87,295**	118,292
Total remuneration of related practices of PwC Australia	**410,145**	393,589
(c) Non-PwC audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	**150,000**	-
Total remuneration of non-PwC audit firms	**150,000**	-
Total auditors' remuneration	**990,548**	429,689

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 32.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

Stephen Bizzell
Director

Brisbane
20 September 2011

Auditor's Independence Declaration

As lead auditor for the audit of Dart Energy Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dart Energy Limited and the entities it controlled during the period.

Robert Hubbard
Partner
PricewaterhouseCoopers

Brisbane
20 September 2011

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre,123 Eagle Street, GPO BOX 150,BRISBANE QLD 4001
DX 77 Brisbane, Australia
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

Corporate governance statement

Dart's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council's (the "Council") "Corporate Governance Principles and Recommendations, 2nd Edition", which are as follows:

Principle 1 : Lay solid foundations for management and oversight
Principle 2 : Structure the board to add value
Principle 3 : Promote ethical and responsible decision making
Principle 4 : Safeguard integrity in financial reporting
Principle 5 : Make timely and balanced disclosure
Principle 6 : Respect the rights of shareholders
Principle 7 : Recognise and manage risk
Principle 8 : Remunerate fairly and responsibly

A copy of the Corporate Governance Principles and Recommendations can be found on the ASX's website at www.asx.com.au.

The approach that Dart is taking in relation to corporate governance is set out below.

Board composition
The Board comprises directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The current Board includes a Non-Executive Chairman and three other Non-Executive Directors. Dart listed on the ASX on 22 July 2010 and at the time of listing Dart did not follow the recommendation set by the ASX Corporate Governance Council that a majority of the Board are independent Non-Executive Directors. Given the size of Dart upon listing, the inclusion of more independent Non-Executive Directors in order to meet that requirement at the time of the demerger from Arrow was not considered to be warranted. It was considered that the initial composition of the Board best served shareholders' interests and that additional independent Directors would be appointed when appropriate candidates were identified. The Board appointed two new Non-Executive Directors during the year though the Company still does not meet the recommendation as to having a majority of independent directors due to the initial composition of the board following the demerger from Arrow.

The skills, experience and expertise relevant to the position of director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Corporate Governance Council Recommendation 2.1 requires a majority of the Board should be independent Directors. The Corporate Governance Council defines an independent Director as a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 10% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

Factors that may impact on a Director's independence are considered each time the Board meets. In accordance with the Council's definition of independence above, and the materiality thresholds set, the following Directors are considered not to be independent.

Nicholas Davies, Chairman, non-independent
Mr Davies was employed by the consolidated entity in an Executive Director capacity in the past 3 years in Arrow Energy Limited and therefore is not considered independent.

Simon Potter, Managing Director, non-independent
Mr Potter is employed by the consolidated entity in an Executive Director capacity and therefore is not considered independent.

Stephen Bizzell, Executive Director, non-independent
Mr Bizzell is employed by the consolidated entity in an Executive Director capacity and therefore is not considered independent.

Board composition (continued)

Shaun Scott, Executive Director, non-independent
Mr Scott is employed by the consolidated entity in an Executive Director capacity and therefore is not considered independent.

David Williamson, Non-Executive Director, non-independent
Mr Williamson is a director of a Company who is a substantial shareholder of the Group and therefore is not considered independent.

The following Directors are independent in accordance with the guidelines:
Peter Clarke, Non-Executive Director
Simon Poidevin, Non-Executive Director

Dart considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board due to their considerable industry and corporate experience.

Role and responsibilities of the Board
The Board's role and responsibilities are encompassed in a formal charter adopted by the Board and published on the Company's website. The charter will be reviewed annually to determine whether any changes are necessary or desirable.

Generally, the role of the Board includes:

- effectively representing the interests of all Shareholders;
- ensuring that the Group is properly managed; and
- monitoring the Group's performance and ensuring that Shareholders are kept informed of the Group's performance and of major developments affecting its state of affairs.

The major responsibilities of the Board include responsibility for:

- supervising the Group's framework of control and accountability systems to enable risk to be assessed and managed;
- the appointment and removal of the Managing Director, the Chief Financial Officer and the Company Secretary;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- input into and final approval of management's development of corporate strategy, goals and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and disposals;
- approving the annual budget;
- approving and monitoring financial and other reporting;
- overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure the division of functions remain appropriate to the needs of the Company;
- liaising with the Company's external auditors and the Audit Committee;
- adopting a formal code of conduct to be followed by all the Directors, employees and contractors of the Company; and
- monitoring, and ensuring compliance with, the Group's legal obligations.

Board Committees
To assist in carrying out their responsibilities, the Board appointed two independent non-executive directors during the year and has established the following committees:

- Risk Committee;
- Audit Committee; and
- Nomination and Remuneration Committee.

Risk Committee
The Board has established a Risk Committee comprising of four Directors, with a Non-Executive Director as its chairperson.

The members of the Risk Committee are:
- David Williamson (Chairman);
- Stephen Bizzell;
- Shaun Scott; and
- Nicholas Davies.

The Risk Committee will meet at least four times a year, with additional meetings scheduled on an 'as needs' basis. The Risk Committee has overview and governance control responsibilities for domestic and international strategic, operational, project, market and legal risk management, which is to be exercised through reports from and discussions with management.

The primary function of the Risk Committee is to assist the Board in fulfilling its responsibilities with respect to the oversight and governance control of the Company's risk management by:

- reviewing, overseeing and recommending to the Board matters in relation to the Company's risk management policy and the Company's risk management framework, including compliance effectiveness;
- reviewing and overseeing the Company's risk profiles as developed and reported by management;
- reviewing and overseeing unusual and/or high risk transactions as reported by management;
- monitoring emerging risks and changes in the Company's risk profile;
- monitoring and reviewing the risk management performance of the Company, including conducting specific investigations were deemed necessary;
- reviewing and recommending to the Board matters in relation to the Company's insurance strategy, including the coverage and limits of the Company's insurance policies;
- reviewing and recommending to the Board matters in relation to expenditure authorisations; and
- interfacing with the Audit Committee in order to review Audit Committee reports, give guidance and direction to the Board on the conduct of risk management and to review significant risks or exposures the Company may face.

Audit Committee
The Board has established an Audit Committee, comprising of three Directors, all with appropriate financial experience. At least one member is required to have past employment experience in finance or accounting, a requisite professional certification in accounting or other comparable financial management expertise.

The original members of the Audit Committee were:
- David Williamson;
- Stephen Bizzell;
- Nicholas Davies.

During the year following the appointment of the two new independent non-executive directors the Audit Committee was restructured to ensure it complied with the ASX listing rule requirements. The members of the revised committee are:
- Peter Clarke (Chairman);
- David Williamson; and
- Simon Poidevin.

Given the composition of the Board upon listing, for the period from listing until April 2011 Dart did not comply with the recommendation that the Audit Committee comprise a majority of independent directors. Following the restructure of the committee this and all of the other recommendations and requirements as to the composition of the committee have been met. The Audit Committee meets at least four times a year, with additional meetings scheduled on an 'as needs' basis. Representatives of management and the Company's external auditor will attend Audit Committee meetings at the discretion of the Committee.

The primary function of the Audit Committee will be to assist the Board in fulfilling its responsibilities with respect to the oversight of the Company's accounting and financial reporting practices, its compliance with law and regulatory requirements, and its financial risk management by:

- overseeing and recommending to the Board matters in relation to the external auditor, including their nomination for approval by Shareholders, the terms of their engagement and their compensation;
- monitoring and reviewing the external auditor's performance and independence;
- reviewing annually the external audit scope, audit plans and relevant processes, the results of the external audit and implementation of recommendations;
- discussing with the external auditors the results of their audits, including any unusual items or disclosures contained in the audits;

Audit Committee (continued)

- reviewing the appropriateness, adequacy and effectiveness of the Company's accounting policies and financial controls;
- monitoring the adequacy and integrity of financial reporting, including reviewing financial statements to ensure compliance with applicable accounting standards, to understand significant transactions and unusual items and to consider the appropriateness of qualitative judgements used in those financial statements;
- reviewing the status of compliance with the Company's legal obligations and monitoring regulatory developments that may have a significant impact on the Company;
- reviewing and ensuring that the financial risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information;
- interfacing with the Risk Committee in order to review Audit Committee reports, give guidance and direction to the Board on the conduct of risk management and to review significant risks or exposures the Company may face;
- reviewing compliance Company policies designated by the Board from time to time, including the Company's code of conduct and the insider trading policy; and
- establishing procedures in respect of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and submissions by employees of concerns regarding such matters.

Nomination and Remuneration Committee

The Board has during the 2010/11 financial year established a Nomination and Remuneration Committee comprising three Directors all of whom are Non-Executive. The committee complies with the recommendations as to the composition of Nomination and Remuneration committees except that it is chaired by Nicholas Davies who, as noted above, is not considered to be an independent director due to his previous position as an executive of Arrow. The board believe that Nicholas Davies is the best person to chair this committee given his industry experience.

The members of the Nomination and Remuneration Committee are:

- Nicholas Davies (Chairman);
- Peter Clarke; and
- Simon Poidevin.

The primary function of the Nomination and Remuneration Committee will be to assist the Board in fulfilling its responsibilities with respect to remuneration of the Company's executives, determining the nominees for election to the Board and identifying and recommending candidates to fill Board vacancies. The major responsibilities of the Nomination and Remuneration Committee include responsibility for:

- reviewing, overseeing and recommending to the Board matters in relation to the competitiveness of the Company's executive compensation programs;
- reviewing trends in management compensation, overseeing the development of new compensation plans and when necessary, approving the revision of existing plans;
- reviewing and approving the compensation packages for all senior executives, including superannuation arrangements and termination policies;
- reviewing and recommending to the Board matters in relation to long-term incentive compensation plans, including the use of share options and other equity-based plans;
- reviewing and recommending to the Board fees for remuneration of Directors;
- implementing processes to assess the necessary and desirable competencies of Board members including experience, expertise, skills and performance of the Board and its Committees;
- reviewing succession plans for the Board;
- providing Directors with access to ongoing education relevant to their position in the Company;
- annually evaluating the performance and effectiveness of the Board to facilitate the Directors fulfilling their responsibilities in a manner that serves the interests of Shareholders;
- assisting in identifying, interviewing and recruiting candidates for the Board, including reviewing the qualifications, capability, independence, availability to serve, conflicts of interest and other relevant factors of incumbent, replacement or additional Directors;
- reviewing annually the composition of each Committee and presenting recommendations for Committee memberships to the Board as needed; and
- ensuring that the performance of senior executives is evaluated at least annually.

Board Resources and Performance
In executing its role and responsibilities, the Board has unlimited access to senior management. It also has the authority to seek information it requires from employees and external parties, to obtain outside legal or other professional advice at the expense of the Company and to ensure Company officers attend Board meetings as appropriate.

The chairperson of the Board will be responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the briefing of all Directors in relation to issues arising at Board meetings. The chairperson of the Board is also responsible for Shareholder communication and arranging Board performance evaluation.

The performance of the individual members of the Board is reviewed as required in conjunction with the regular meetings of the Board, by the other Directors against both measurable and qualitative indicators. The performance criteria, against which Directors and other Key Management Personnel are assessed, are aligned with the financial and non-financial objectives of Dart. No formal performance evaluation of the directors was undertaken during the year ended 30 June 2011.

Code of Conduct
The Company has established a code of conduct that sets out standards which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

The Company requires that all Directors, managers and employees perform their duties professionally and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The code of conduct gives guidance to the Directors and other key executives about:

- the practices necessary to maintain confidence in the integrity of the Company; and
- the right of employees to alert management and the board in good faith to potential misconduct without fear of retribution, and, where necessary, recording and investigation of such alerts.

Trading in Company securities
The Company has a formal procedure in place that complies with the revised Listing Rule requirements that were implemented on 1 January 2011, to deal with the disposal or acquisition of the Company's securities. There are specific periods that trading in the Company's securities are prohibited by Directors' and staff.

Diversity
The recruitment and selection processes adopted by Dart ensure that staff and management are selected in a non-discriminatory manner based on merit. Dart also values diversity in the organisation. In light of recent amendments to the ASX‟s Corporate Governance Principles, Dart intends to formalise and publish its diversity policy and set suitable diversity targets.

Continuous disclosure and shareholder communication
The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules. All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

Risk Management
As required by Recommendation 7.3, the Board has received written assurances from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Compliance with Recommendations

As at the date of this report the Company is not in a position to be fully compliant with all of the Council's best practice recommendations. The Company's current policies do not meet the recommended practices in the following areas due mainly to the initial composition of the board following the demerger of Dart from the Arrow.

Principle 2 - Structure the board to add value

Recommendation 2.1 – A majority of the board should be independent directors

Dart does not meet the recommendation that a majority of the Board are independent Non-Executive Directors. Given the size of Dart upon listing, the inclusion of more independent Non-Executive Directors in order to meet that requirement was not considered to be warranted at that time. Since the listing the Company has recruited two independent Non-Executive Directors. At the date of this report two (out of seven) of the Directors are considered to be independent in accordance with the criteria set out in recommendation 2.1. The Board believes that the individuals on the Board can and do make quality and independent judgements in the best interest of the Company and other stakeholders not withstanding that they are not independent directors in accordance with the criteria set out in the recommendations.

Recommendation 2.2 – The chair should be an independent director

The Chairman of Dart (Nicholas Davies) throughout the year was a Non-Executive Director, but he is not considered to be independent given his past role as an executive of Arrow. Accordingly Dart does not follow the recommendation set by the council that the Chairman be independent. However, it is considered that Nicholas Davies is the most appropriate person to fulfil the role of Chairman given his experience in Dart's activities and operations and his industry knowledge.

Recommendation 2.4 – The board should establish a nomination committee

The Board during the year established a Nomination and Remuneration Committee comprising of not less than three Directors all of whom are Non-Executive. The committee was not in place until April 2011.

Principle 4 - Safeguard integrity in financial reporting

Recommendation 4.2 – The audit committee should be structured so that it:
-Consists only of non-executive directors
-Consists of a majority of independent directors
-Is chaired by an independent chair, who is not chair of the board
-Has at least 3 members

The initial Audit and Financial Risk Committee did not meet the recommendations in that it did not consist only of Non-Executive Directors (as one of the members was an Executive Director) and it was chaired by a Director (David Williamson) who is not considered independent in accordance with the criteria set out in the recommendations. The committee was restructured to comply with the recommendations when the Company engaged two new Non-Executive Directors who have the skills required to sit on the Audit Committee. The Committee now complies with the recommendations noted above.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1 – The board should establish a remuneration committee and
Recommendation 8.2 – The remuneration committee should be structured so that it
-Consists of a majority of independent directors
-Is chaired by an independent chair
-Has at least 3 members

The full Board performed the functions of the nomination and remuneration committee until April 2011 when a committee was established. The committee complies with the recommendations as to the composition of a Remuneration committee except that it is chaired by Nicholas Davies who, as noted above, is not considered to be an independent director due to his previous position as an executive of Arrow. The Board believe that Nicholas Davies is the best person to chair this committee given his industry experience.

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Dart Energy Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Dart Energy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business:

Dart Energy Limited
Level 11, Waterfront Place, 1 Eagle Street
GPO Box 3120
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the director's report, which does not form part of these financial statements.

The financial statements were authorised for issue by the directors on 20 September 2011. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases financial reports and other information are available on our website: www.dartenergy.com.au.

	Notes	Consolidated 2011 $'000	2010 $'000
Revenue	5	**2,608**	1,017
Other income	6	**39,129**	1,718
Consultancy cost		**(2,486)**	(2,318)
Depreciation		**(390)**	(160)
Employee compensation		**(15,379)**	(8,226)
Field related cost		**(150)**	(2,035)
Impairment of assets & receivables	7	**(14,496)**	(5,143)
Professional fees		**(1,062)**	(538)
Occupancy cost		**(1,409)**	(416)
Travel and accommodation		**(1,217)**	(1,521)
Foreign exchange losses (net)		**(3,346)**	-
Other expenses		**(3,058)**	(472)
Expenses, excluding finance costs		**(42,993)**	(20,829)
Finance costs		**(302)**	(188)
Total expenses		**(43,295)**	(21,017)
Share of net (loss)/ profit of associates accounted for using the equity method		**(105)**	14
Loss before income tax		**(1,663)**	(18,268)
Income tax credit/ (expense)	8	**1,875**	(847)
Profit/ (loss) for the year		**212**	(19,115)
Profit/(loss) is attributable to:			
Owners of Dart Energy Limited		**2,755**	(17,073)
Non-controlling interests		**(2,543)**	(2,042)
		212	(19,115)

		2011 Cents	**2010 Cents**
Profit/ (loss)per share for loss attributable to the ordinary equity holders of the Company:			
Basic profit/ (loss) per share	38(a)	**0.5**	(5.1)
Diluted profit/ (loss) per share	38(b)	**0.5**	(5.1)

The above consolidated income statement should be read in conjunction with the accompanying notes.

	Consolidated	
	2011	2010
	$'000	$'000
Profit/ (loss) for the year	**212**	(19,115)
Other comprehensive loss		
Exchange differences on translation of foreign operations	**(19,651)**	(4,983)
Other comprehensive loss for the year, net of tax	**(19,651)**	(4,983)
Total comprehensive loss for the year	**(19,439)**	(24,098)
Total comprehensive loss for the year is attributable to:		
Owners of Dart Energy Limited	**(15,409)**	(21,678)
Non-controlling interests	**(4,030)**	(2,420)
	(19,439)	(24,098)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**133,352**	11,378
Trade and other receivables	10	**14,035**	32,666
Inventories	11	**279**	401
Financial assets at fair value through profit or loss	12	**12,651**	12,545
Total current assets		**160,317**	56,990
Non-current assets			
Receivables	13	**8,713**	2,401
Investments accounted for using the equity method	14	**-**	14,807
Property, plant and equipment	15	**1,552**	678
Goodwill	16	**26,389**	12,301
Exploration and evaluation	17	**295,502**	20,215
Total non-current assets		**332,156**	50,402
Total assets		**492,473**	107,392
LIABILITIES			
Current liabilities			
Trade and other payables	18	**9,093**	5,508
Derivative financial instruments		**242**	-
Current tax liabilities	19	**357**	253
Total current liabilities		**9,692**	5,761
Non-current liabilities			
Deferred tax liabilities	20	**16,727**	392
Provisions	21	**6,626**	773
Total non-current liabilities		**23,353**	1,165
Total liabilities		**33,045**	6,926
Net assets		**459,428**	100,466
EQUITY			
Contributed equity	22	**370,856**	45,456
Reserves	23(a)	**113,883**	78,990
Accumulated losses	23(b)	**(26,015)**	(28,770)
Capital and reserves attributable to owners of Dart Energy Limited		**458,724**	95,676
Non-controlling interests	24	**704**	4,790
Total equity		**459,428**	100,466

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

		Attributable to owners of Dart Energy Limited					
Consolidated	Notes	**Contributed equity $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2010		**45,456**	**78,990**	**(28,770)**	**95,676**	**4,790**	**100,466**
Profit/ (loss) for the year		**-**	**-**	**2,755**	**2,755**	**(2,543)**	**212**
Other comprehensive loss		**-**	**(18,164)**	**-**	**(18,164)**	**(1,487)**	**(19,651)**
Total comprehensive loss for the year		**-**	**(18,164)**	**2,755**	**(15,409)**	**(4,030)**	**(19,439)**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	22	**325,400**	**-**	**-**	**325,400**	**-**	**325,400**
Employee share options-value of employee services	23	**-**	**6,051**	**-**	**6,051**	**-**	**6,051**
Liquidation of a subsidiary		**-**	**-**	**-**	**-**	**(56)**	**(56)**
Acquisition of Composite (net)	24,32(b)	**-**	**-**	**-**	**-**	**56,329**	**56,329**
Transactions with non-controlling interest	23	**-**	**6,292**	**-**	**6,292**	**(56,329)**	**(50,037)**
Acquisition of Apollo options	23	**-**	**35,044**	**-**	**35,044**	**-**	**35,044**
Issue of options to Composite shareholders	23	**-**	**5,670**	**-**	**5,670**	**-**	**5,670**
		325,400	**53,057**	**-**	**378,457**	**(56)**	**378,401**
Balance at 30 June 2011		**370,856**	**113,883**	**(26,015)**	**458,724**	**704**	**459,428**

	Notes	**Contributed equity $'000**	**Reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Consolidated							
Balance at 1 July 2009		-	83,595	(11,697)	71,898	7,210	79,108
Loss for the year		-	-	(17,073)	(17,073)	(2,042)	(19,115)
Other comprehensive loss		-	(4,605)	-	(4,605)	(378)	(4,983)
Total comprehensive loss for the year		-	(4,605)	(17,073)	(21,678)	(2,420)	(24,098)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	22	45,000	-	-	45,000	-	45,000
Share based payment from parent		456	-	-	456	-	456
		45,456	-	-	45,456	-	45,456
Balance at 30 June 2010		45,456	78,990	(28,770)	95,676	4,790	100,466

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities			
Loss before income tax		**(1,663)**	(18,271)
		(1,663)	(18,271)
Adjustments for :			-
- Depreciation		**390**	160
- Interest income	5	**(2,180)**	(764)
- Interest expense		**302**	188
- Loss on liquidation of a subsidiary		**1**	-
- Gain on revaluation of existing interest in acquired entity		**(37,345)**	-
- Fair value gains on financial assets at fair value through profit or loss		**(1,362)**	-
- Fair value gains on derivative financial instruments		**(422)**	-
- Fair value loss on derivative financial instruments –forward contract		**242**	-
- Loss on disposal of financial assets at fair value through profit or loss		**236**	-
- Impairment loss on exploration		**10,870**	3,147
- Impairment loss on goodwill		**1,802**	-
- Impairment loss on other receivables		**1,823**	1,996
- Impairment loss on inventory		**142**	-
- Share of profit of associated company		**105**	(14)
- Non-cash employee benefits expense -share-based payments		**6,051**	456
- Translation adjustments		**(3,715)**	(1,718)
Changes in working capital, net of effects from acquisition of subsidiaries:			
- Trade and other receivables		**3,090**	(307)
- Inventories		**(20)**	(376)
- Trade and other payables		**1,762**	913
-Provisions		**272**	-
Cash (used in)operating activities		**(19,619)**	(14,590)
Income taxes paid		**(230)**	(568)
Interest received		**1,368**	96
Interest paid		**(302)**	(323)
Net cash (outflow) from operating activities		**(18,783)**	(15,385)
Cash flows from investing activities			
Payments for property, plant and equipment		**(638)**	(500)
Loan to joint venture		**(1,539)**	-
Payments for exploration and evaluation expenditure		**(12,964)**	(7,935)
Payments for financial assets at fair value through profit or loss		**-**	(812)
Proceeds from sale of property, plant and equipment		**21**	-
Proceeds from disposal of financial assets at fair value through profit or loss		**8,222**	-
Investment in associates		**(8,101)**	-
Net cash inflow from acquisition of subsidiaries	31	**7,510**	-
Net cash inflow from acquisition of joint venture	35	**1,816**	-
Net cash outflow from liquidation of a subsidiary	9	**(48)**	-
Net cash (outflow) from investing activities		**(5,721)**	(9,247)
Cash flows from financing activities			
Repayment of long term borrowings		**(3,109)**	-
Proceeds from capital injections, net of transaction costs		**158,535**	-
Proceeds from exercise of options		**327**	-
Bank deposits pledged		**(6,927)**	622
Net cash inflow from financing activities		**148,826**	622
Net increase/(decrease) in cash and cash equivalents		**124,322**	(24,010)
Cash and cash equivalents at the beginning of the financial year		**11,378**	35,388
Effects of exchange rate changes on cash and cash equivalents		**(2,348)**	-
Cash and cash equivalents at end of financial year	9	**133,352**	11,378

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Dart and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Compliance with IFRS
The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Where appropriate, comparative amounts have been reclassified to align with changes made to current year presentation in order to improve relevance and comparability.

(b) Principles of consolidation

(I) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dart (the “Company” or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Dart and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity balance sheet using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 34).

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's profit or loss while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures
The proportionate interests in the assets, liabilities and expenses of a joint venture activity (jointly controlled assets and joint venture entities) have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 35.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(iv) Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Dart.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(d) Foreign currency translation

(I) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Dart's functional and presentation currency.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

Revenue is recognised for the major business attributes as follows:

(I) Interest income
Interest income is recognised using the effective interest method.

(ii) Production sharing contracts fees and charges
Revenue from technical services is recognised when the services are rendered based on the actual hours incurred by the technical consultants.

(f) Income tax

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Arrow Energy Limited and its wholly-owned Australian controlled entities (of which Dart was one until 20 July 2010) applied the tax consolidation legislation. As a consequence, these entities were taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

At 30 June 2010, the head entity, Arrow Energy Limited (“Arrow”), and the controlled entities in the tax consolidated group accounted for their own current and deferred tax amounts. These tax amounts were measured as if each entity in the tax consolidated group continued to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Arrow also recognised at 30 June 2010 the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities at 30 June 2010 are recognised as amounts receivable from or payable to other entities in the Arrow tax consolidated group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement were recognised at 30 June 2010 as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Subsequent to 30 June 2010, the Company left the Arrow tax consolidated group. Dart and certain of its Australian subsidiaries intend to apply the tax consolidation legislation during 2011.

(g) Leases

The Group leases certain office space and accommodation for staff under operating leases from non-related parties.

Leases of office space and accommodation for staff where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

The Group has no finance leases.

1 Summary of significant accounting policies (continued)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, other than business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Business combinations involving entities under common control are accounted for using predecessor accounting. Under predecessor accounting, the assets and liabilities of acquired subsidiaries are combined at their existing carrying values as at the date of combination. The difference between the consideration paid and the carrying value of the assets and liabilities acquired is recognised in equity in the merger reserve.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

1 Summary of significant accounting policies (continued)

(k) Trade receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Inventories

Drillhole casing and consumables are recorded at the lower of cost or net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Investments and other financial assets

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as such on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) and receivables (note 13) in the consolidated balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

1 Summary of significant accounting policies (continued)

Financial assets - reclassification
The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

Impairment
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial assets or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

1 Summary of significant accounting policies (continued)

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observant market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Impairment testing of trade receivables is described in note 1(k).

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(n) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The Group does not apply hedge accounting for its derivatives and therefore all gains and losses on remeasuring derivatives are recognised in profit or loss.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

1 Summary of significant accounting policies (continued)

Development

The costs of coal seam gas assets in the development phase are separately accounted for within development assets and include costs transferred from exploration and evaluation expenditure (see note 1(q)(ii)) once technical feasibility and commercial viability of an area of interest are demonstrable. No development assets have yet been recognised. All subsequent development drilling and other subsurface expenditure are capitalised in this category. Any associated land and buildings are included in the relevant category below.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Office equipment	3 years
- Motor vehicles	5 years
-Computers	3 years
-Furniture and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(q) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Exploration &evaluation
Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and comprises costs which are attributable to:

-acquiring exploration rights;

-conducting geological studies, exploratory drilling and sampling;

-examining and testing extraction and treatment methods; and

-compiling pre-feasibility and feasibility studies.

Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not attributable to a particular area of interest. Exploration and evaluation expenditure is only capitalised from the point when the rights to explore the area are granted. All exploration and evaluation costs are capitalised to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

The probability of expected future economic benefits is assessed using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset. In this assessment, greater weighting is given to available external evidence. Exploration and evaluation assets are assessed for impairment, and any impairment loss recognised, when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount. Accumulated costs in relation to an abandoned area are written off in full against profit in the year which the decision to abandon is made.

1 Summary of significant accounting policies (continued)

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payments is not due within 12 months from the reporting date. They are recognised initially at their fair values and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past results, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Refer to note 1(z).

1 Summary of significant accounting policies (continued)

(v) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments
Share-based compensation benefits are provided to employees via the Dart Energy Limited Employee Option Plan. Information relating to this scheme is set out in note 39.

Certain employees of the Group also participated in Arrow Energy Limited share option schemes, under which employees were granted options over Arrow Energy Limited shares by that company. The Group recognises the fair value of these options as an employee benefit expense with a corresponding increase recognised in equity as a contribution from Arrow Energy Limited. These shares options vested upon the takeover of Arrow Energy Limited by a joint venture of Shell and PetroChina in July 2010.

The fair value of options granted under share option plans is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Under the employee share scheme, shares are issued to employees for no cash consideration and vest over a period of up to three years.

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1 Summary of significant accounting policies (continued)

(y) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 38).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(z) Decommissioning and site rehabilitation

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, development or ongoing production. Costs are estimated on the basis of a formal closure plan and are subject to regular review.

Such costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged against profits over the life of the mine, through depreciation of the asset and unwinding of the discount on the provision. Depreciation is included in operating costs while the unwinding of the discount is included as financing costs. Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work are added to, or deducted from, the cost of the related asset in the current period.

The costs for restoration of site damage, which is created on an ongoing basis during production, are provided at their net present values and charged against operating profits as extraction progresses. Changes in the measurement of a liability relating to site damage created during production is charged against operating profit.

The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST or other consumption related taxes, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ab) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations, to the extent that they are relevant, is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009 - 11 and AASB 2010 - 07 *Amendments to Australian Accounting Standards arising from AASB 9* (effective for annual reporting periods beginning on or after 1 January 2013)
The standard is not expected to affect the Group's accounting for financial assets and liabilities based on the Group's current position. The Group has not yet decided when to adopt AASB9 and the related amendments.

(ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009 -12 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011)
In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures.* It is effective for annual accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government–related entities to disclose details of all transactions with the government and other government-related parties. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(iii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective for annual reporting periods beginning on or after 1 July 2013)
On 30 June 2011 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Dart Energy Limited is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will have no impact on the financial statements of the Group.

(iv) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)
Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.

(v) AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*(effective for annual periods beginning on or after 1 January 2011)
In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Group will apply the amendments from 1 July 2011. The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations (continued)

(vi) AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Group does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group is yet to evaluate its joint arrangements in light of the new guidance.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(vii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*(effective 1 January 2013)
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

1 Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations (continued)

(viii) Amendment to IAS1 *Financial statement presentation* (effective for annual periods beginning on or after 1 July 2012)
The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially recycled to profit or loss. The Group intends to apply the amendment from 1 July 2012 and may result in reclassification adjustments.

(ix) Revised AASB 119 *Employee Benefits,* AASB 2011-10 *Amendments to Australian Accounting Standards arising from* AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)
In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all remeasurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively. The Group has not yet decided when to adopt the new standard.

(ad) Parent entity financial information

The financial information for the parent entity, Dart Energy Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below:

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the balance sheet of Dart Energy Limited.

(ii) Share-based payments
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, capital risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's risk management policies and guidelines are set to monitor and control the potential material adverse impact of these exposures and are carried out by a central treasury function.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Singapore, China, Vietnam, India, Australia, Indonesia, UK and Europe. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group uses forward currency contracts to fix the translation rate of cash held by the parent entity in Australian dollars. The contracts minimise the risk to the Group's exploration funding plans due to fluctuations in the exchange rate of the Australian dollar against the currencies in which Group entities will incur expenditure (principally US dollars and pound sterling). The maturity and currency of the contracts are designed to match up to 80% of the Group's forecast expenditure in the relevant currency across the Group's operations.

The Group's currency exposure at the end of the reporting period, based on the information provided to key management expressed in Australian dollars, was as follows:

	30 June 2011					30 June 2010				
	USD $'000	**AUD $'000**	**GBP $'000**	**Other $'000**	**TOTAL $'000**	USD $'000	AUD $'000	GBP $'000	Other $'000	TOTAL $'000
Financial assets										
Cash and cash equivalents and financial assets, at fair value through profit or loss	**23,541**	**116,312**	**695**	**5,455**	**146,003**	22,022	-	-	1,901	23,923
Trade and other receivables	**12,416**	**980**	**3,225**	**1,983**	**18,604**	4,593	27,024	-	629	32,246
Loan to joint venture	**3,444**	**-**	**-**	**-**	**3,444**	2,401	-	-	-	2,401
Financial liabilities										
Trade and other payables	**(1,889)**	**(2,646)**	**(1,077)**	**(3,481)**	**(9,093)**	(861)	(2,776)	-	(1,871)	(5,508)
Forward exchange contracts – sell foreign currency	**(167)**	**-**	**(46)**	**(29)**	**(242)**	-	-	-	-	-
Net financial assets/(liabilities)	**37,345**	**114,646**	**2,797**	**3,928**	**158,716**	28,155	24,248	-	659	53,062
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	**(37,124)**	**(114,811)**	**(2,844)**	**(564)**	**(155,343)**	(28,155)	(20,779)	-	(773)	(49,707)
Currency exposure on financial assets and liabilities	**221**	**(165)**	**(47)**	**3,364**	**3,373**	-	3,469	-	(114)	3,355

The exposure of the Group to foreign currency risks is not expected to be significant given that financial assets and liabilities are denominated principally in United States Dollars and Australian Dollars, which are the functional currency of the majority of Group companies.

(ii) Price risk

The Group is exposed to equity security price risk in shares held in Australian listed entities, Bow Energy Limited and LNG Limited, classified in the balance sheet as at fair value through profit or loss. At 30 June 2011, if the share prices of the Group's equity investments had increased or decreased by 10% with all other variable held constant, post tax profit for the year would have been $859,000 higher/lower (2010 - $nil higher/lower). In the prior year, the Group has insignificant exposure to price risk as the Group does not hold significant equity financial assets.

2 Financial risk management(continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

The Group's convertible loan note investment (see note 12) bears a fixed interest rate and exposes the Group to fair value interest rate risk because it is measured at fair value. At 30 June 2011, if interest rates had increased or decreased by 10% (2010: 10%) with all variables held constant, post-tax profit for the year would have been $298,000 higher/lower(2010: $1,173,000 higher/lower).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's major classes of financial assets are bank deposits, trade and other receivables and financial assets at fair value through profit or loss.

Financial assets that are past due and/or impaired

The carrying amount of financial assets of the Group determined to be impaired amounted to $3,820,000 (2010: $1,996,000).

The impaired financial asset arises from other receivable balances due from a joint operator of the three Indian coal seam gas blocks for exploration expenditure paid on behalf of the joint operator. The joint operator has suffered cash flow problems and the Group does not expect these receivable balances to be recoverable. The Group has made an allowance for impairment on the full amount. Refer to note 7.

There are no other classes of financial assets that are past due and/or impaired. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral for these financial assets.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to enable it to meet its normal operating commitments and by having an adequate amount of committed credit facilities.

Maturities of financial liabilities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

Contractual maturities of financial liabilities **At 30 June 2011**	**Less than 1 year** **$'000**	**Between 1 and 2 years** **$'000**	**Between 2 and 5 years** **$'000**	**Over 5 years** **$'000**	**Total contractual cash flows** $'000	**Carrying amount (assets)/ liabilities** **$'000**
Non-derivatives						
Trade payables	9,009	-	-	-	9,009	9,009
Total non-derivatives	9,009	-	-	-	9,009	9,009
Derivative						
Gross settled (forward foreign exchange contracts)						
- (inflow)	(9,532)	-	-	-	(9,532)	-
- Outflow	9,774	-	-	-	9,774	242
	(242)	-	-	-	(242)	242

2 Financial risk management (continued)

(c) Liquidity risk (continued)

Contractual maturities of financial liabilities At 30 June 2010	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives						
Trade payables	5,508	-	-	-	5,508	5,508
Total non-derivatives	5,508	-	-	-	5,508	5,508

(d) Capital risk

Management's objective when managing capital is to ensure that the Group is adequately capitalised and funded to meet targets for exploration and development activity.

Management monitors capital based on total equity.

The Group is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) (Level 1) Quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) (Level 2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
(c) (Level 3) Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2011.

At 30 June 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial Assets				
Financial assets at fair value through profit or loss – listed investments	**8,665**	**-**	**-**	**8,665**
Financial assets at fair value through profit or loss – convertible loan note	**-**	**3,986**	**-**	**3,986**
Total financial assets	**8,665**	**3,986**	**-**	**12,651**
Financial Liabilities				
Derivative financial liabilities	**-**	**242**	**-**	**242**
Total financial liabilities	**-**	**242**	**-**	**242**

At 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Assets				
Financial assets at fair value through profit or loss and derivative financial instruments	-	12,545	-	12,545
Total financial assets	-	12,545	-	12,545

The fair value of listed investments classified as financial assets at fair value through profit or loss is based on quoted market prices at the end of the reporting period. The quoted market price used is the bid price. The valuation techniques of other financial assets at fair value through profit or loss and derivative financial instruments are based on market conditions existing at the balance sheet and quoted prices.

The carrying value of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations and goodwill

The Group made two acquisitions during the year. Judgments and estimates are made in respect of the measurement of the fair values of assets and liabilities acquired and consideration transferred. The portion of the purchase price not allocated to assets and liabilities has been attributed to goodwill.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(q). The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell calculations. These calculations require the use of assumptions. Refer to note 16 for details of these assumptions and the potential impact of changes to the assumptions.

The application of this policy requires judgement in determining whether it is likely that future economic benefits will arise where activities have not reached a stage which permits a reasonable assessment of reserves.

Recoverability of exploration, evaluation and development costs

All exploration, evaluation and development costs are capitalised to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing. The probability of expected future economic benefits are assessed using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. In this assessment, greater weighting is given to available external evidence.

Exploration and evaluation assets are reclassified as development assets at the point in which technical feasibility and commercial viability of extracting gas are demonstrated or a Petroleum Lease is granted. Exploration and evaluation assets are assessed for impairment, and any impairment loss recognised, before reclassification.

Gas reserves

Estimates of proved reserves are used in the determination of depreciation charges and for impairment testing. Costs relating to exploration activity are capitalised pending the results of further appraisal which may take several years before any reserves are proved.

Proved reserves are estimated by reference to information compiled by appropriately qualified persons requiring complex geological judgments. Estimates are based upon factors such as product prices, foreign exchange rates, capital requirements and production costs.

Rehabilitation

The Group assesses rehabilitation requirements at each reporting date by evaluating costs both for close down, restoration and for environmental clean-up costs. These costs are estimated internally based on engineering and feasibility studies to determine the extent of rehabilitation activity. Costs of site rehabilitation are discounted using a risk free rate taking into account an estimation of the timing of rehabilitation based on current well life.

Provision is made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs. The cost of any provision is capitalised as development costs and amortised over the life of the area of interest.

(b) Critical judgements in applying the entity's accounting policies

These were no critical judgements made in applying Dart's accounting policies other than as noted above.

4 Segment information

(a) Description of segments

Geographical segments
Management has determined a number of operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

These consider the business from a geographic perspective and there are thus seven reportable segments, being: Australia, China, India, Indonesia, Vietnam, Europe and Singapore.

Australia
The home country of the parent entity which is also the venue of the parent entity listing. The segment comprises exploration assets in Australia and holdings in Australian listed entities, LNG Limited and Bow Energy Limited.

China
Comprises two PSCs in China, and investment in entities that conduct CBM activities in China, including participation in PSCs. Also, this comprises the Chinese operations of the Company, including in-country staff and office.

Indonesia
Comprises three PSCs in Indonesia, and investment in entities that conduct CBM activities in Indonesia, including participation in PSCs. Also, this comprises the Indonesian operations of the Company, including in-country staff and office.

Vietnam

Comprises a PSC in Vietnam. Also, this comprises the Vietnamese operations of the Company, including in-country staff and office.

India

Comprises licences for the extraction of CBM in India. Also, this comprises the Indian operations of the Company, including in-country staff and office.

Europe

Comprises licences in Poland and the UK, Belgium JV. Also, this comprises the European operations of the Company, including in-country staff and office.

Singapore / Corporate

Comprises a head office function, including most senior management staff and functions.

4 Segment information (continued)

(b) Segment information provided to the Board

The segment information for the reportable segments for the year ended 30 June 2011 is as follows:

• Segment assets and capital expenditure are allocated based on where the assets are located.

• Segment results (EBITDA) are earnings/(loss) before interest, tax, depreciation and amortisation, which is the measure of segment result that is reported to the Board to assess the performance of the operating segments.

• Segment assets refers to the measure of the Group's intangible assets (goodwill and exploration), property, plant and equipment, investments in associates and financial instruments (derivative options and convertible exchange note in Far East Energy Corporation).

• Unallocated assets relate to cash, trade and other receivables and inventories.

	Segment revenues from sales to external customers		Segment total assets		Segment results (EBITDA)	
	2011	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Australia	**-**	-	**221,152**	-	**27,451**	1,624
India	**-**	-	**161**	2,032	**(3,312)**	(5,235)
Indonesia	**-**	-	**11,407**	8,320	**(528)**	(3,102)
China	**-**	-	**32,943**	27,293	**(322)**	(703)
Vietnam	**-**	-	**-**	10,855	**(10,497)**	(36)
Europe	**-**	-	**67,099**	-	**(8,480)**	-
Singapore / Corporate	**-**	-	**3,332**	12,046	**(7,463)**	(11,235)
	-	-	**336,094**	60,546	**(3,151)**	(18,687)
Unallocated assets			**156,379**	46,846		
Total assets			**492,473**	107,392		

(i) EBITDA reconciliation

	Consolidated	
	2011	2010
	$'000	$'000
EBITDA	**(3,151)**	(18,687)
Interest income	**2,180**	764
Finance costs	**(302)**	(188)
Depreciation	**(390)**	(160)
Loss before income tax	**(1,663)**	(18,271)

5 Revenue

	Consolidated	
	2011	2010
	$'000	$'000
Other revenue		
Interest income- bank deposit	**1,368**	96
Interest income - convertible loan note	**812**	668
Technical services fee	**428**	253
	2,608	1,017

6 Other income

	Consolidated	
	2011 **$'000**	2010 $'000
Fair value gains on financial assets at fair value through profit or loss (note 12)	**1,362**	-
Gain on revaluation of existing interest in acquired entity (note 31(ii)) (a)	**37,345**	-
Fair value gains from derivative financial instruments	**422**	-
Foreign exchange gains (net)	**-**	1,718
	39,129	1,718

(a) The gain on revaluation of existing interest in acquired entity, Apollo Gas Limited, is not taxable.

7 Expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
	2011 **$'000**	2010 $'000
Rental expense relating to operating leases		
Minimum lease payments	**922**	318
Acquisition costs relating to the acquisitions of Composite and Apollo (note 31)	**712**	-
Defined contribution superannuation expense	**1,128**	134
	2,762	452

	Consolidated	
	2011 **$'000**	2010 $'000
Loss on disposal of financial assets at fair value through profit or loss (note 12(a))	**(236)**	-

	Consolidated	
	2011 **$'000**	2010 $'000
Impairment of assets included in the India and Vietnam segment:		
Impairment of receivables (a)	**1,824**	1,996
Impairment of goodwill (note 16)	**1,802**	-
Impairment of exploration assets (note 17)	**10,870**	3,147
Total impairment losses - other assets	**14,496**	5,143

(a) Relates to impairment of EIG receivables in India.

8 Income tax expense/ (credit)

(a) Income tax expense/ (credit)

	Consolidated 2011 $'000	2010 $'000
Current tax	**334**	455
Deferred tax	**(2,209)**	392
	(1,875)	847
Deferred income tax (credit)/ expense included in income tax expenses comprises:		
Decrease/ (increase) in deferred tax assets (note 20)	**(56,781)**	-
(Decrease)/ increase in deferred tax liabilities (note 20)	**54,572**	392
	(2,209)	392

(b) Numerical reconciliation of income tax credit/ (expense) to prima facie tax payable

	2011 $'000	2010 $'000
Loss before income tax expense	**(1,663)**	(18,268)
Tax at the Australian tax rate of 30% (2010- 30%)	**499**	5,480
Tax effect of amounts which are not (deductible) taxable in calculating taxable income:		
Gain on revaluation of existing interest in acquired entity, not taxable	**11,204**	-
Tax on deemed 5% mark-up on costs incurred by Dart Energy International Pte Ltd	**53**	(117)
Expenses not deductible for tax purposes	**(12,029)**	(4,641)
Share based payments not deductible for tax purposes	**(1,815)**	-
Difference in overseas tax rate	**-**	4
Sundry items	**213**	121
	(1,875)	847

9 Current assets - Cash and cash equivalents

	Consolidated 2011 $'000	2010 $'000
Cash at bank and on hand	**133,352**	11,378

9 Current assets - Cash and cash equivalents (continued)

Liquidation of a subsidiary

On 19 April 2011, the Group completed the liquidation of a subsidiary, Xinjiang Arrow Jiuneng CBM and Energy Exploration and Development Limited Liability Company. The details of the subsidiary are set out in note 32. The effects of the liquidation on the cash flows of the Group were:

	Consolidated 2011 $'000
Carrying amount of assets and liabilities	
Cash and cash equivalents	(296)
Trade and other receivables	(1)
Total assets	(297)
Trade and other payables	2
Total liabilities	2
Net assets derecognised	(295)
Less: Non-controlling interest	56
Net assets disposed	(239)

The aggregated cash inflows arising from the liquidation were:

	$'000
Net assets disposed (as above)	239
- Reclassification of currency translation reserve	10
	249
Loss on liquidation	(1)
Cash proceeds from liquidation	248
Less: Cash and cash equivalents in subsidiary liquidated	(296)
Net cash outflow on liquidation	(48)

10 Current assets - Trade and other receivables

	Consolidated	
	2011	2010
	$'000	$'000
Receivables from Arrow	**145**	27,407
Receivables from Fortune Gas Investment Holdings Ltd	**670**	-
Receivables from JV partners	**702**	344
	1,517	27,751
Other receivables		
Loans and advances	**873**	176
Bank deposits pledged	**4,993**	3,335
Other receivables	**3,076**	-
Others	**2,876**	984
	11,818	4,495
Prepayments		
Prepayments	**700**	420
	700	420
	14,035	32,666

Bank deposits pledged refer to performance bond guarantees issued to Governments for the performance under the terms of work programs.

During the financial year, allowance for impairment of A$1,824,000 (2010: A$1,996,000) was recognised on related party receivables balance. This relates to receivables from Dart's partner in the CBM III blocks which have been abandoned.

There are no other impaired receivables or receivables which are past due but not impaired (30 June 2010: nil).

11 Current assets – Inventories

	Consolidated	
	2011	2010
	$'000	$'000
Inventory (casing) - at cost	**279**	401

There is no inventory expense during the year ended 30 June 2011(2010 -nil) as all inventory consumed has been capitalised as exploration assets.

12 Current assets - Financial assets at fair value through profit or loss

	Consolidated	
	2011	2010
	$'000	$'000
Convertible loan notes (a)	**2,980**	11,733
Listed securities – equity securities (b)	**8,665**	-
Options (c)	**1,006**	812
	12,651	12,545

The above instruments have been designated at fair value through profit or loss.

(a) Convertible loan notes

The convertible notes relate to Far East Energy Corporation ("FEEC"), which is listed on the OTC Bulletin Board Market of the United States of America. Conversion of the convertible notes will result in the Group becoming an approximately 11.5% shareholder of FEEC. The terms and conditions of the convertible notes are as follows:

- Maturity: The notes mature on15 September 2011;
- Redemption: Redeemable any time up to maturity at holder's discretion at an exchange rate of US$0.475 per share ($0.44); and
- Interest rate: 8% per annum

12 Current assets - Financial assets at fair value through profit or loss (continued)

(a) Convertible loan notes (continued)

During the financial year, the Group made a 68% (2010: nil%) partial conversion of the convertible note into 14,316,000 (2010: nil) FEEC shares. During the year, the Group sold 13,986,000 of the FEEC shares resulting in a net loss on sale amounting A$236,000 (2010: A$ nil) (note 6).

The fair value of the convertible notes have been determined using various valuation techniques based on market conditions existing at the balance sheet date.

(b) Listed securities – equity securities

These relate to investments in Bow Energy Limited and LNG Limited transferred to Dart Energy Limited as part of the demerger from Arrow Energy Limited as well as the unsold converted FEEC shares (note a). These investments have been designated at fair value through profit or loss in line with the Group's investment strategy and because this is the basis on which information about the investments is provided to the directors. During the year, the Group sold 1,630,000 of LNG Limited shares resulting in a net gain of A$75,700 (2010: A$ nil)

Information about the Group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 2. None of the change in fair value of financial assets at fair value through profit or loss is attributable to changes in credit risk (2010: nil)

(c) Options

The options allow the Group to subscribe for up to an additional 30% (2010 - 40%) of the issued and paid up capital of Fortune Gas Liulin Company Ltd.

The fair value of the options had been determined using various valuation techniques based on market conditions existing at the balance sheet date.

13 Non-current assets – Receivables

	Consolidated	
	2011	2010
	$'000	$'000
Bank deposits pledged (a)	**5,269**	-
Loans to joint venture (Sangattta West CBM Inc.) (b)	**3,444**	2,401
	8,713	2,401

(a) Bank deposits pledged refer to performance bond guarantees issued to Governments for the performance under the terms of work programs. The fair values of the deposits approximate their carrying values.

(b) The fair value of the loan approximates its carrying value. The loan is not impaired or past due. Further details of the loan are included in note 30.

14 Non-current assets - Investments accounted for using the equity method

	Consolidated	
	2011	2010
	$'000	$'000
Investment in associate (note 34)	**-**	14,807

15 Non-current assets - Property, plant and equipment

	Freehold land $'000	Office equipment $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
At 1 July 2009						
Cost	-	137	193	71	-	401
Accumulated depreciation	-	(5)	(41)	(13)	-	(59)
Net book amount	-	132	152	58	-	342
Year ended 30 June 2010						
Opening net book amount	-	132	152	58	-	342
Exchange differences	-	(4)	(7)	7	-	(4)
Additions	-	89	109	302	-	500
Depreciation charge	-	(19)	(107)	(34)	-	(160)
Closing net book amount	-	198	147	333	-	678
Cost or fair value	-	222	296	321	-	899
Accumulated depreciation	-	(24)	(149)	(48)	-	(221)
Net book amount	-	198	147	333	-	678

	Freehold land $'000	Office equipment $'000	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Year ended 30 June 2011						
Opening net book amount	-	198	147	333	-	678
Exchange differences	(45)	(47)	(43)	(55)	-	(190)
Acquisition of subsidiaries/ joint venture	318	268	230	17	4	837
Additions	-	74	313	251	-	638
Depreciation charge	-	(52)	(195)	(143)	-	(390)
Disposals	-	(2)	-	(19)	-	(21)
Closing net book amount	273	439	452	384	4	1,552
Cost or fair value	273	515	796	575	4	2,163
Accumulated depreciation	-	(76)	(344)	(191)	-	(611)
Net book amount	**273**	**439**	**452**	**384**	**4**	**1,552**

16 Non-current assets – Goodwill

	Consolidated	
	2011 **$'000**	2010 $'000
Opening net book amount	12,301	12,935
Acquisition of subsidiaries/ joint venture interests		-
- Composite Energy Limited	12,962	-
- Apollo Gas Limited	5,400	-
- Fortune Liulin Gas Company Limited	1,732	-
Impairment charge	(1,802)	-
Exchange differences	(4,204)	(634)
Closing net book amount	26,389	12,301
Cost	28,191	12,301
Accumulated impairment	(1,802)	-
Net book amount	26,389	12,301

(a) Impairment tests for goodwill

Goodwill is allocated based on the Group's cash-generating units ("CGUs") identified which are the coal seam gas tenements in the respective countries of operation.

A segment-level summary of the goodwill allocation is presented below.

2011	**Australia $'000**	**Europe $'000**	**China $'000**	**Indonesia $'000**	**Vietnam $'000**	**Total $'000**
Goodwill	5,826	11,172	6,267	3,124	-	26,389
2010						
Goodwill	-	-	6,151	4,100	2,050	12,301

The recoverable amounts of CGUs in China, Indonesia and Vietnam were determined based on discounted cash flows models using fair value less costs to sell assumptions. Cash flow projections used in the fair value less costs to sell calculations were based on financial budgets approved by management covering periods of up to 20 years which reflects the expected duration of production from tenements.

Other key assumptions:

	Estimated gas price		**Growth rate**		**Discount rate (post tax)**	
	2011 $/GJ	**2010 $/GJ**	**2011 %**	**2010 %**	**2011 %**	**2010 %**
China	US$6.44	US$ 4.20	3.5	3.5	**15%**	15%
Indonesia	US$5.00	US$ 4.50	3.5	3.5	**15%**	15%
Vietnam	-	US$ 4.50	-	3.5	**-**	15%

Management determined estimated gas prices per GJ based on its expectations of gas selling prices in each country based on review of independent gas marketing activities, market penetration and expected future costs to deliver marketable quantities of gas. The discount rate used reflects specific risks relating to each country.

The recoverable amounts of CGUs in Europe and Australia were determined based on estimated market prices for the reserves and resources proven to date for the tenements in these markets. The market prices vary depending on the various categories and reserves and resources assessed and / or certified, and range between A$0.02 – A$0.25 per GJ.

16 Non-current assets – Goodwill (continued)

The amounts assigned to each of the parameters in the fair value less costs to sell assessments reflects past experience adjusted for expected changes over the business plan, but may be affected by unforeseeable changes in the political, economic or legal framework of certain countries.

17 Non-current assets – Exploration and evaluation

	Notes	Consolidated **2011** **$'000**	2010 $'000
Opening net book amount		20,215	16,013
Acquisition of subsidiaries/ joint venture			-
- Composite Energy Limited	31(i)	61,604	-
- Apollo Gas Limited	31(ii)	198,610	-
- Fortune Liulin Gas Company Limited	35(b)	20,576	-
Additions		13,594	7,954
Assets transferred from Arrow Energy Limited during demerger		4,385	-
Impairment charge		(10,870)	(3,147)
Exchange differences		(12,612)	(605)
Closing net book amount		295,502	20,215
Cost		308,937	23,362
Accumulated amortisation and impairment		(13,435)	(3,147)
Net book amount		295,502	20,215

Impairment charge was done on the exploration assets of Hanoi Trough PSC and India CBM III, TR Block where Dart has decided to make full provision against both projects.

18 Current liabilities - Trade and other payables

	Consolidated **2011** **$'000**	2010 $'000
Trade and other payables	**9,093**	5,508

19 Current liabilities - Current tax liabilities

	Consolidated **2011** **$'000**	2010 $'000
Income tax - current liabilities	**357**	253

20 Non-current liabilities – Deferred tax assets/ (liabilities)

	Consolidated 2011 $'000	Consolidated 2010 $'000
Deferred tax assets	**58,286**	-
Deferred tax liabilities	**(75,013)**	(392)
Net deferred tax liabilities	**16,727**	(392)

(i) **Deferred tax assets**

The balance comprises temporary differences attributable to:		
Tax losses	**56,781**	-
Capital raising	**1,505**	-
	58,286	-

Deferred tax assets expected to be settled within 12 months	**-**	-
Deferred tax assets expected to be settled after more than 12 months	**58,286**	-
	58,286	-

Movements	**Tax losses $'000**	**Capital raising $'000**	**Total $'000**
At 1 July 2009 and 30 June 2010	-	-	-
Charged			
- to profit or loss	56,781	-	56,781
- directly to equity	-	1,505	1,505
At 30 June 2011	**56,781**	**1,505**	**58,286**

The recognition of a deferred tax asset is considered appropriate because it is expected that the taxable temporary differences will reverse in the same periods in which the deductible temporary differences are realised.

	Consolidated 2011 $'000	Consolidated 2010 $'000
(ii) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Intangible assets	**73,977**	3
Unrealised exchange gains	**1,036**	389
Net deferred tax liabilities	**75,013**	392
Deferred tax liabilities expected to be settled within 12 months	**-**	-
Deferred tax liabilities expected to be settled after more than 12 months	**75,013**	392
	75,013	392

20 Non-current liabilities – Deferred tax assets/ (liabilities)

(ii) Deferred tax liabilities (continued)

Movements	**Intangible assets $'000**	**Unrealised exchange gains $'000**	**Other $'000**	**Total $'000**
At 1 July 2009				
Charged/(credited)				
- to profit or loss	3	389	-	392
At 30 June 2010	3	389	-	392
Charged/(credited)				
- to profit or loss	53,925	647	-	54,572
- to other comprehensive income	716	-	(761)	(45)
Acquisition of subsidiaries/joint venture				
-Composite Energy Limited	12,962	-	-	12,962
-Apollo Gas Limited	5,400	-	-	5,400
-Fortune Liulin Gas Company Limited	1,732	-	-	1,732
At 30 June 2011	**74,738**	**1,036**	**(761)**	**75,013**

21 Non-current liabilities – Provisions

	Consolidated	
	2011 $'000	2010 $'000
Provision for employee benefits	**2,059**	745
Provision for rehabilitation	**4,567**	28
	6,626	773

(a) Rehabilitation provision

The Group makes full provision for the future cost of restoration of exploration and evaluation facilities on a discounted basis on the installation of those facilities. The decommissioning and restoration provision relates to the total costs of cementing and plugging the existing wells and related facilities, the disposal of surfacing material and any costs associated with the return of the sites to their original use. The obligation is expected to be incurred at the end of a well's life which is estimated at 5 to 20 years from the balance sheet date.

The provision has been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account of any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

21 Non-current liabilities – Provisions (continued)

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Provision for rehabilitation $'000	Total $'000
Carrying amount at start of year – 1 July 2010	**28**	**28**
Additional provision recognised – charged to exploration and evaluation	**4,539**	**4,539**
Carrying amount at start of year – 30 June 2011	**4,567**	**4,567**

22 Contributed equity

	Consolidated		Consolidated	
	2011 Shares	2010 Shares	**2011 $'000**	2010 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**720,674,545**	45,000,001	**370,856**	45,000
Equity injected by Arrow Energy for settlement of share based payments	**-**	-	**-**	456
	720,674,545	45,000,001	**370,856**	45,456
Total consolidated contributed equity	**720,674,545**	45,000,001	**370,856**	**45,456**

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2009	Opening balance	1	-
	Share based payments settled through equity	-	456
	New issue of shares to Arrow Energy Limited	45,000,000	45,000
30 June 2010	Balance	45,000,001	45,456
1 July 2010	Opening balance	45,000,001	45,456
16 July 2010	Issued shares to parent entity associated with demerger from Arrow Energy Limited	21,470,691	21,471
16 July 2010	Demerger dividends to shareholders	300,777,492	-
28 July 2010	New issue of shares	52,500,000	36,225
15 Dec 2010	Exercise of options	10,000,000	4,000
13 Dec 2010	Issue of shares to Apollo Gas Limited shareholders associated with acquisition of the entity	116,522,080	125,262
7 Feb 2011	Exercise options by Apollo shareholders	750,000	300
7 Feb 2011	Issue shares to Apollo Minority balance	1,912,304	2,057
28 Feb 2011	Exercise options by Composite shareholders	35,940,441	39,771
2 Mar 2011	Exercise options by Composite shareholders	837,813	8
3 Mar 2011	Exercise options by Composite shareholders	1,407,004	14
4 Mar 2011	Exercise options by Composite shareholders	78,397	1
18 Mar 2011	Exercise options by Composite shareholders	14,449	-
4 May 2011	Equity raising through institutional entitlement	72,495,702	54,372
23 May 2011	Equity raising through retail entitlement	60,968,171	45,726
		720,674,545	374,663
	Less: Transaction costs arising on share issues	-	(5,312)
	Add: Deferred Tax on transaction costs arising on share issues	-	1,505
30 June 2011	Balance	720,674,545	370,856

22 Contributed equity (continued)

The demerger of Dart Energy Limited from the Arrow Energy Limited group occurred as a consequence of the acquisition of Arrow Energy Limited by Shell and PetroChina. Certain assets were transferred to Dart Energy Limited (see note 12, 17 and 34) in consideration for shares and settlement of intercompany balances.

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

As at 30 June 2011, all of the issued shares were fully paid.

23 Reserves and retained losses

	Consolidated	
	2011	2010
	$'000	$'000
(a) Reserves		
Foreign currency translation reserve	**(32,600)**	(14,436)
Merger reserve	**4,633**	4,633
Reserve arising on disposal of non-controlling interest in subsidiary	**88,793**	88,793
Reserve arising on acquisition of non-controlling interest in Composite Energy Limited	**6,292**	-
Share-based payments reserve	**46,765**	-
	113,883	78,990

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Foreign currency translation reserve		
Balance 1 July	**(14,436)**	(9,831)
Currency translation differences arising during the year	**(18,164)**	(4,605)
Balance 30 June	**(32,600)**	(14,436)

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Merger reserve		
Balance 1 July2010 and 30 June 2011	**4,633**	4,633

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Reserve arising on disposal of non-controlling interest in subsidiary		
Balance 1 July2010 and 30 June 2011	**88,793**	88,793

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Reserve arising on acquisition of non-controlling interest in Composite Energy Limited		
Balance 1 July 2010	**-**	-
Acquisition of non-controlling interest (note 32 (b))	**6,292**	-
At 30 June 2011	**6,292**	-

23 Reserves and retained losses (continued)

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Share-based payments reserve		
Balance 1 July	**-**	-
Employee share-based payment	**6,051**	-
Acquisition of Composite options	**5,670**	-
Acquisition of Apollo options	**35,044**	-
Balance 30 June	**46,765**	-

(b) Accumulated losses

Movements in retained accumulated losses were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Balance 1 July	**(28,770)**	(11,697)
Net profit/ (loss) for the year	**2,755**	(17,073)
Balance 30 June	**(26,015)**	(28,770)

(c) Nature and purpose of reserves

(i) Foreign currency translation
Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve on consolidation. The reserve is reclassified to profit and loss when the net investment is disposed of.

(ii) Merger reserve
On 28 November 2008, the Group underwent a restructuring exercise whereby certain subsidiaries, Dart Energy Global CBM Pty Ltd (formerly known as "Arrow Global CBM Pty Ltd") and Dart Energy (India) Pty Ltd (formerly known as "Arrow Energy (India) Pty Ltd") which were under the common control of Arrow Energy Limited, were transferred to the Group. The restructuring exercise was accounted for using the predecessor values method.

Under the predecessor values method, the assets (including goodwill and exploration assets) and liabilities of the acquired subsidiaries have been brought into the Group's consolidated balance sheet at their existing carrying values as at the dates of transfer.

The difference between the consideration paid and the carrying values of the assets and liabilities acquired has been recorded as a merger reserve.

(iii) Reserve arising on disposal of non-controlling interest in subsidiary
This reserve arose on the acquisition of 10% of the equity of Dart Energy (CBM) International Pte. Ltd. (“DECI’) by B.V. Dordtsche Petroleum Maatschappij (“Shell”).

The consideration received was US$66 million of which US$16 million was paid to Arrow Energy Limited in settlement of inter-company debt.

(iv) Reserve arising on acquisition of non-controlling interest in Composite Energy Limited
This reserve arose on the acquisition of 90% of the equity of Composite Energy Limited. See note 32(b).

(v) Share-based payments
The share-based payments reserve is used to recognise the fair value of share-based payments.

24 Non-controlling interests

	Consolidated	
	2011	2010
	$'000	$'000
Interest in:		
Arising on initial investment by Shell in DECI	**10,268**	10,268
Interest in foreign currency translation reserve (excluding Composite)	**(5,844)**	(2,844)
Interest in retained profits/ (accumulated losses) - Shell	**(3,720)**	(2,683)
Interest in retained profits/ (accumulated losses) - CJV	**-**	49
Arising on initial investment in Composite Energy Limited (note 31(i))	**62,122**	-
Interest in retained losses - Composite Energy Limited	**(1,495)**	-
Interest in foreign currency translation reserve – Composite Energy Limited	**(4,298)**	-
Acquisition of non-controlling interest in Composite Energy Limited (note 32(b))	**(56,329)**	-
	704	4,790

25 Dividends

No dividends were paid or proposed to be paid to members during or since the end of the financial year.

26 Key management personnel disclosures

(a) Directors

The following persons were directors of Dart Energy Limited during the financial year:

(i) Chairman - Non-Executive
Nicholas Davies

(ii) Executive directors
Simon Potter, Managing Director and Chief Executive Officer
Shaun Scott, Executive Director
Stephen Bizzell, Executive Director

(iii) Non-executive directors
David Williamson (Appointed 21/7/2010)
Peter Clarke (Appointed 08/02/2011)
Simon Poidevin (Appointed 02/03/2011)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	*Position*
Eytan Uliel	Chief Commercial Officer
Martin Cooper	Chief Financial Officer
Peter Roles	Chief Technical Officer
Peter Godfrey	Vice President, Commercial (Resigned on 31 August 2010)
Robbert de Weijer	Chief Executive Officer - Australia

26 Key management personnel disclosures (continued)

(c) Key management personnel compensation

Key management personnel compensation for the years ended 30 June 2011 and 2010 is set out below. The key management personnel of Dart Energy Limited includes the directors and those executives that report directly to the Managing Director.

	Consolidated	
	2011 $'000	2010 $'000
Short-term employee benefits	**3,513**	2,797
Post-employment benefits	**85**	54
Long-term benefits	**-**	3
Share-based payments	**4,846**	456
	8,444	3,310

Detailed remuneration disclosures are presented in the remuneration report on pages 15 to 29.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued onexercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 26 to 28.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Dart Energy Limited and other key management personnel of the Group are set out below.

2011

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Dart Energy Limited							
Nicholas Davies	-	1,250,000	-	-	1,250,000	-	1,250,000
David Williamson	-	750,000	-	-	750,000	-	750,000
Simon Poidevin	-	750,000	-	-	750,000	-	750,000
Peter Clarke	-	750,000	-	-	750,000	-	750,000
Simon Potter	-	3,672,482	-	-	3,672,482	-	3,672,482
Stephen Bizzell	-	2,250,000	-	-	2,250,000	-	2,250,000
Shaun Scott	-	2,250,000	-	-	2,250,000	-	2,250,000
Other key management personnel of the Group							
Eytan Uliel	-	1,650,000	-	-	1,650,000	550,000	1,100,000
Martin Cooper	-	225,000	-	-	225,000	75,000	150,000
Nathan Rayner	-	750,000	-	-	750,000	250,000	500,000
Robbert de Weijer	-	2,250,000	-	-	2,250,000	750,000	1,500,000

All vested options are exercisable at the end of the year.

There are no options granted during the previous year.

26 Key management personnel disclosures (continued)

(d) Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings
The numbers of shares in the Company held during the financial year by each director of Dart Energy Limited and other key management personnel of the Group, including their personally related parties, are set out below. This includes shares granted as compensation under the STI to Simon Potter, Stephen Bizzell and Shaun Scott (see page 21 of the directors' report for details).

2011 *(include Directors and KMPs related parties)*	**Balance at start of the year**	**Received during the year on the exercise of options**	**Other changes during the year (eg. Purchases)**	**Balance at end of the year (shares)**
Name				
Directors of Dart Energy Limited				
Nicholas Davies	-	-	5,899,501	5,899,501
David Williamson	-	-	100,000	100,000
Simon Poidevin	-	-	122,728	122,728
Peter Clarke	-	-	100,000	100,000
Simon Potter	-	-	-	-
Stephen Bizzell	-	-	4,730,033	4,730,033
Shaun Scott	-	-	576,668	576,668
Other key management personnel of the Group				
Eytan Uliel	-	-	-	-
Martin Cooper	-	-	-	-
Nathan Rayner	-	-	72,100	72,100
Peter Roles	-	-	107,721	107,721
Peter Godfrey	-	-	-	-
Robbert de Weijer	-	-	30,400	30,400

There are no changes in shareholding during the previous year and no outstanding shares as at the start and end of the previous year.

27 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2011 **$**	2010 $
(a) PwC Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	**170,600**	30,000
Other assurance services		
Agreed-upon procedure	**8,575**	-
Accounting advice	**11,000**	6,100
Due diligence services	**188,088**	-
Total remuneration for audit and other assurance services	**378,263**	36,100
(ii) Taxation services		
Tax compliance services	**52,140**	-
Total remuneration for taxation services	**52,140**	-
Total remuneration of PwC Australia	**430,403**	36,100
(b) Related practices of PwC Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	**275,000**	140,369
Other assurance services		
Accounting advice	**1,500**	-
Agreed-upon procedures	**17,850**	
Due diligence services	**28,500**	134,928
Total remuneration for audit and other assurance services	**322,850**	275,297
(ii) Taxation services		
Tax compliance and advice	**87,295**	118,292
Total remuneration of related practices of PwC Australia	**410,145**	393,589
(c) Non-PwC audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	**150,000**	-
Total remuneration of non-PwC audit firms	**150,000**	-
Total auditors' remuneration	**990,548**	429,689

28 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2011 in respect of:

(i) Guarantees

Dart has provided bank guarantees to Governments in certain countries in which it operates for the performance under the terms of work programs (refer to notes 10 and 13).

No liability was recognised by Group in relation to these guarantees, as the fair value of the guarantee is immaterial.

29 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Consolidated (i)	
	2011	2010
	$'000	$'000
Exploration assets:		
Payable:		
Within one year	**16,511**	27,535
Later than one year but not later than five years	**4,567**	18,457
	21,078	45,992

(i) Capital commitments incurred by the Group relating to joint ventures and associates amount to $329,221 (2010: $70,611). Capital commitments incurred jointly with other joint ventures (the Group's share) relating to joint ventures amount to $nil (2010: $nil).

(b) Non-cancellable operating leases

Operating lease arrangements - where the Group is a lessee

The Group leases office space and accommodation for staff from non-related parties under non-cancellable operating leases agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Within one year	**1,699**	840
Later than one year but not later than five years	**1,122**	580
	2,821	1,420

30 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Dart Energy Limited. At 30 June 2010, the immediate and ultimate parent entity was Arrow Energy Limited (incorporated in Australia) which owned 100% of the issued shares.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 26.

(c) Transactions with other related parties

The following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Consolidated	
	2011	2010
	$'000	$'000
Technical service fee from associated company	**306**	202
Remuneration of key management personnel of Dart	**8,444**	3,310

In addition, $145,000 of office rental costs incurred at Dart's Australian head office were re-charged to Bizzell Capital Partners Pty Ltd, a company controlled by Stephen Bizzell, a director of the Company, (2010: nil).

(d) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated	
	2011	2010
	$'000	$'000
Current payables/receivables (technical service fee)	**260**	-
Current receivables (various, see note 10)	**1,517**	27,751
Non-current receivables (loan to joint venture)	**3,444**	2,401

30 Related party transactions (continued)

(e) Loans to/from related parties

Loans to joint venture (Sangatta West CBM Inc) are unsecured, interest bearing at US$ LIBOR plus 3% (2010 –US$ LIBOR plus 3%) per annum and have no fixed terms of payment.

Loans from the ultimate parent entity are unsecured, interest bearing at 8% (2010: 8%) per annum and have no fixed terms of payment. The loan was settled after 30 June 2010 as part of the demerger.

	Consolidated	
	2011	2010
	$'000	$'000
Loans to joint venture (Sangatta West CBM Inc)		
Beginning of the year	**2,401**	-
Loan to joint venture (Sangatta West CBM Inc)	**1,451**	2,373
Interest received	**86**	28
Translation reserve	**(494)**	-
End of year	**3,444**	2,401

	Consolidated	
	2011	2010
	$'000	$'000
Loan from previous ultimate parent entity, Arrow Energy Limited		
Beginning of the year	**27,751**	-
Issue of shares	**-**	45,000
Expenditure incurred on the Group's behalf	**-**	(17,638)
Interest charged	**1,110**	389
Loan repayment through capital injection	**(28,722)**	-
Translation reserve	**(139)**	-
End of year	**-**	27,751

There is no allowance for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

31 Business combinations

During the year, Composite Energy Limited and Apollo Gas Limited were acquired. There were no acquisitions in the year ending 30 June 2010.

(i) Composite Energy Limited

On 2 September 2010, Dart Energy Limited (Dart) acquired 10% of the shares in Composite Energy Limited (Composite). The purchase and sales agreement included options in respect of the remaining 90% interest in Composite. The existence of Dart's call options, which were exercisable on 2 September 2010, resulted in Dart having the capacity to control Composite. Therefore, this acquisition has been accounted for as a business combination in accordance with AASB 3 (revised) *Business Combinations* and Composite is included in the consolidated financial statements of Dart from 2 September 2010.

On 28 February 2011 Dart announced that it had reached agreement to acquire the 90% of Composite that it did not already own for approximately $50.0 million. The impact of the acquisition of the remaining 90% of the shares is disclosed in note 32(b).

This transaction represented an acceleration and replacement of the previous arrangement entered into in August 2010 whereby Dart had an option to inject US$5 million into Composite in January 2011 for an additional 10% of Composite, and then an option to acquire the remaining 80% of Composite prior to June 2011 for US$56 million payable in Dart shares, or cash or a mix of both.

31 Business combinations (continued)

(i) Composite Energy Limited (continued)

The acquired business contributed revenues of $nil and net loss $1,655,390 to the Group for the period from 2 September to 30 June 2011. If the acquisition had occurred on 1 July 2010, consolidated revenue and profit for the year ended 30 June 2011 would have been $229,540 higher and $173,142lower respectively. These amounts have been calculated using the Group's accounting policies. Acquisition costs amounting to $304,660 have been recognised in the income statement.

	$'000
Acquisition value	
Cash paid	7,872
Value of non-controlling interests (see note 24)	62,122
Total	69,994
Fair value of net identifiable assets acquired	57,032
Goodwill	12,962

Goodwill arising on acquisition relates to the amount calculated in accordance with AASB 3 (revised) *Business Combinations* to recognise a deferred tax liability on the difference between the fair value of acquired assets and liabilities and their tax base. The goodwill and deferred tax liability are provisional.

(a) Cash flow information

	Consolidated 31 December 2010 $'000
Outflow of cash to acquire business	
Cash consideration	**7,872**
Less: Cash acquired	**(8,364)**
(Inflow) of cash	**(492)**

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	Fair value $'000
Cash	8,364	8,364
Trade and other receivables	9,055	9,055
Property, plant and equipment	579	579
Exploration and evaluation (refer to note 17)	11,880	61,604
Investments accounted for using the equity method	274	274
Trade and other payables	(1,192)	(1,192)
Provisions and other liabilities	(5,581)	(5,581)
Borrowings	(3,109)	(3,109)
Deferred tax liability	-	(12,962)
Net identifiable assets acquired	20,270	57,032

Acquired receivables
The fair value of trade and other receivables is $9,055,000 which is equal to their gross contractual cash flows. All the receivables are expected to be collectible.

Non-controlling interests
In accordance with the accounting policy set out in note 1(h), the Group elected to recognise the non-controlling interest in Composite Energy Limited at its fair value.

31 Business combinations (continued)

(ii) Apollo Gas Limited

On 13 December 2010, Dart acquired a further 78.96% of the shares in Apollo Gas Limited (Apollo). This acquisition, together with 21.04% of the shares already owned gave Dart a total interest of 100% of the shares in Apollo.

Consideration for the shares acquired was $127,318,000 which is attributable to a swap of 3 ordinary Dart shares for every 4 ordinary Apollo shares. 118,434,384 Dart shares were issued and were valued at the share price on 13 December 2010. In addition, options with a value of $35,045,000 were issued to Apollo option holders. The options were valued using a Black Scholes option pricing model. A fair value gain on the initial 21.04% investment held by Dart amounting to $37,345,000 (refer to note 4) was recognised, valuing the original 21.04% at $43,095,000.

The acquired business contributed revenues of $Nil and net loss of $1,498,309 to the Group for the period from 13 December 2010 to 30 June 2011. If the acquisition had occurred on 1 July 2010, consolidated revenue and profit for the year ended 30 June 2011 would have been $472,000 higher and $2,949,000lower respectively. These amounts have been calculated using the Group's accounting policies. Acquisition costs amounting to $407,000 had been recognised in the income statement.

	$'000
Acquisition value	
Fair value of shares and options issued	204,827
Fair value of net identifiable assets acquired	199,427
Goodwill	5,400

Goodwill arising on acquisition relates to the amount calculated in accordance with AASB 3 (revised)*Business Combinations* to recognise a deferred tax liability on the difference between the fair value of acquired assets and liabilities and their tax base.

(a) Cash flow information

	Consolidated 31 December 2010 $'000
Outflow of cash to acquire business	
Cash consideration	-
Less: Balances acquired	
Cash	7,018
(Inflow) of cash	(7,018)

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount $'000	**Fair value $'000**
Cash	7,018	7,018
Trade and other receivables	439	439
Property, plant and equipment	23	23
Exploration and evaluation (refer to note 17)	4,154	198,610
Trade and other payables	(1,263)	(1,263)
Deferred tax liability	-	(5,400)
Net identifiable assets acquired	10,371	199,427

Acquired receivables
The fair value of trade and other receivables is $439,000 which is equal to their gross contractual cash flows. All the receivables are expected to be collectible.

32 Significant subsidiaries and transactions with non-controlling interests

(a) Significant investments in subsidiaries

Details of subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Equity holding 2011 %	Equity holding 2010 %
Held by Company :				
Dart Energy SPV No.1 Pty. Ltd.*	Australia	Investment holding	**100**	100
Dart Energy SPV No.2 Pty. Ltd.*	Australia	Investment holding	**100**	100
Dart Energy (China) Pty. Ltd.*	Australia	Investment holding	**100**	100
Dart Energy (Overseas) Pty. Ltd.*	Australia	Investment holding	**100**	100
Apollo Gas Limited*	Australia	Exploration	**100**	-
Dart Energy (Asia) Pte Ltd (incorporated in 15 February 2011)*	Singapore	Investment holding	**100**	-
Dart Energy (CBM) International Pte. Ltd.*	Singapore	Corporate	**91.83**	90
Dart Energy (Europe) Pte. Ltd. (incorporated on 5 July 2010)	Singapore	Investment holding	**100**	100
Dart Energy (Indonesia) Pty. Ltd.*	Australia	Investment holding	**100**	100
Held by subsidiaries :				
Composite Energy Limited	Scotland	Investment holding	**100**	-
Dart Energy (India) Holdings Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Indonesia) Holdings Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Vietnam) Holdings Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (China) Holdings Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (India) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (ST) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (AS) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (MG) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Sangatta West) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Hanoi Basin CBM) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (FEEC) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (FLG) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Dajing) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Tanjung Enim) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (Muralim) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (CIL) Pte. Ltd.	Singapore	Investment holding	**100**	100
Dart Energy (China CMM) Pte. Ltd.	Singapore	Investment holding	**100**	100
Macquarie Energy Pty. Ltd.*	Australia	Exploration	**100**	-
Dart Energy Global CBM Pty Ltd.	Australia	Investment holding	**100**	100
Dart Energy (India) Pty. Ltd.	Australia	Investment holding	**100**	100

32 Significant subsidiaries and transactions with non-controlling interests (continued)

(a) Significant investments in subsidiaries (continued)

Details of subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Equity holding 2011 %	Equity holding 2010 %
Held by Company :				
Xinjiang Arrow Jiuneng CBM and Energy Exploration and Development Limited Liability Company	China	Service Company	**-**	80
Dart Energy Technology (Beijing) Company Limited	China	Service Company	**100**	100
PT Dart Energy Indonesia	Indonesia	Service Company	**100**	100

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 33.

(b) Transactions with non-controlling interests

On 28 February 2011, Dart Energy Limited acquired the 90% of the issued shares of Composite Energy Limited (Composite) that it does not already own for a purchase consideration of $50.0 million. The consideration was satisfied by way of issue of 35.9 million new shares in Dart Energy Limited to the shareholders of Composite, the issue of 5.6 million options over Dart Energy Limited shares to Composite option holders and cash of $4.6 million. The carrying amount of the non-controlling interests in Composite Energy Limited on the date of acquisition was $56.3 million. The Group recognised a decrease in non-controlling interests of $56.3 million and an increase of $6.3 million in equity attributable to owners of the parent. The effect of changes in the ownership interest of Composite on the equity attributable to owners of Dart Energy Limited during the year is summarised as follows:

	2011 $'000	2010 $'000
Carrying amount of non-controlling interests acquired	**56,329**	-
Consideration paid to non-controlling interests	**(50,037)**	-
Deficit of consideration paid recognised as a gain on transactions with non-controlling interests within equity	**6,292**	-

33 Deed of cross guarantee

Dart Energy Limited, Dart Energy (China) Pty, Ltd, Dart Energy (Overseas) Pty Ltd, Dart Energy SPV No. 1 Pty Ltd, Dart Energy SPV No. 2 Pty Ltd, Apollo Gas Limited and Macquarie Energy Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a ‘closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Dart Energy Limited, they also represent the ‘extended closed group'.

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2011 of the closed group

33 Deed of cross guarantee (continued)

	2011 $'000
Income statement	
Revenue	-
Other income	36,151
Consultancy cost	(866)
Depreciation	(51)
Employee compensation	(6,364)
Office supplies	(379)
Professional fees	(416)
Occupancy cost	(224)
Travel and accommodation	(323)
Other expenses	(1,192)
Expenses, excluding finance costs	(9,815)
Finance costs	(21)
Total expenses	(9,836)
Profit before income tax	26,315
Income tax credit	1,874
Profit for the year	28,189

	2011 $'000
Profit for the year	28,189
Total comprehensive income for the year is attributable to:	28,189
Summary of movements in consolidated retained profits	
Retained profits at the beginning of the financial year	5,656
Profit for the year	28,189
Retained profits at the end of the financial year	33,845

Set out below is a consolidated balance sheet of the closed group as at 30 June 2011

	2011 $'000
ASSETS	
Current assets	
Cash and cash equivalents	108,031
Trade and other receivables	908
Financial assets at fair value through profit or loss	8,557
Total current assets	117,496
Non-current assets	
Receivables	45,608
Investment in subsidiaries	83,673
Property, plant and equipment	218
Goodwill	5,827
Exploration and evaluation	206,550
Total non-current assets	341,876
Total assets	459,372

33 Deed of cross guarantee (continued)

	2011 $'000
LIABILITIES	
Current liabilities	2,680
Trade and other payables	-
Derivative financial instruments	242
Current tax liabilities	58
Total current liabilities	2,980
Non-current liabilities	
Deferred tax liabilities	3,922
Provisions	1,003
Total non-current liabilities	4,925
Total liabilities	7,905
Net assets	451,467
EQUITY	
Contributed equity	370,856
Reserves	46,766
Retained profits	33,845
Total equity	451,467

34 Investments in associates

	Consolidated	
	2011 $'000	2010 $'000
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**14,807**	-
Acquisition during the year (i)	**8,101**	14,793
Share of (losses)/profits after income tax	**(105)**	14
Exchange differences	**(3,073)**	-
Transfer of Apollo Gas Limited from Arrow Energy Limited on demerger (ii)	**5,750**	-
Disposal of Apollo Gas Limited (ii)	**(5,750)**	-
Reclassification to joint venture	**(19,730)**	-
Carrying amount at the end of the financial year	**-**	14,807

(i)On 17 December 2010, the Group exercised one of its options (Option 1A) in Fortune Gas Liulin Company Ltd ("FLG") in consideration for cash of $8.7 million resulting in an increase in shareholding in FLG from 35% to 45%. Pursuant to the sale and purchase agreement dated 18 December 2009, another option (Option 1B) which allows the Group to subscribe for an additional 5% of the issued capital of FLG became exercisable as at 30 June 2011. Hence, with the additional potential 5% interest, the Group is deemed to have joint control in FLG with effect from 30 June 2011. Accordingly, FLG was proportionally consolidated as at 30 June 2011 (note 35).

(b) (ii) See note 31 (ii) for further details.

(c) Summarised financial information of associates

		Group's share of:			
	Ownership Interest %	**Assets $'000**	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2011					
Fortune Liulin Gas Company Limited	-	-	-	-	-
2010					
Fortune Liulin Gas Company Limited	35	10,084	1,314	59	14

34 Investments in associates (continued)

(d) Share of associate's expenditure commitments, other than for the supply of inventories

	2011 $'000	2010 $'000
Capital commitments - within one year	-	9,305
Capital commitments - more than one year	-	5,348
	-	14,653

35 Interests in joint ventures

Details of the joint ventures are as follows:

	Segment	Interest 2011 %	Interest 2010 %
Sangatta West CBM Inc.	Indonesia	50	50
Fortune Liulin Gas Company Limited	China	45	-

The principal activities of all of the above joint ventures are the exploration and evaluation of coal seam gas targets.

Summary financial information for the joint ventures is as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Assets		
Current assets	2,959	544
Non-current assets	17,606	2,695
Share of assets employed in joint venture	20,565	3,239
Liabilities		
Current liabilities	3,973	771
Non-current liabilities	3,444	2,402
Share of liabilities employed in joint venture	7,417	3,173
Net assets	13,148	66
Share of joint ventures' revenue, expenses and results		
Sales	2	6
Expenses	(96)	(61)
Loss before tax	(94)	(55)
Income tax	-	-
Loss after income tax	(94)	(55)

Details of the consideration paid, the assets acquired and liabilities assumed, the goodwill recognised and effects on the cash flows of the Group arising from the proportionate consolidation of FLG are as follows:

	Consolidated 30 June 2011 $'000
Acquisition value	19,730
Proportionate share of net identifiable assets acquired at 45%	17,998
Goodwill	1,732

35 Interests in joint ventures (continued)

Goodwill arising on acquisition relates to the amount calculated in accordance with AASB 3 Business Combinations to recognise a deferred tax liability on the difference between the fair value of acquired assets and liabilities and their tax base.

(a) Cash Flow information

	Consolidated 30 June 2011 $'000
Cash consideration	-
Less: Cash required	(1,816)
(Inflow) of cash	(1,816)

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition is as follows:

	Acquiree's carrying amount $'000
Cash	1,816
Trade and other receivables	583
Property, plant and equipment	235
Exploration and evaluation	20,576
Trade and other payables	(3,443)
Provisions and other liabilities	(37)
Deferred tax liability	(1,732)
Net identifiable assets acquired	(17,998)

36 Events occurring after the reporting period

At the 22 August 2011 board meeting it was decided to abandon the Hanoi Trough PSC following the completion of analysis of pilot drilling done up to 30 June 2011. Management have accounted for this as an adjusting post balance sheet event such that the A$10.8 million of exploration assets and A$1.8 million of goodwill for Vietnam have been written-off in the income statement for the year ended 30 June2011.

37 Non-cash investing and financing activities

	Consolidated	
	2011 $'000	2010 $'000
Acquisition of associate by means of intercompany loan	**-**	14,793

The acquisitions of Composite Energy Limited and Apollo Gas Limited were primarily funded through equity and options. Refer to Note 31 for further details.

38 Loss per share

(a) Basic profit/ (loss) per share

	Consolidated	
	2011 Cents	2010 Cents
Basic profit/ (loss) per share attributable to the ordinary equity holders of the Company	**0.5**	(5.1)

(b) Diluted profit/ (loss) per share

	Consolidated	
	2011 Cents	2010 Cents
Diluted profit/ (loss) per share attributable to the ordinary equity holders of the Company	**0.5**	(5.1)

(c) Reconciliations of profit/ (loss) used in calculating earnings/(loss) per share

	Consolidated	
	2011 $'000	2010 $'000
Basic and diluted profit/ (loss) per share		
Profit/ (loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted profit/ (loss) per share	**2,755**	(17,073)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2011 '000	2010 '000
Weighted average number of ordinary shares used as the denominator in calculating basic profit/ (loss) per share	**517,042**	333,498
Adjustments for calculation of diluted profit/ (loss) per share:		
Options	**27,018**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**544,060**	333,498

(e) Information concerning the classification of securities

Options granted to employees under the Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share for 2011. There were no options over Dart Energy Limited shares at 30 June 2010. Details relating to the options are set out in note 39.

39 Share-based payments

(a) Dart Energy Limited Employee Share Option Plan

During the year, a share option plan was established. The plan was approved by shareholders at the 2010 annual general meeting. Under the plan, participants (principally executives, directors and consultants) are granted options over the ordinary shares of Dart Energy Limited which only vest if certain performance standards are met. In addition a number of executives have been engaged under contracts of employment which entitle them to options in accordance with the terms and conditions of their employment contracts. The options issued are not quoted on the Australian Stock Exchange. The options are granted for no consideration. When exercisable each option is convertible into one ordinary share. Options granted under the plan carry no dividend or voting rights.

The establishment of the Dart Energy Limited Employee Option Plan was approved by shareholders at the 23 August 2010 annual general meeting. The Employee Share Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends on Dart Energy Limited's total return to shareholders (TSR), including share price growth, dividends and capital returns, ranking within a peer group of 13 selected companies that are listed on the ASX over a three year period. Once vested, the options remain exercisable for a period of two years. Options are granted under the plan for no consideration.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share fourteen days after the release of the half-yearly and annual financial results of the Group to the market.

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange (ASX) during the week up to and including the date of the grant.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2011								
23-Aug-10	31-Mar-14	$0.98625	-	6,672,482	-	-	6,672,482	-
01-Sep-10	31-Jul-14	$0.98625	-	1,650,000	-	-	1,650,000	550,000
20-Sep-10	31-Jul-14	$0.98625	-	150,000	-	-	150,000	150,000
12-Oct-10	31-Jul-14	$0.98625	-	750,000	-	-	750,000	250,000
18-Oct-10	31-Mar-14	$0.98625	-	450,000	-	-	450,000	150,000
24-Nov-10	31-Jul-14	$0.98625	-	225,000	-	-	225,000	75,000
30-Nov-10	31-Mar-14	$0.98625	-	4,250,000	-	-	4,250,000	-
15-Dec-10	10-Aug-14	$0.78790	-	262,500	-	-	262,500	-
15-Dec-10	15-Dec-14	$0.40000	-	43,706,250	10,750,000	-	54,456,250	32,956,250
11-Jan-11	31-Jul-14	$0.98625	-	2,460,000	-	-	2,460,000	820,000
28-Feb-11	15-Dec-14	$0.01000	-	5,613,971	2,337,663	-	7,951,634	3,276,308

39 Share-based payments (continued)

(a) Dart Energy Limited Employee Share Option Plan (continued)

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2011								
07-Mar-11	31-Jul-14	$0.98625	-	100,000	-	-	100,000	33,333
01-Apr-11	31-Jul-15	$1.15000	-	75,000	-	-	75,000	-
11-Apr-11	31-Jul-14	$0.98625	-	250,000	-	-	250,000	83,333
20-Apr-11	31-Jul-15	$0.98625	-	250,000	-	-	250,000	-
16-May-11	31-Jul-15	$1.15000	-	100,000	-	-	100,000	-
29-Jun-11	31-Mar-14	$0.98625	-	1,500,000	-	-	1,500,000	-
				68,465,203	13,087,663	-	81,552,866	38,344,224
Weighted average exercise price				$0.5316	$0.3303		$0.4993	$0.3990

There are no options granted during the previous year.

No options expired during the periods covered by the above tables.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2011 was $0.3303 (2010 – not applicable).The weighted average remaining contractual life of share options outstanding at the end of the period was 3 years (2010 – not applicable).

Fair value of options granted
The assessed fair value at grant date of options granted during the year ended 30 June 2011 was 80 cents per option (2010 – nil cents). The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Where options are issued to employees of subsidiaries within the Group, the subsidiaries compensate Dart Limited for the amount recognised as expense in relation to these options.

The model inputs for options granted during the year ended 30 June 2011 included:

(a) options are granted for no consideration and vest based on Dart Energy Limited TSR ranking within a peer group of 20 selected companies over a three year period. Vested options are exercisable for a period of two years after vesting
(b) exercise price: $$0.98625 (2010 – not applicable)
(c) grant date: 23 August 2010 ($0.81), 01 September 2010 ($0.81), 12 October 2010 ($1.21), 24 November 2010 ($1.23), 30 November 2010 ($1.18), 11 January 2011 ($1.14) and 29 June 2011 ($0.58) (2010 – not applicable)
(d) expiry date: various dates between 31 March 2014 and 31 July 2014 (2010 – not applicable)
(e) share price at grant date: 23 August 2010 ($0.81), 01 September 2010 ($0.81), 12 October 2010 ($1.21), 24 November 2010 ($1.23), 30 November 2010 ($1.18), 11 January 2011 ($1.14) and 29 June 2011 ($0.58) (2010 – not applicable)
(f) expected price volatility of the Company's shares: 80% (2010 – not applicable)
(g) expected dividend yield: 0% (2010 – not applicable)
(h) risk-free interest rate: 4.73% (2010 – not applicable)

There are no shares issued under the plan to participating employees during the year.

39 Share-based payments (continued)

(b) Arrow Energy Limited Employee Share Option Plan

Certain employees of the Group participated in the Arrow Energy Limited employee option plan. In accordance with the accounting policy in note 1 (u) (iii), an expense for the fair value of the options granted to employees of the Group is recognised in these financial statements over the vesting period.

The fair values of the options are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share (based on historical volatility), the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs included:
- Expected price volatility (62% - 74%);
- Expected dividend yield (nil);
- Risk-free interest rate (3.83%).

The aggregate options held by the Group's employees at 30 June 2010 were as follows:

The plan was approved by shareholders at the 2010 annual general meeting.

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
Consolidated – 2010							
1 Dec 2009	31 Dec 2013	$4.25	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$4.75	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 0213	$5.25	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$4.25	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$4.75	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$5.25	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$4.25	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$4.75	-	50,000	-	50,000	50,000
1 Dec 2009	31 Dec 2013	$5.25	-	50,000	-	50,000	50,000
27 Jan 2010	31 Dec 2013	$4.00	-	68,586	-	68,586	68,586
Total			-	518,586	-	518,586	518,586
Weighted average exercise price			$-	$4.65	$-	$4.65	$4.65

The Arrow Energy Limited employee option plan was cancelled, as part of the demerger in July 2010. All of the options were vested and exercisable at 30 June 2010 and therefore there was no additional expense during the year ended 30 June 2011 in relation to the Arrow Energy Limited employee option plan.

39 Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Employee - Options issued under Arrow Energy Limited share scheme (equity settled)	**-**	456
Employee - Options issued under Dart Energy Limited share scheme (equity settled)	**6,051**	-

40 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent entity	
	2011	2010
	$'000	$'000
Balance sheet		
Current assets	**116,177**	-
Non-current assets	**303,437**	51,530
Total assets	**419,614**	51,530
Current liabilities	**1,301**	30
Non-current liabilities	**5,937**	389
Total liabilities	**7,238**	419
Shareholders' equity		
Contributed equity	**370,856**	45,456
Reserves	**46,765**	-
Retained (losses)/ earnings	**(5,246)**	5,655
Capital and reserves attributable to owners of Dart Energy Limited	**412,375**	51,111
	412,375	51,111
(Loss)/ profit for the year	**(10,903)**	1,168
Total comprehensive (loss)/ income	**(10,903)**	1,168

(b) Guarantees entered into by the parent entity

These are cross guarantees given by Dart Energy Limited as described in note 33. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the consolidated entity in relation to these guarantees, as the fair value of the guarantees is immaterial.

(c) Commitments and contingent liabilities

The parent entity has no other commitments or contingent liabilities (2010: nil).

In the directors' opinion:

(a) the financial statements and notes set out on pages 39 to 98are in accordance with the *Corporations Act 2001,* including:
   - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and

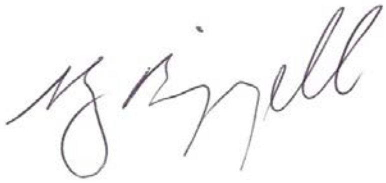
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 33will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.



Stephen Bizzell
Director

Brisbane
20 September 2011

Independent auditor's report to the members of Dart Energy Limited

Report on the financial report

We have audited the accompanying financial report of Dart Energy Limited (the Company), which comprises the balance sheet as at 30 June 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Dart Energy group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre,123 Eagle Street, GPO BOX 150,BRISBANE QLD 4001
DX 77 Brisbane, Australia
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

Independent auditor's report to the members of Dart Energy Limited (continued)

Auditor's opinion

In our opinion:

(a) the financial report of Dart Energy Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 15 to 28 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Dart Energy Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

Robert Hubbard
Partner

Brisbane
20 September 2011

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding as at 5 September 2011:

			Class of equity security			
			Ordinary shares		Redeemable preference shares	Convertible notes
Holding			Shares	Options		
1	-	1000	22,045	-	-	-
1,001	-	5,000	12,081	-	-	-
5,001	-	10,000	14,269	-	-	-
10,001	-	100,000	79,930	-	-	-
100,001	and over		612,390	-	-	-
			720,875	-	-	-

There were 4,205 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

The names of the twenty largest holders of quoted equity securities as at 5 September 2011 are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
NATIONAL NOMINEES LIMITED	107,772,089	14.95
ARKDALE PTY LTD	100,931,521	14.00
J P MORGAN NOMINEES AUSTRALIA LIMITED	69,686,517	9.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	60,597,768	8.41
JP MORGAN NOMINEES AUSTRALIA LIMITED	26,650,453	3.70
SANTELLE PTY LTD	24,450,083	3.39
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	18,437,808	2.56
CITICORP NOMINEES PTY LIMITED	18,210,918	2.53
AUST EXECUTOR TRUSTEES NSW LTD	17,976,029	2.49
STANLEY THOMPSON FRASER	12,788,775	1.77
COGENT NOMINEES PTY LIMITED	12,681,090	1.76
AUSTRALIAN REWARD INVESTMENT ALLIANCE	11,019,263	1.53
RHOWHAN NO 1 PTY LTD	9,398,501	1.30
ARKDALE PTY LTD	8,000,000	1.11
WATOU HOLDINGS PTY LTD	5,688,468	0.79
QUEENSLAND INVESTMENT CORPORATION	5,052,493	0.70
J BARLOW CONSULTANTS PTY LTD	4,627,684	0.64
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,229,155	0.59
LUJETA PTY LTD	3,694,714	0.51
AMP LIFE LIMITED	2,873,465	0.40
	524,766,794	72.80

Holders of share options are disclosed on page 28 of the directors' report.

C. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
No voting rights.