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THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

4 September 2012

This letter is important and requires your immediate attention

If you have sold or transferred your ordinary shares in Lochard Energy Group plc (the “Company” or “Lochard”), please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, this letter should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Dear Shareholder,

Announcement of Commencement of Company Formal Sale Process

In accordance with Rule 2.12 of the City Code on Takeovers and Mergers (the “Code”), we enclose a copy of the announcement released on 3 September 2012 in relation to the formal sale process of the Company.

Please note that addresses, electronic addresses and certain other information provided by you for the receipt of communications from the Company (e.g. elections to receive communications in a particular form) may be provided to certain offerors during the offer period as required under Section 4 of Appendix 4 of the Code.

A copy of this letter is available on the Company's website at www.lochardenergy.com.

Yours faithfully,



Clive Carver
Non-Executive Chairman

Australia

Lochard Energy Group Plc
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Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s).

An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the City Code on Takeovers and Mergers (the "Takeover Code") and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

3 September 2012

Lochard Energy Group PLC
("Lochard" or the "Company")

Commencement of Company Formal Sale Process

Further to the announcement of Lochard's full year results for the period ended 30 June 2012 earlier this morning, the Lochard Board has decided that a sale or merger of the Company may be appropriate at this time and has unanimously decided to initiate a formal sale process for the entire issued and to be issued share capital of the Company.

Lochard initially commenced a farm out process for both its Thunderball and Moby discoveries in October 2011 and has retained CIBC World Markets plc ("CIBC") to assist in this process. Following discussions with a number of parties regarding a farm out, the Board believes that there would be a higher level of interest were they to seek a buyer for the Company.

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the City Code on Takeovers and Mergers (the "Code") such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement (subject to note 3 to Rule 2.2 of the Code) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the formal sale process.

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The Company also intends to seek a dispensation from Rule 21.2 of the Code (under Note 2), which would allow, but not oblige, the Company to enter into an inducement fee arrangement with the preferred bidder in the formal sale process at the time of the announcement of a firm intention to make an offer.

The Company is to conduct the formal sale process through its adviser, CIBC. Interested parties will be required to enter into a non-disclosure agreement with the Company on reasonable terms satisfactory to the Board and on the same terms, in all material respects, as the other interested parties, before being permitted to participate in the process. The Company then intends to provide all participants who have entered into such non-disclosure agreements with access to a dataroom and other relevant information with which to evaluate making an offer. Potential offerors for the entire issued and to be issued share capital of the Company should contact CIBC (contact details below) without delay.

The Board reserves the right to alter any aspect of the sale process or to terminate it at any time and in such cases will make an announcement as appropriate.

The Board reserves the right to reject any approach or terminate discussions with any interested party or participant at any time. There can be no certainty that any offer will be made for the Company, or even proposed, or as to the level of any proposal or offer that may be made.

finnCap Limited is also acting for the Company in relation to its role as Nominated Adviser and Broker and as Rule 3 Adviser to Lochard in relation to any potential offer arising from the formal sale process.

This formal sale process is at an early stage and the Board wishes to stress that there can be no certainty that any transaction will be concluded.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

As a consequence of this announcement, an "Offer Period" has commenced in respect of the Company in accordance with the rules of the Code. Further announcements will be made as appropriate.

Contact:



finnCap Limited

(Nominated Adviser, Broker and Rule 3 Adviser to Lochard)

Matthew Robinson / Christopher Raggett

020 7220 0500

CIBC World Markets plc (Financial Adviser to Lochard)

Sameer Pethe / Ashley Gardyne

020 7234 6462

FTI Consulting

Billy Clegg / Edward Westropp

020 7269 7207

A copy of this announcement will be available from www.lochardenergy.com. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

CIBC, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and for no one else in connection with the matters described in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of CIBC nor for providing advice in relation to the matters described in this announcement.

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This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise. The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any jurisdiction.

Rule 2.10 disclosure

In accordance with Rule 2.10 of the Code, the Company confirms that it has 298,865,616 ordinary shares of 5p each in issue. No shares are held in treasury. The International Securities Identification Number for the ordinary shares is GB00B02YHV99.

Disclosure requirements of the Takeover Code

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