

3 September 2012

**Lochard Energy Group Plc**  
**(“Lochard” or the “Company”)**

**Reserves Update**

**Introduction**

Lochard Energy Group PLC (“Lochard” or “the Company”) (AIM:LHD) has commissioned Sproule International Limited (“Sproule”) to prepare an independent reserve report on Lochard’s 10 per cent interest in the Athena field.

The results of that report are summarised below and the report in full has been posted to the Company’s website [www.lochardenergy.com](http://www.lochardenergy.com)

**Reserves**

- 1P Reserves 17.9 million barrels of oil equivalent (“mboe”) (1.79 mboe net to Lochard)
- 2P Reserves 26.1 mboe (2.61 mboe net to Lochard)
- 3P Reserves 44.7 mboe (4.47 mboe net to Lochard)

**Note 1**

The Company’s petroleum and natural gas reserves (the “reserves”) were independently evaluated by Sproule International Limited ([www.sroule.com](http://www.sroule.com)) in an updated report issued today in accordance with the Canadian Oil and Gas Evaluation Handbook

**Note 2**

In accordance with AIM Note for Mining and Oil & Gas Companies, and ASX Listing Rules 5.11, 5.12 and 5.13 Lochard discloses that Peter Kingston, a non-executive director of Lochard and the Chief Operating Officer of Lochard’s operating subsidiary Zeus Petroleum Limited, is the qualified person that has reviewed the technical information contained in this press release.

Peter Kingston is a member of the Society of Petroleum Engineers (SPE) and has 47 year’s operating experience in the upstream oil industry. For much of that period he has been a practicing reservoir engineer and has routinely reviewed corporate oil and gas reserve submissions at Board level since 1984. Peter Kingston consents to the inclusion of the information in the form and context in which it appears.

**Australia**

Lochard Energy Group Plc  
ARBN 57 490 768 001  
Reg No 5209284  
Suites 6 & 7  
61 Hampden Road  
Nedlands WA 6009  
T +611300 660 448  
F +61 1300 855 044

**United Kingdom**

Lochard Energy Ltd  
Reg No 5777565  
15 Appold Street  
London EC2A 2HB UK  
W [www.lochardenergy.com](http://www.lochardenergy.com)

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**Lochard Energy Group plc**

**Clive Carver, non-executive chairman** +44 207 269 7207  
c/o FTI

**finnCap Limited** +44 20 7220 0500  
Matthew Robinson/ Christopher Raggett

**Financial Dynamics** +44 207 269 7207  
Billy Clegg/Edward Westropp/Alex Beagley

**Glossary of terms used**

***1P (Proved)***

Those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate

***2P (Proved + Probable)***

Those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable reserves.

***3P (Proved + Probable + Possible)***

Those additional reserves which analysis of geo-science and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario. Where probabilistic methods are used, there should be at least a 10 per cent probability that the actual quantities recovered will equal or exceed the 3P estimate.