

19 November 2013

Dear Fellow Shareholders,

It has now been two weeks since we made clear our concerns over the actions of New Hope Corporation Limited (New Hope) who want to seize control of your Board.

In the interim we have received no correspondence from that company; while you may have received a letter from New Hope, which was essentially a rehash of the light-on-any-detail letter it sent to the ASX almost two months ago on 25 September 2013.

New Hope had an ideal opportunity to explain its intentions for Dart at the New Hope Annual General Meeting held last week (14 November 2013) but chose not to. In the New Hope Chairman's address to shareholders, New Hope told its shareholders that:

*"New Hope is well positioned to meet the challenges presented by soft coal markets with likely lower profits." (pp 44 Chairman's address to shareholders)*

How is New Hope meeting "...the challenges presented by soft coal markets..."? A very big pointer is contained in the same presentation under the heading "Energy Diversity Strategy":

*'Diversity is a prudent and viable risk mitigation mechanism and provides flexibility and alternative solutions when unscheduled events impact business viability and shareholder value.' (pp30 Chairman's address to shareholders)*

It is now clear that this diversity is being sought at the expense of Dart shareholders.

You would remember that in my letter to you on 6 November 2013 I wrote that New Hope (through its wholly-owned subsidiary Krestlake Pty Ltd) wanted to remove four current Directors and appoint a slate of four new directors - effectively replacing 80 per cent of the Board - when it currently only owns a 16.2 per cent interest in Dart.

It was the view of the Board then, and continues to be our strongly held view, that this is an opportunistic attempt by New Hope to take control of Dart without making a formal takeover offer to all shareholders, and without paying a control premium to other shareholders.

In the same letter I wrote:

*The New Hope proposal for Brisbane-based board control contains no information concerning a strategy to add further value to our world-class assets in the UK, nor how to maneuver through the delicate politics and community involvement needed to unlock the latent value in our assets in New South Wales, Indonesia and China. Given New Hope has not provided any business plan we can only assume that this is part of a move by its parent company Washington H Soul Pattinson and Company Ltd (Soul Pattinson) to protect New Hope from low world coal prices by taking control of oil and gas companies at the expense of other shareholders.*

And further, I wrote that;

*It was only in March last year that New Hope tried and failed to sell its coal assets – dropping the sale because it failed to attract adequate offers. In 2012, apparently anticipating a down turn in the coal business, Soul Pattinson decided to change their previous oil and gas strategy of passive investment in a spread of companies by having New Hope directly acquire Cooper Basin energy company Bridgeport Energy and stating that it wanted to move to having its own oil and gas business embedded within New Hope because the oil and gas business had better margins than the coal industry. We believe that the next stage in the strategy is to gain effective control of Dart (without adopting the normal approach of a formal offer to shareholders at a premium price) by gaining a majority position on Dart' Board. This is clearly not in the best interest of shareholders.*

*The new directors proposed by New Hope and Soul Pattinson - led by New Hope's current CEO Rob Neale who steps down in January and who has just become Chairman of Dart's competitor WestSide Corporation Limited in which Soul Pattinson also has a substantial shareholding - are entirely Brisbane based and appear to have limited unconventional gas and international experience.*

Everything we have seen since in the market would indicate that this is correct.

You may also be aware that Soul Pattinson, the ultimate parent company of New Hope, is currently facing intense criticism from some of its large shareholders - M.H.Carnegie & Co and Perpetual Investment Management Ltd - who are seeking greater transparency, and that shareholders be treated equally, and are critical of the current control of the Soul Pattinson board from a minority shareholder position.

New Hope is also facing vehement community opposition around any expansion to its New Hope Acland coal mine and its coal to liquids plans on the eastern Darling Downs in Queensland.

### **The Way Forward**

The Board of Dart Energy continues to believe that this approach by New Hope is wrong for Dart shareholders. It brings in the wrong skill set for Dart at the wrong time with the wrong motives, and will deliver the wrong outcome for shareholders.

By contrast, the Board of Dart Energy has a clear plan for the company, and has communicated that plan to the market. Moreover, during the past nine months we have executed on that plan, including a substantial restructuring of the business, sale of non-core assets, a strategic refocussing on our assets in the UK, and a major farm-in agreement with an international oil and gas major. And, as I wrote in my letter to you on 6 November 2013, the existing Board is committed to a process of renewing and refreshing the Board in an orderly fashion, that serves the interests of the whole Company, and not just one shareholder.

We thus once again urge you to vote **AGAINST** the appointment of the four directors proposed by New Hope, vote **AGAINST** the removal of the three existing Directors, Stephen Bizzell, Simon Poidevin and myself, and vote **FOR** the re-election of Norrie Stanley.

Whilst recognizing that the Industry and Dart has suffered over the last 18 months from continued opposition to unconventional gas in New South Wales we believe the refreshing approach being shown by national governments in other countries and the ultimate differential threat to Australian domestic energy prices means that Dart is now well positioned to enjoy high levels of growth in the UK in the near term and in Australia and Indonesia in the longer term.

We urge you to allow the incumbent board to continue its work and to deliver on its plan. We are well on the way.

Thank you for your time.

To be clear, if you plan to follow the Board recommendations and reject the New Hope proposals you should vote **for** Resolutions 3a and 3b and **against** Resolutions 6a to 6g:

STEP 2		VOTING DIRECTIONS							
<b>Resolutions</b>		<b>For</b>	<b>Against</b>	<b>Abstain*</b>	<b>Directors recommend that Shareholders vote AGAINST all resolutions proposed in Item 6a-g</b>		<b>For</b>	<b>Against</b>	<b>Abstain*</b>
2 Remuneration Report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6a That Stephen Bizzell be removed as a director of the Company with immediate effect	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3a Re-election of Nicholas (Nick) Davies as Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6b That Nicholas Davies be removed as a director of the Company with immediate effect	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
3b Re-election of Norman (Norrie) Stanley as Director	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6c That Simon Poidevin be removed as a director of the Company with immediate effect	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4 Approval of previous Share placement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6d That, Robert Charles Neale, be appointed as a Director	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
5 Approval of issues under the Option Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		6e That, Stephen Edward Lonie, be appointed as a Director	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
					6f That, Peter William Forbes, be appointed as a Director	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
					6g That, Lester Campbell Rathie, be appointed as a Director	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you have already voted but wish to change you vote then it is still possible to do so.

Voting can be also completed online by following the following instructions. If this is not possible then a replacement hard copy can be obtained by calling our share registry on 1300 554 474 with your holding details and requesting that a new mailing pack to be sent out.

#### How to vote online

- Go to website <http://www.linkmarketservices.com.au/corporate/home.html>
- At bottom left of page is a link to Voting Online
- It will take you to <https://investorcentre.linkmarketservices.com.au/Login.aspx/Login>
- Log in using the single holding option – you will need
  - Issuer name – DTE or Dart Energy Limited
  - your HIN or SRN and
  - the postcode (or country for overseas holders) of the address in which the shares are registered
- Once access has been gained the home page of the holding provides a link to Voting – follow the link and the instructions to record your vote.

**Nick Davies**  
**Chairman**

#### For further information contact:

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