

# Dart Energy Limited

Repositioned for focused growth

London Roadshow  
Nick Davies – Chairman  
John McGoldrick – CEO

April 2013



# STRATEGIC PRIORITIES

## Immediate Focus on UK Projects



- UK assets offer best prospects for near term value creation
- Prioritised approach to other geographies

## Substantial Cost Reductions

Overhead cost savings

Burn rate and forward work plan reduced

Secure longer-term funding base

- Prioritise capital allocation

## Board & Management Changes

Single Company structure

Streamlined Board

John McGoldrick as CEO

- Committed to delivering the new strategy

# FOCUS ON UK ASSETS, PRIORITISED APPROACH TO OTHER GEOGRAPHIES

## Focus on Company's attractive CSG projects in Scotland and extensive shale assets in England

- ✓ **UK Projects offer the best prospects for near-term value creation**
- ✓ **Government policy now in place to support unconventional gas development**
  - *PEDL 133*: Progress development plan for 2014 production and gas sales
  - *PEDL 159*: Secure funding / partners; pilot production drilling in 2014
  - *England Shale Gas*: Form JV(s) to explore & appraise Bowland shale position
  - *Rest of UK portfolio*: Exploration and appraisal program, form JV(s)
- **Australia - "care and maintenance"**
  - minimal activity for at least 12 months
  - await regulatory clarity and certainty
  - reduce exposure to MFV project
  - consolidation options - preserve longer term value potential
- **Indonesia - focus on Sumatra commerciality**
  - focus on establishing commerciality for South Sumatra
  - commitment drilling and off-take options
  - no further capital to pilot-to-power schemes
- **China – focus on shale prospect**
  - Secure Shale PSC approvals
- **Non-core asset in Europe (Germany, Belgium, Poland), India, China and Indonesia**
  - Farm-outs, partnerships, asset sales or exit
  - No additional activity, no additional capital and reduce operations
- **IPO of Dart International cancelled**

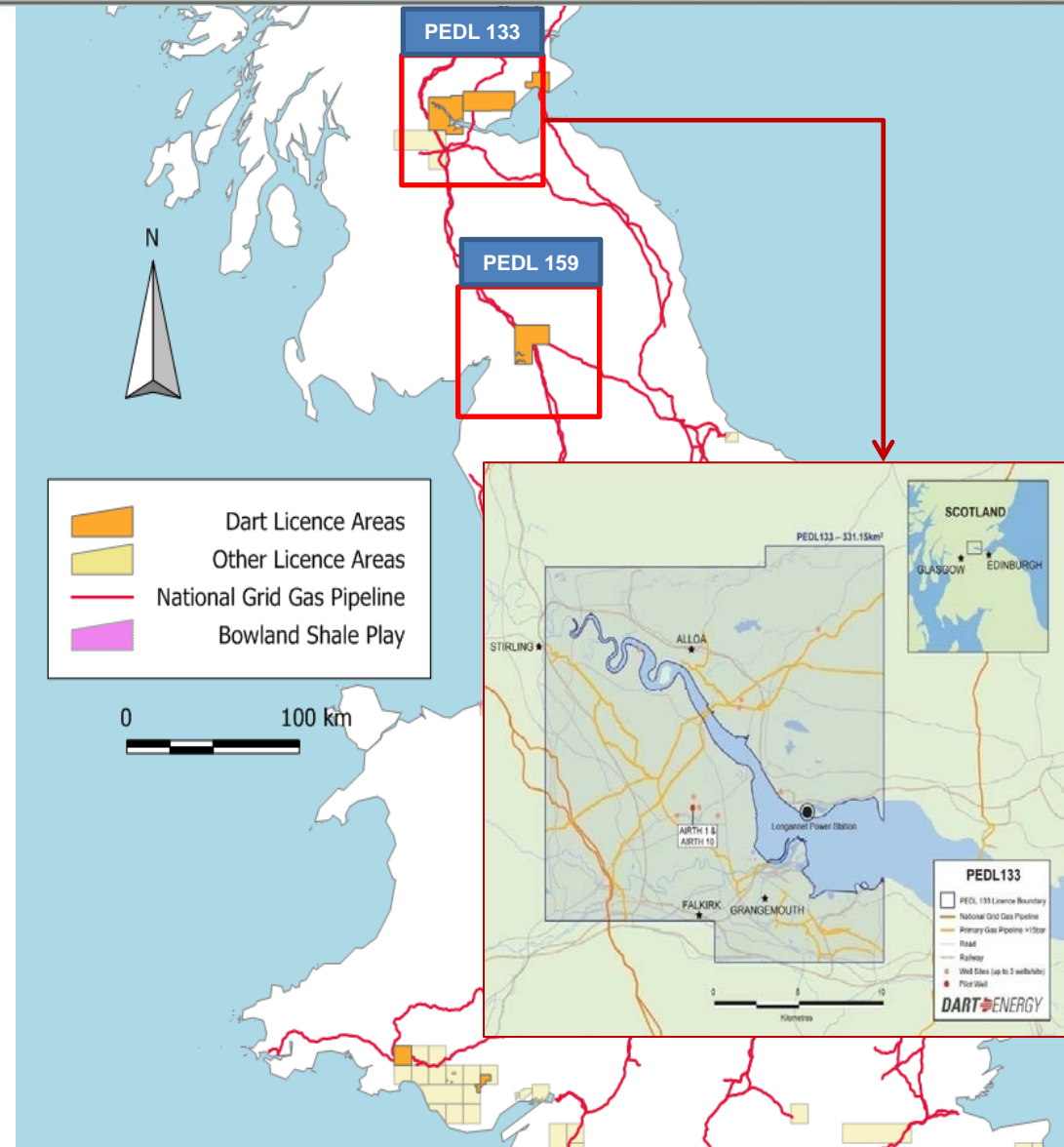
# UK CBM PROJECTS - SCOTLAND

## PEDL 133: Airth, Scotland – building revenue to US\$100m /a within 3 years

- 100% WI
- 1<sup>st</sup> independently assessed reserves for unconventional in Europe
  - 72 Bcf 3P / 38 Bcf 2P reserves (NSAI)
  - 597 Bcf 2C resource (upside potential)
- Established reservoir performance
  - 1<sup>st</sup> electricity from CBM in Scotland
  - 1<sup>st</sup> commercial gas flow-rate in Europe
  - >0.8 MMscf/d per well; capacity to flow >1 MMscf/d
- Development drilling underway
  - Development Phase 1: 10 wells and complete gathering and compression plant for 35 MMscf/d
  - Development Phase 2: additional 25 wells
- Field Development Plan in place
- Planning application in progress – approval anticipated in CY2013
- First gas sales scheduled for 2014
  - SSE GSA in place – 8 years from April 2013; “send-or-pay”; NBP price; up to 10 Bcf/yr

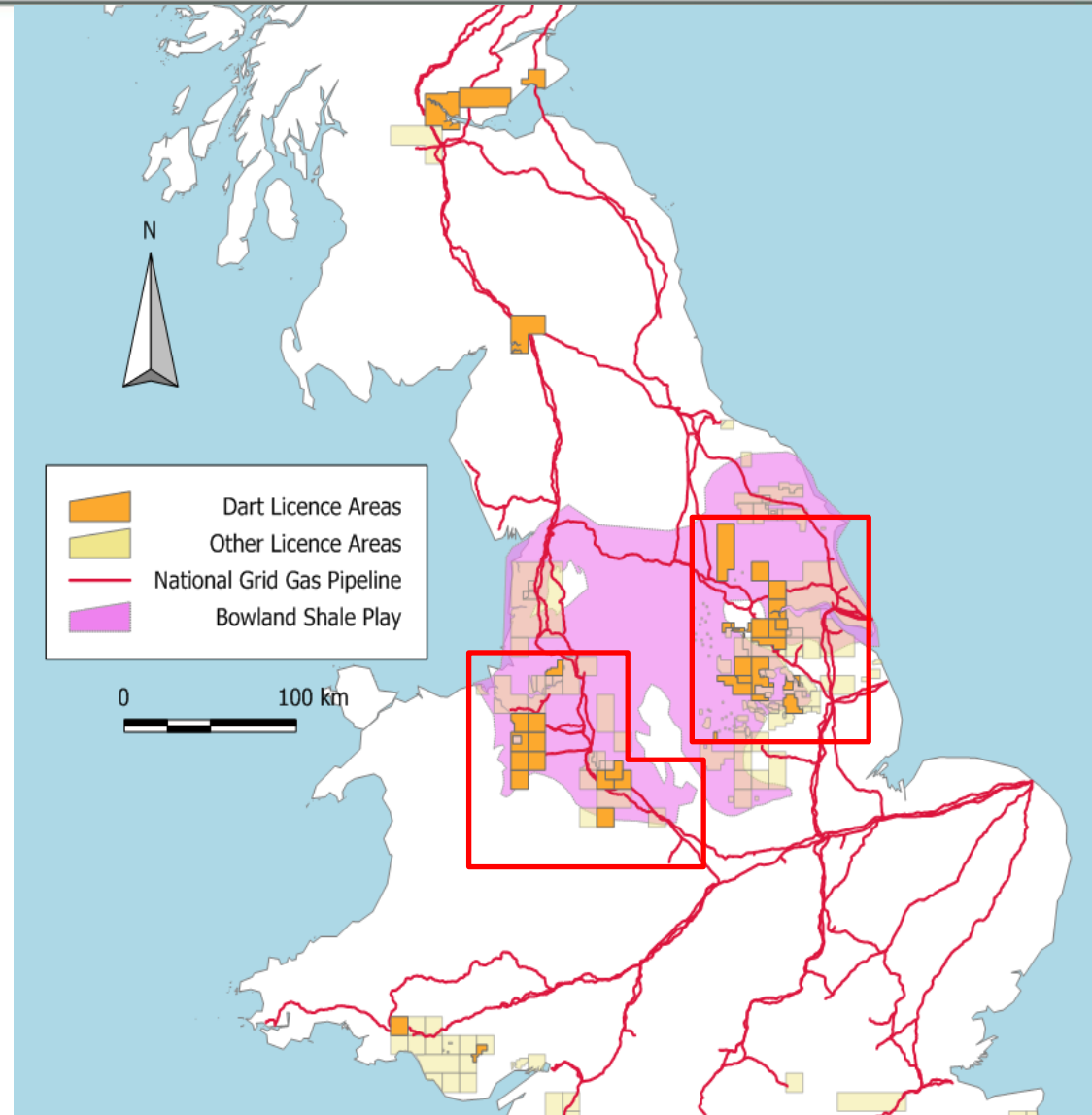
## PEDL 159, Solway, Scotland

- Good gas flows from early appraisal wells
  - >0.2 MMscf/d -short single seam section
- Pilot production wells and testing planned for 2014
- JV / partnership to secure funding



# UK SHALE ASSETS – BOWLAND BASIN, ENGLAND

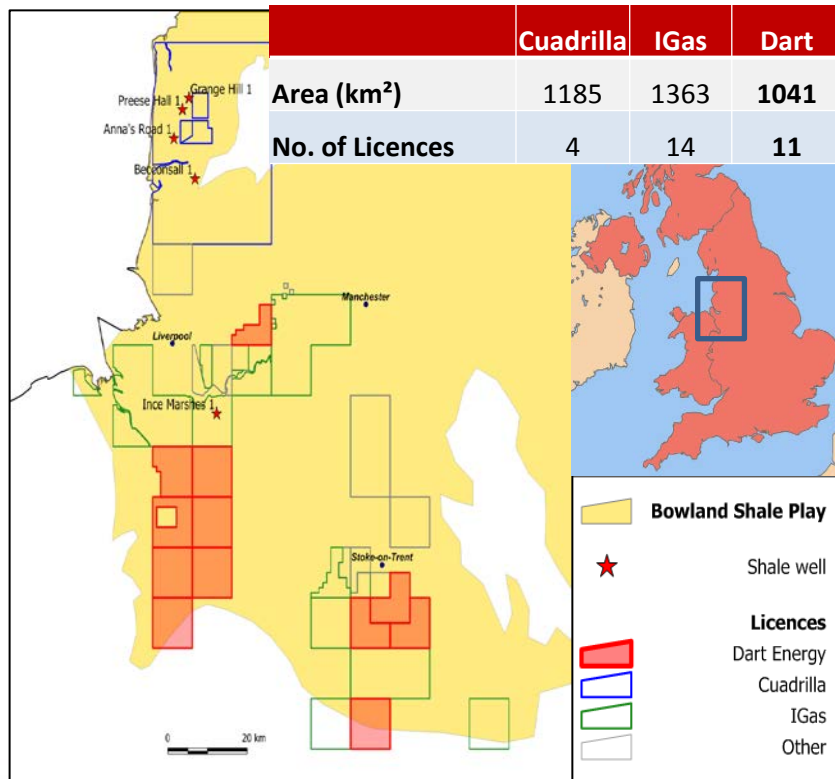
- Exciting shale play in UK
- UK government policy now firmly in place to support unconventional gas development
- Flow-rates have been demonstrated
  - Caudrilla vertical well – IP > 1 MMscf/d
  - activity underway across the basin to establish commerciality
- Dart one of three operators with significant position
- Dart has independent assessment of gas-in-place up to 110 TCF
- Typically 100% Dart Working Interest provides opportunity to form JV partnerships to secure funding and business synergy
- Actively seeking appropriate partner(s) to develop Bowland shale gas position



# BOWLAND SHALE PLAY - MAJOR PLAYERS LICENCE POSITIONS

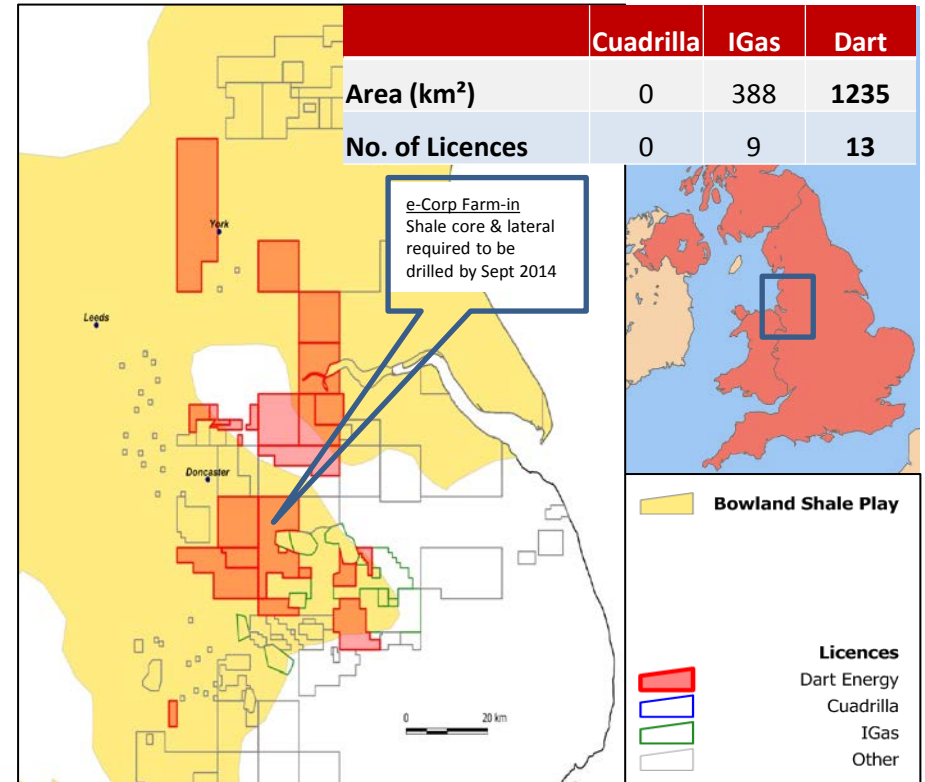
## Western region

- Western Bowland Shale play most active, with ongoing exploration activity
- Dart has one of the largest acreage positions
- Organic-rich, Lower Carboniferous shales present
- Shale generally thicker in basins than on platforms
- World-class source rocks



## Eastern region

- Eastern Bowland Shale – little data within Gainsborough Trough, but indications of hydrocarbon potential, both dry and liquids rich shale gas possible
- Normanby 1 and Grove 3 conventional exploration wells; represent a basinal and platform setting in the Eastern UK areas; Gamma Active shales present in both wells



# UK SHALE COMPARABLES




## Corporate Status

ASX - listed

AIM - listed

AIM - listed

Privately held

## UK Licences

44

25

22

7

## Net UK Acreage (km<sup>2</sup>)

3,618

1,455

500

c. 6,000

## UK Resources

OGIP: 10.9 Tcf (CBM)  
OGIP: 63 -110 Tcf (Shale)  
2C: 4.7 Tcf (CBM)

OGIP: 25 Tcf (CBM)  
OGIP: 10 Tcf (Shale)  
3C: 2.4 Tcf (CBM), 0.4MMbbl  
2C: 1.8 Tcf (CBM), 0.3MMbbl  
1C: 1.4 Tcf (CBM), 0.24MMbbl

3C: 350 Bcf (CBM)  
2C: 3.5 Bcf (CMM)

OGIP: 200 Tcf (Shale)

## UK Reserves

3P: 72 Bcf (CBM)  
2P: 37.5 Bcf (CBM)

3P: 10 Bcf (CBM), 14.8MMbbls  
2P: 9 Bcf (CBM), 9.6MMbbls  
1P: 5 Bcf (CBM), 5.68MMbbls

Not available

Not available

## Market Cap (US\$ Million)

US\$45

US\$232

US\$48

US\$200+ (based on  
AJLucas investment of  
\$100m for 44% stake)

## Enterprise Value (US\$ Million Est)

US\$40

US\$350

US\$60

Not available

# FOCUSSED APPROACH TO OTHER ASSETS

<b>AUSTRALIA</b>	<b>Assets</b>	<ul style="list-style-type: none"> <li>➤ PEL458 – Fullerton Cove project</li> <li>➤ 7 other licences in NSW</li> </ul>
	<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Minimal activity for at least 12 months; await regulatory clarity and certainty; reduce exposure to MFV project</li> <li>➤ “Care &amp; maintenance” to preserve optionality; explore consolidation options</li> </ul>
<b>CHINA</b>	<b>Assets</b>	<ul style="list-style-type: none"> <li>➤ 25% and joint operator of Liulin CBM project; partners with Fortune Oil Plc 25%; CUCBM 50%. Fortune recently transacted their interest at substantial value</li> <li>➤ PSC with Henan CBM for shale gas exploration in Henan; Dart is operator; 49% reducing to 24% on farm-out to China Gas; awaiting regulatory approvals</li> </ul>
	<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Focus on shale gas PSC – approvals and complete farm-out</li> <li>➤ Low cost participation in exciting sector</li> </ul>
<b>INDONESIA</b>	<b>Assets</b>	<ul style="list-style-type: none"> <li>➤ South Sumatra: 50% of Muralim PSC; 45% Tanjung Enim PSC; operator of both</li> <li>➤ East Kalimantan: 24% of Sangatta West PSC; 100% of Bontang PSC, East Kalimantan</li> </ul>
	<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Focus on establishing commerciality for South Sumatra – commitment drilling and off-take</li> <li>➤ No further capital to non-essential activities</li> </ul>
<b>NON-CORE</b>	<b>Assets</b>	<ul style="list-style-type: none"> <li>➤ Assets in India, Germany, Poland, Belgium, and certain assets in China and Indonesia (Liulin, East Kalimantan) considered non-core</li> </ul>
	<b>Strategy</b>	<ul style="list-style-type: none"> <li>➤ Focus on maximising return: JV, farm-out, sell or exit</li> </ul>



# SUBSTANTIAL OPERATING COST REDUCTIONS IMPLEMENTED

## “Right-sizing” of the business to “fit” the new strategy / focus

- 70% reduction in global staff base
- elimination / down-sizing of unneeded facilities
- Aggregate “burn” reduced to c.\$12m per annum (\$1m per month)
  - Reduction of approximately 60%
  - 50% G&A and 50% directly project related

### Staff & Facilities

- Global staff base reducing to approximately 50
  - reduced from peak of approximately 190
- Reduced management / executive function
  - elimination of duplicate functions
- Retaining core expertise
- Shutting or substantially downsizing offices

### Restructuring Cost

- Approximately \$2m over the next 6 months
  - including redundancy costs, lease exits, etc

# RESTRUCTURED BOARD AND MANAGEMENT

## Board

- Nick Davies , non-executive Chairman
- Stephen Bizzell, Shaun Scott and Simon Poidevin - non-executive directors
- Norrie Stanley joined Board as non-executive independent director
  - UK based, former senior BP executive
  - extensive UK / international energy / gas expertise
- Board fees reduced 45% since start 2013

## Management

- John McGoldrick to become CEO of entire business
  - formerly CEO of Dart Energy International
- Streamlined team
  - duplicate positions eliminated
- Reduced cost
- Simplified operating structure

## Incentive Arrangements

- Implement option packages for continuing executive management that align go-forward team with restoring shareholder value

# CASH AVAILABILITY & WORK PROGRAM FUNDING

## **As at 31 March 2013, Dart is expected to have:**

- Available cash / liquid assets of \$17m
- Cash-backed security deposits of \$7m
- Drawn HSBC debt of \$14m (increasing to \$17m by May as Airth development wells drilled)

## **Net of:**

- \$2m restructuring costs
- inflows from release of cash-backed securities, and other inflows
- and assuming no farm-outs, assets sales or fundraising provides remaining cash = c. \$20m

## **Remaining cash to be allocated based on new strategy:**

- Focused 12 month work program – UK priority
- monthly “burn” of \$1m

**Additional funding initiatives to be aggressively pursued, including potential asset sales, JVs and farm-outs**

# NEAR-TERM WORK PROGRAM & MILESTONES

## Core Objectives: Stability, Focus, Restoring Value

ASSET	Activity	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
PEDL133	Planning	■	■	■				
	Reserve re-estimation		■					
	Development				■	■	■	
	First Gas						■	■
PEDL159	Partner selection		■	■				
	Pilot drilling					■	■	
UK shale	JV / funding	■	■					
	Core wells					■	■	■
UK CBM	Commitment drilling			■	■	■	■	
South Sumatra	Pilot drilling & testing	■	■	■				
	Reserve estimation				■			
China Shale	PSC approval			■	■			
	1st phase work program						■	■
Australia	Drilling recommence					■	■	
Non core assets	JV, farm-out or exit	■	■	■				
Funding	Secure funding base	■	■	■				

# DART ENERGY LIMITED - KEY MESSAGES

1

## Unconventional gas is an exciting sector to invest in

- Gas is a primary fuel of the future
  - gas as share of energy mix projected to catch up with oil by 2040 <sup>1,2</sup>
- Unconventional gas resources are larger than conventional natural gas resources<sup>1</sup>
- Unconventional gas, both shale and CBM, as a business and investment is proven, not theory
  - has changed the energy balance in North America / Australia already

2

## Unconventional gas in UK is poised to take off

- Large resource, and will be key bridge fuel
- UK Government policy now clear and supportive, and leading Europe in support / regulation for unconventional gas
- Exploration activity / licencing ramping up across UK / Europe / Asia

3

## Dart provides unique exposure to the unconventional gas sector

- Large asset base in all the right play-zones, comparable with other companies
- First UK CBM project with Gas Sales Agreement – to ramp up to c. US\$100m p/a revenues within 3 years
- Second UK CBM field development close behind; multiple other CBM blocks with potential
- One of UK's top shale portfolios – enormous potential
- Longer-term Indonesian production and revenue and substantial Australian asset base
- Managed by an experienced team with a demonstrated track record
- Business now substantially restructured: focus and reduced cost base = attractive value proposition

Notes:

1 DataFusion Associates

2 ExxonMobil report: 2012 The Outlook for Energy: A View to 2040

# DART ENERGY LIMITED – CORPORATE SNAPSHOT

## Corporate Profile (as at 5 April 2013)

ASX Ticker Symbol	DTE
Share price (A\$/sh)	0.045
12-Month Weekly High / Low	0.325/ 0.04
Issued Shares (m)	878.7
Issued Options (m)	71.2
Market cap (A\$m)	39.5
Cash (A\$m) <small>as at 31 March 2013</small>	17
Enterprise Value*(A\$m)	36.5

*\* Includes US\$14m drawn against US\$100m HSBC debt facility as at 31 March 2013*

## Share Price Performance



- Diversified global unconventional gas portfolio
- One of the largest shale gas exposures in the UK – embedded optionality
- CBM underpins business, offering defined path to production and revenue

## Portfolio Summary (as at end February 2013)

Active Licences	53	
Countries	8	
Key Projects	7	
Licence Area (km <sup>2</sup> )	42,000	
	<b>CBM</b>	<b>Shale</b>
Net 3P reserve (Bcf)	140	
Net Contingent* Resource (Tcf)	5.4	
Net Prospective Resource (Tcf)	14	0.4
Net OGIP (Tcf)	48	75-140

*\*Contingent = 2C Resource \*\* Conditional upon supply*

**END. THANK YOU.**

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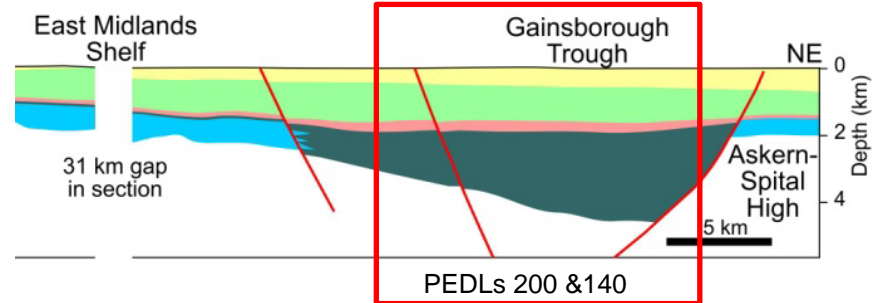
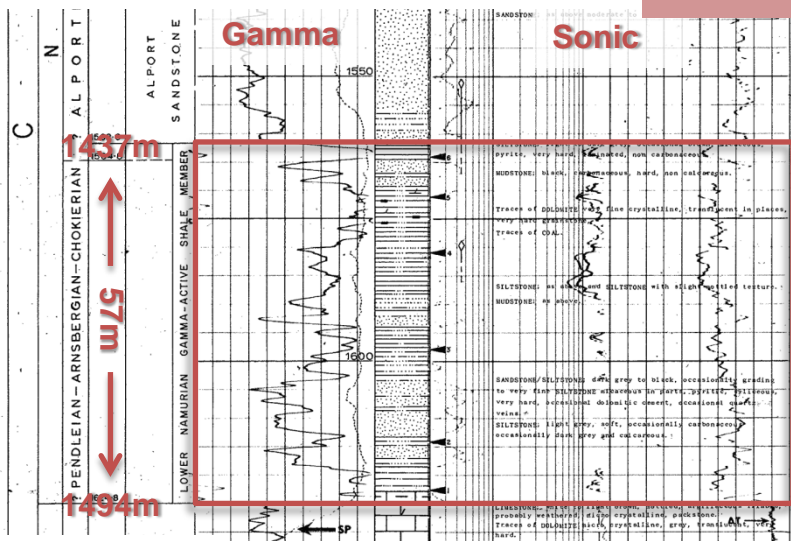
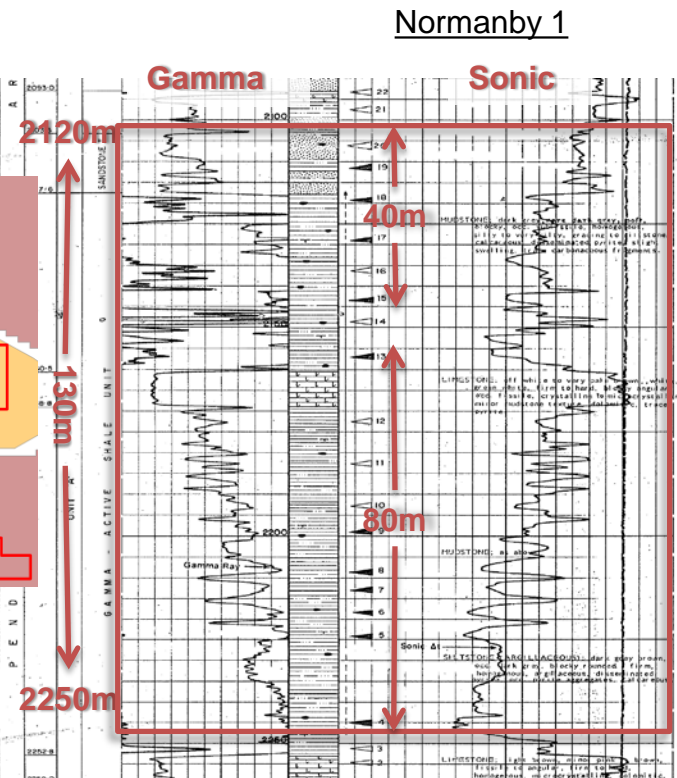
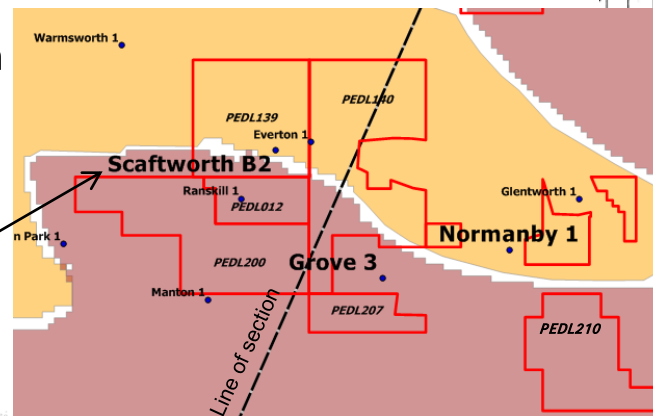
**ADDITIONAL MATERIALS.**



# EAST BOWLAND - SHALE GAS PLAY INDICATORS

- Normanby 1 and Grove 3 drilled as conventional exploration wells.
- Represent a basinal and platform setting in the East Midlands area.
- Gamma Active Shales present in both wells.
- Thicknesses vary due to geological setting.

**Scaftworth B2**  
 TOC – 2.07-3.63%  
 Maturity – 1.26% @ 2246m



Grove 3

# SHALE RESOURCES

BOWLAND SHALE	Shale OGIP (Tcf)					
	Gross			Participating Interest		
	Low	Best	High	Low	Best	High
<b>Bowland Shale - West</b> (PEDLs 147, 186, 187, 185, 188, 189)	11.0	30.5	52.5	11.0	30.5	52.9
<b>Bowland Shale - East</b> (EXL288, PEDLs 012, 139, 140, 200, 207, 210)	19.2	47.6	83.4	13.2	32.4	57.1
<b>Total Shale GIP - NSAI Estimate</b>	30.2	78.1	135.9	24.2	62.9	110.0

OTHER LICENCES WITH SHALE PROSPECT	Shale OGIP (Tcf)					
	Gross			Participating Interest		
	Low	Best	High	Low	Best	High
<b>Other UK</b>	1.9	4.4	8.9	1.1	2.5	5.5
<b>Milejow</b> <i>Lublin Basin, Poland</i>	2.5	9.5	24.9	2.5	9.5	24.9
<b>Saxon I and Saxon II</b> <i>North Rhine-Westphalia, Germany</i>	0.3	1.0	3.0	0.3	1.0	3.0
<b>Total Shale GIP - NSAI Estimate</b>	4.7	14.9	36.8	3.9	13.0	33.4

# CBM RESOURCES & RESERVES – EUROPE AND ASIA

Licences with CBM prospect (Bcf)	Net OGIP			Net Prospective Resources			Net Contingent Resources			Net Reserves		
	Low	Best	High	Low	Best	High	3C	2C	1C	3P	2P	1P
<b>EUROPE</b>												
PEDL 133	512	1,093	1,994	-	-	-	1,247	597	151	72	38	-
PEDLs 161 & 163	39	140	317	-	-	-	185	41	2	-	-	-
PEDL 159	363	363	363	38	43	49	134	123	113	47	-	-
East Midlands	1,991	4,059	6,850	1	14	47	3,888	1,218	73	-	-	-
Cheshire	1,937	3,197	5,041	-	-	-	3,195	1,683	651	-	-	-
Staffordshire	1,181	1,466	1,751	-	-	-	1,043	686	402	-	-	-
USCB	187	526	1,364	19	108	459	-	-	-	-	-	-
Milejow	50	265	672	3	36	156	-	-	-	-	-	-
Saxon I West & Saxon II	121	710	3,070	12	138	893	-	-	-	-	-	-
<b>Europe Total</b>	<b>6,336</b>	<b>11,819</b>	<b>21,422</b>	<b>73</b>	<b>339</b>	<b>1,604</b>	<b>9,692</b>	<b>4,347</b>	<b>1,392</b>	<b>119</b>	<b>38</b>	<b>-</b>
<b>ASIA</b>												
Sangatta West	150	250	392	23	44	76	100	62	37	9	-	-
Tanjung Enim	278	393	529	60	88	126	154	109	75	-	-	-
Muralim	1,116	1,357	1,673	528	682	891	-	-	-	-	-	-
Assam	488	706	982	311	450	626	-	-	-	-	-	-
Satpura	160	367	714	37	130	332	75	27	8	-	-	-
Liulin	103	143	197	-	20	-	33	22	12	12	7	-
<b>Asia Total</b>	<b>2,294</b>	<b>3,216</b>	<b>4,485</b>	<b>959</b>	<b>1,414</b>	<b>2,051</b>	<b>362</b>	<b>220</b>	<b>133</b>	<b>21</b>	<b>7</b>	<b>-</b>

# CBM RESOURCES & RESERVES - AUSTRALIA

Licences with CBM prospect (Bcf)	Net OGIP	Net Prospective Resources	Net Contingent Resources	
	Best	Best	3C	2C
<b>AUSTRALIA</b>				
PEL 456	15,085	6,545	470	-
PEL 458	1,342	-	871	542
PEL 459	1,034	481	-	-
PEL 460	1,132	527	-	-
PEL 461	158	73	-	-
PEL 463	13,641	4,615	143	-
PEL 464	132	61	-	-
<b>Australia Total</b>	<b>32,524</b>	<b>12,302</b>	<b>1,484</b>	<b>542</b>

*The reserve and resource estimates used in this announcement were, where indicated, compiled by Dan Paul Smith and John Hattner of Netherland, Sewell & Associated, Inc., (all assets except Liulin) and Mr Tim Hower of MHA Petroleum Consultants in respect of Liulin, 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 Smith, Mr Hattner are qualified in accordance with the requirements of ASX listing rule 5.11 and have consented to the use of the resource figures in the form and context in which they appear in this announcement.*