

BIDDER'S STATEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser as soon as possible.

Recommended Offer by



Dart Energy Limited ("**Dart**")
(ACN 122 588 505)

to purchase all of your securities in

Apollo Gas Limited ("**Apollo**")
(ACN 138 673 186)

If you accept you will receive 3 Dart Securities
for every 4 Apollo Securities you hold

The Voting Directors of Apollo recommend you

ACCEPT

the Offer in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable

The Offer is dated **1 November 2010** and will close at 7.00pm (AEDT) on **2 December 2010** (unless extended).

This Bidder's Statement is given by Dart Energy Limited under Part 6.5 of the Corporations Act. If you have any questions about the Offer or this document or about how to accept the Offer, please contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

IMPORTANT DATES

Announcement Date	28 September 2010
Bidder's Statement lodged with ASIC	28 October 2010
Date of Offer	1 November 2010
Close of Offer Period (unless extended)	7.00pm (AEDT) on 2 December 2010

IMPORTANT INFORMATION

This Replacement Bidder's Statement is dated 28 October 2010 and was lodged with ASIC and ASX Limited on that date. This Replacement Bidder's Statement replaces the bidder's statement lodged with ASIC on 25 October 2010. References to "Bidder's Statement" are to this Replacement Bidder's Statement.

The Offer described in this Bidder's Statement is given by Dart Energy Limited ACN 122 588 505 ("**Dart**") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire the securities in Apollo Gas Limited ACN 138 673 186 ("**Apollo**").

This Bidder's Statement is dated 28 October 2010. It includes the Offer dated 1 November 2010 on the Offer Terms set out in Annexure A and the Offer Conditions set out in Annexure B.

A copy of this Bidder's Statement was lodged with ASIC on 28 October 2010. Neither ASIC nor any of its officers take any responsibility for the content of this Bidder's Statement or for the merits of the investment to which this Bidder's Statement relates.

Privacy

Dart has collected your information from the Apollo register of Apollo Shareholders and Apollo Optionholders for the purpose of making this Offer and, if accepted, administering your holding of Apollo Securities. The Corporations Act requires the name and address of Apollo Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Dart's Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Dart, please contact us using the contact details shown below.

Investment decisions

This Bidder's Statement does not take into consideration the individual investment objectives, financial situation or particular needs of each Apollo Securityholder. You may wish to seek independent financial, taxation or legal advice before deciding whether or not to accept the Offer for your Apollo Securities.

Forward looking statements

This Bidder's Statement includes information which is historical in nature. This Bidder's Statement also contains forward looking statements. The forward looking statements in this Bidder's Statement reflect the views held by Dart at the date of this Bidder's Statement. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are normal and to be expected.

None of Dart, its Directors or officers or any persons named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty (either express or implied), as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement or any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved.

Defined terms

A number of terms used in this Bidder's Statement are defined in section 16. Otherwise, unless the contrary appears, terms used in this Bidder's Statement have the same meaning as in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, as the case may be.

Reserves

The Dart Reserves and Resource estimates used in this Bidder's Statement were, unless otherwise stated, compiled by Mr John Hattner of Netherland, Sewell & Associates, Inc., Dallas ("NSAI"), and are consistent with the definitions of "proved hydrocarbon reserves", "probable hydrocarbon reserves" and "possible hydrocarbon reserves" that appear in the ASX Listing Rules. Mr Hattner is qualified in accordance with the requirements of ASX Listing Rule 5.11 and consents to the use of the Reserve figures and Resource figures in the form and context in which they appear in this Bidder's Statement.

Unless otherwise indicated, all gas and oil Reserves and Resource information reproduced in this document in respect of Apollo has been prepared by and/or for Apollo and has been extracted without material amendment from information included in public documents filed by Apollo. Unless otherwise indicated, this information has not, for the purposes of this Bidder's Statement, been commented on or verified by Apollo or its Directors or verified by Dart or its Directors. Please refer to "Information on Apollo" below.

Foreign jurisdictions

The distribution of this Bidder's Statement in jurisdictions outside Australia or New Zealand may be restricted by law and any person who comes into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer to any person in any jurisdiction in which it would not be lawful to make such an offer. No action has been taken to register or qualify Dart or otherwise permit a public offering of Dart Securities outside Australia and New Zealand.

Information on Apollo

All information in this Bidder's Statement relating to Apollo has been prepared by Dart using information included in public documents filed by Apollo or published by Apollo on its website. None of the information in this Bidder's Statement relating to Apollo has been verified by Apollo or the Board of Apollo or independently verified by Dart or the Board of Dart for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, Dart makes no representation or warranty (express or implied) as to the accuracy or completeness of this information. The information on Apollo in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the Directors of Apollo to provide a Target's Statement to Apollo Shareholders in response to this Bidder's Statement, setting out certain material information concerning Apollo.

Internet

Both Dart and Apollo maintain internet sites. Dart's internet site is www.dartenergy.com.au. The Apollo internet site is www.apollogas.net.au. Information contained in, or otherwise accessible through these internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are inactive textual references to these sites and are for your information only.

How to accept

To accept the Offer you should follow the instructions set out in section 1 of this Bidder's Statement and on the enclosed Acceptance Form.

Enquiries

If you are in any doubt about how to deal with this document, you should consult your broker, legal, financial or other professional adviser. If you have any questions about the Offer or this document or about how to accept the Offer, please contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

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1 How to accept the Offer

Acceptances for the Offer must be received before the close of the Offer Period, being 7.00pm (AEDT) on 2 December 2010 (unless extended or withdrawn). There are different ways to accept the Offer depending on the nature and type of your holding.

Apollo Shares

For CHESSE Holdings of Apollo Shares

Please either:

- instruct your broker or other CHESSE Controlling Participant to initiate acceptance of the Offer on your behalf; or
- complete, sign and return the enclosed Share Acceptance Form in accordance with the instructions,

in sufficient time for the Offer to be accepted before the end of the Offer Period.

For Issuer Sponsored Holdings of Apollo Shares

Please complete and execute the enclosed Share Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it to:

By Post

Link Market Services Limited
Apollo Gas Limited Takeover
Locked Bag A14
SOUTH SYDNEY NSW 1235

By Hand

Link Market Services Limited
Apollo Gas Limited Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

Apollo Options

Please complete and execute the enclosed Option Acceptance Form in accordance with the instructions on that form and within this Bidder's Statement and return it to:

By Post

Link Market Services Limited
Apollo Gas Limited Takeover
Locked Bag A14
SOUTH SYDNEY NSW 1235

By Hand

Link Market Services Limited
Apollo Gas Limited Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

A reply paid envelope is enclosed for Apollo Securityholders with an Australian address. Foreign Securityholders should return their Acceptance Form by airmail (see section 15.5 regarding eligibility of Foreign Securityholders).

Full details of how to accept the Offer are set out in the Offer Terms.

If you have any questions about how to accept the Offer, please contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

2 Chairman's Letter

28 October 2010

Dear Apollo Securityholder,

On behalf of the Directors of Dart Energy Limited ("**Dart**"), I am pleased to enclose Dart's offer to acquire all of your ordinary shares and options in Apollo Gas Limited ("**Apollo**"). Dart is offering 3 Dart Securities for every 4 of your Apollo Securities (the "**Offer**"). Based on the last traded price of Dart Shares on the ASX prior to the date this Bidders Statement was originally lodged with ASIC, the value of the Offer Consideration was \$0.87¹ per Apollo Share.

Why you should accept the Offer

- 1 The Offer represents a significant premium to the recent trading price of Apollo Shares on the ASX. The Offer Consideration of \$0.87¹ per Apollo Share represents:
 - a 43% premium to Apollo's closing share price of \$0.61 on 24 September 2010, being the last day of trading of Apollo Shares on the ASX prior to the announcement of the Offer; and
 - a 46% premium to Apollo's one month VWAP of \$0.595 for the one month prior to the announcement of the Offer² on 28 September 2010.
- 2 The significant premium being offered by Dart allows Apollo Shareholders to realise potential future value for their Apollo Shares today.
- 3 Apollo's Voting Directors³ have considered the Offer and **unanimously recommend** that you accept the Offer (subject to there being no Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable).
- 4 Apollo's Voting Directors³ and Major Shareholders who together hold approximately 53% of the issued capital of Apollo (excluding Dart's 21% shareholding interest) have indicated their intention to **ACCEPT** the Offer for the Apollo Securities that they hold or control subject to there being no Superior Proposal.⁴
- 5 The Offer provides an opportunity for Apollo Securityholders to become part of a larger group with an increased market capitalisation and greater market liquidity.
- 6 The Offer allows Apollo Securityholders to retain their exposure to Apollo's assets through a company with operational diversity across multiple jurisdictions, coal basins and gas markets.
- 7 By accepting the Offer, Apollo Securityholders will gain exposure to a project pipeline across Dart's international portfolio of Coal Seam Gas (**CSG**) assets with potentially higher growth and value.

¹ For the purposes of calculating the value of the Offer, Dart Shares are valued at \$1.16 each which was the price of Dart Shares on the ASX at the close of trading on 22 October 2010 (being the last trading day prior to the date this Bidder's Statement was originally lodged with ASIC).

² Calculated up to and including 24 September 2010 (being the last day of trading of Apollo Shares on the ASX prior to announcement of the Offer).

³ All of the Directors of Apollo excluding Stephen Bizzell (who is also a Director of Dart).

⁴ Subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

- 8 Before the announcement of the Offer, Dart was earning an interest in two of Apollo's permits via a farm-in arrangement. The Offer allows consolidation of an existing relationship in which Dart's management team already has a good technical appreciation of a significant portion of Apollo's portfolio.
- 9 Dart's management team has significant experience in the development and operation of CSG projects.
- 10 Capital gains tax rollover relief may be available for the Australian resident Apollo Securityholders in respect of that portion of any capital gain referable to the Dart Securities received as the Offer Consideration.⁵

Dart has been a shareholder of Apollo since August 2009 when it provided seed capital to Apollo prior to its initial public offering in December 2009. At the date of this Bidder's Statement, Dart has a 21.04% shareholding in Apollo. If Apollo's Directors and Major Shareholders accept in accordance with their announced intentions, then Dart's shareholding in Apollo will increase to approximately 75%.⁶

About Dart

Dart is an Australian listed energy company focused on the development of CSG in NSW, Australia, selected Asian countries and Europe. Here, significant resource bases are located close to gas markets thereby providing access to upside in terms of demand or pricing or both. Listed on the ASX, Dart had a market capitalisation in excess of \$0.49 billion⁷ and is included in the S&P/ASX 300 index.

Offer Conditions

The Offer is subject to a number of Offer Conditions, including a 90% minimum acceptance condition. The Offer Terms are set out in Annexure A and the Offer Conditions are set out in Annexure B to this Bidder's Statement.

We encourage you to read this Bidder's Statement for more details about the Offer and about Dart. The Offer is open for your acceptance until 7.00pm (AEDT) on 2 December 2010, unless extended. If you wish to accept the Offer, please follow the instructions given in section 1 ("How to accept the Offer") of this Bidder's Statement.

If you have any questions in relation to the Offer, please contact your legal, financial or other professional adviser or contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

We believe the combination of Dart and Apollo is compelling and encourage you to join us as shareholders in the enlarged and Merged Group.

Yours sincerely,



Nick Davies
Chairman
Dart Energy Limited

⁵ Subject to Dart becoming the owner of 80% or more of the voting shares in Apollo.

⁶ Assuming the Offer Conditions are either satisfied or waived before the end of the Offer Period.

⁷ For the purposes of calculating the market capitalisation, Dart Securities are valued at \$1.16 each which was the closing price of Dart Shares on the ASX on 22 October 2010 (being the last trading day prior to the date this Bidder's Statement was originally lodged with ASIC).

3 Why you should accept the Offer

The key reasons why Apollo Securityholders should accept the Offer are set out in this section. You are encouraged to read this Bidder's Statement in full before making a final decision whether or not to accept the Offer.

- A. **Premium to recent trading prices of Apollo Shares**
- B. **Unanimous recommendation by the Voting Directors of Apollo⁸**
- C. **Voting Directors of Apollo and Apollo's Major Shareholders intend to ACCEPT the Offer⁹**
- D. **Enlarged group with an increased market capitalisation and greater market liquidity**
- E. **Retained exposure to Apollo assets**
- F. **Exposure to potential high growth, high value international Coal Seam Gas activities of Dart**
- G. **Consolidation of existing relationship**
- H. **Enhanced management and operational capabilities**
- I. **Capital gains tax rollover relief¹⁰**

If you are in any doubt how to deal with this Bidder's Statement or the Offer, you should consult your broker or your legal, financial, taxation or other professional adviser.

If you have any questions in relation to the Offer, please contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

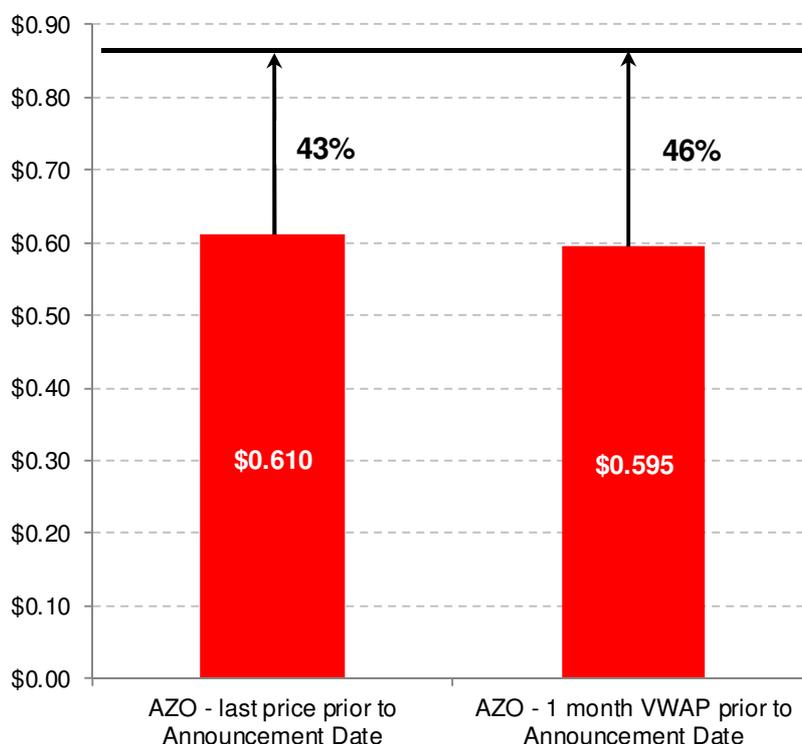
⁸ Unanimous recommendation of the Voting Directors of Apollo in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable.

⁹ Subject to there being no Superior Proposal and subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

¹⁰ Subject to Dart becoming the owner of 80% or more of the voting shares in Apollo.

A Premium to recent trading prices of Apollo Shares

Dart's Offer provides a premium to Apollo's pre-announcement share price and to Apollo's 1 month VWAP prior to the announcement of the Offer



Apollo's Share price closed at \$0.61 on 24 September 2010, being the final day of trading of Apollo Shares on the ASX prior to the announcement of the Offer.

Based on Dart's last traded price on the ASX of \$1.05 on 24 September 2010, the consideration is valued at \$0.79 per Apollo Share representing:

- a 29% premium to Apollo's closing share price on 24 September 2010 of \$0.61; and
- a 32% premium to Apollo's 1 month Volume Weighted Average Price ("VWAP")¹¹ of \$0.595 on the ASX.

Based on the Dart 1 month VWAP of \$0.92,¹² the consideration is valued at \$0.69 per Apollo Share representing:

- a 13% premium to Apollo's closing share price on 24 September 2010 of \$0.61; and
- a 16% premium to Apollo's 1 month VWAP.

Based on the Dart 1 month VWAP,¹³ the transaction implies an enterprise value for Apollo of approximately \$126 million (\$145 million based on the last traded price of Dart on the ASX prior to the announcement of the Offer).

¹¹ Apollo 1 month VWAP calculated at \$0.595 which is calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

¹² Calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

¹³ Calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

Based on Dart's last traded price of \$1.16 on 22 October 2010, being the last traded price of Dart Shares on the ASX the Business Day prior to the date this Bidder's Statement was originally lodged with ASIC, the consideration is valued at \$0.87 per Apollo Share, representing:

- a 43% premium to Apollo's closing share price on 24 September 2010 of \$0.61, being the final day of trading prior to the announcement of the Offer; and
- a 46% premium to Apollo's 1 month VWAP¹⁴ on the ASX for the month trading prior to the announcement of the Offer.

Based on the Dart 1 month VWAP prior to the date this Bidder's Statement was originally lodged with ASIC, the transaction implies an enterprise value for Apollo of approximately \$172 million (\$162 million based on the last traded price of Dart Shares on the ASX prior to the date this Bidder's Statement was originally lodged with ASIC).

There is a risk that the price of Apollo Shares may fall to similar levels or below the value at which they traded prior to the announcement of the Offer if the Offer does not succeed.

As the Offer Consideration comprises Dart Shares, the implied value of the Offer Consideration will change as a consequence of changes in the market price of Dart Shares, which are tradeable each day on the ASX.

B Unanimous recommendation

Apollo's Voting Directors unanimously recommend that you ACCEPT the Offer¹⁵

The Voting Directors of Apollo have considered the Offer and unanimously recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable.

C Voting Directors and Apollo's Major Shareholders intend to ACCEPT¹⁶

Intentions to ACCEPT the Offer from Apollo's Voting Directors and Major Shareholders increase the likelihood of Dart's Offer being successful

The following shareholders of Apollo have advised Apollo of their intention to **ACCEPT** the Offer for the Apollo Securities they hold in the absence of a Superior Proposal:¹⁶

Shareholder	Shareholding ⁽¹⁾
Apollo's Voting Directors	28.0%
Duncan Hardie Group	15.3%
Rose Group	10.0%

(1) Approximate shareholdings

¹⁴ Apollo 1 month VWAP calculated at \$0.595 which is calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

¹⁵ Unanimous recommendation of the Voting Directors of Apollo in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable.

¹⁶ Subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

Apollo's Voting Directors have advised Apollo of their intention to **ACCEPT** the Offer subject to their being no Superior Proposal.¹⁷

Dart currently has an existing 21.04% interest in Apollo and given these indications from Apollo's Voting Directors and Major Shareholders, Dart's relevant interest in Apollo will increase to approximately 75% once these parties **ACCEPT** the Offer in accordance with their stated intention.¹⁸

D Enlarged group with an increased market capitalisation and greater market liquidity

Increased scale provides Apollo Shareholders with the following benefits

Apollo's market capitalisation prior to the announcement of the Offer was approximately \$122 million, compared with the Merged Group which would have a market capitalisation of approximately \$563 million. The Merged Group will have a market capitalisation approximately 4.6 times greater than Apollo's market capitalisation prior to the announcement of the Offer.

The Merged Group should provide Apollo Shareholders with a more liquid investment.

E Retained exposure to Apollo assets

In the Merged Group, Apollo Securityholders will retain exposure to the expanding energy markets of NSW whilst gaining exposure to Dart's diversified growth portfolio

Apollo Securityholders will retain their exposure to CSG through a more sizable and geographically diverse company. Dart operates across multiple jurisdictions, coal basins and gas markets.

Dart's portfolio will offer opportunities for considerable transfer of best practice and knowledge within the Merged Group.

A number of global energy companies have entered the Australian CSG sector and are aggressively developing reserves. This has increased competition for infrastructure, human capital and other resources which has the potential to cause significant delays to project development timetables. By combining with Dart, Apollo Securityholders will benefit from enhanced scale, which will better enable the Merged Group to compete effectively in this market landscape.

Apollo's assets will remain a significant part of the Merged Group's portfolio. Dart's ownership and application of technical and commercial expertise will allow for the potential acceleration of development of Apollo's existing portfolio.

¹⁷ Subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

¹⁸ Subject to satisfaction or waiver of each of the Offer Conditions before the end of the Offer Period (which may be extended).

F Exposure to the potential high growth, high value international diversity of Dart's CSG activities

By accepting Dart's Offer, Apollo Securityholders will gain exposure to Dart's diverse portfolio of CSG related assets

Dart holds a diversified portfolio of assets in Australia, China, Indonesia, India and Vietnam with established operations, offices and workforce in each country of operation. Dart has recently expanded its global business by establishing a UK/European foothold through acquiring an equity stake in Composite Energy Limited ("**Composite Energy**").¹⁹

Dart's international assets (assuming the inclusion of Apollo and Composite Energy assets) is summarised in the table below:²⁰

	DART ASIA				DART AUSTRALIA	DART EUROPE	PORTFOLIO
	CHINA	INDONESIA	INDIA	VIETNAM	APOLLO ⁽¹⁾	COMPOSITE	
CURRENT DART BLOCKS	2	2	3	1	7	17	32
GEOGRAPHIES	1	1	1	1	1	2(+4 pending)	7+
COAL BASINS	2	2	2	1	2	4	13
CURRENT ACREAGE (km²)	4152	385	1285	2601	23600	3200	35223
RESOURCE (all gross TCF, per NSAI)							
<i>CSG OGIP</i>	7.4	1.1	2.6	0.8	1.3	18.1	31.3
<i>CSG Prospective Resource</i>	3.5	0.3	1.7	-	-	8.6	14.1
<i>CSG 2C Resource</i>	0.2	0.3	-	0.3	0.5	0.8	2.1
<i>CSG 3P Reserve</i>	0.1	-	-	-	-	-	0.1
<i>SHALE OGIP</i>	-	-	-	-	-	1.2	1.2

(1) In addition, Apollo has approximately 3,500 km² of geothermal exploration licences.

The Offer is consistent with Dart's strategy to:

- become the world's first global CSG company; and
- focus on acquiring significant resource positions capable of early commercialisation in close proximity to high growth gas markets exhibiting strong upside in both demand and pricing.

G Consolidation of existing relationship

By accepting Dart's Offer, Apollo Securityholders will leverage off Dart's existing shareholding and position in Apollo

Dart currently has an existing 21.04% interest in Apollo and is currently exercising farm-in rights with respect to two Apollo tenements (PEL 458 and PEL 464).

The Merged Group will leverage off Dart's existing shareholding and relationship.

If the Offer is successful, the Merged Group will provide management and ownership of the two existing Apollo projects in which Dart is currently exercising farm-in rights. The Merged

¹⁹ Further information can be found on www.dartenergy.com.au.

²⁰ Working interest Resources will ultimately be the share of Resources attributable to Dart and will be net of fuel, flare and shrinkage.

Group will also take over management control of Apollo's interests in the other five PELs²¹ and two geothermal exploration licences.²²

If the Offer is successful, Apollo Shareholders will hold approximately 22% of the Merged Group.

H Enhanced management and operational capabilities

Dart's management team has significant experience in the development and operation of CSG projects

Dart has six offices globally (excluding Composite Energy) and has an employee base of approximately 80 people.

Dart's management team has significant experience in commercialising CSG resources, running large CSG operations and a demonstrated ability to form strategic alliances to commercialise and monetise CSG acreage.

Dart's Board has global oil and gas experience and a proven track record demonstrated by the value created in Arrow Energy Limited's Australian CSG assets, prior to its demerger.

I Capital gains tax rollover relief

By Accepting Dart's Offer, Apollo Securityholders may be eligible to elect to defer any Australian capital gains tax that arises upon disposal of their Apollo Securities

If, as a result of the Offer, Dart becomes the owner of 80% or more of the voting shares in Apollo, Apollo Securityholders who would otherwise make a capital gain from the disposal of their Apollo Securities pursuant to the Offer may be able to choose to obtain scrip-for-scrip roll-over relief.

If CGT roll-over relief is available and chosen then any capital gain resulting from the disposal by Apollo Securityholders of Apollo Securities pursuant to the Offer will be deferred.

Any CGT implications are deferred either until the relevant Apollo Securityholders dispose of the Dart Securities acquired pursuant to the Offer or upon the happening of another taxable event.

Please refer to section 13 of this Bidder's Statement for further details.

²¹ PEL 456, 459, 460, 461 and 463. Santos has rights to farm-in up to a 50% participating interest in PEL 456 and is the operator of the permit with respect to CSG activities.

²² EL 7505 and EL 7506.

4 Overview of the Offer

The following is a summary only of the Offer and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your Apollo Securities.

The Offer Terms and Offer Conditions are set out in Annexures A and B respectively to this Bidder's Statement.

Offer

Dart is offering to acquire all of your Apollo Securities.

The Offer comprises the separate offers in respect of:

- Apollo Shares (being 3 Dart Shares for every 4 Apollo Shares);
- Apollo A-Class Options (being 3 Dart A-Class Options for every 4 Apollo A-Class Options);
- Apollo B-Class Options (being 3 Dart B-Class Options for every 4 Apollo B-Class Options);
- Apollo C-Class Options (being 3 Dart C-Class Options for every 4 Apollo C-Class Options);
- Apollo D-Class Options (being 3 Dart D-Class Options for every 4 Apollo D-Class Options);
- Apollo E-Class Options (being 3 Dart E-Class Options for every 4 Apollo E-Class Options);
- Apollo G-Class Options (being 3 Dart G-Class Options for every 4 Apollo G-Class Options);
- Apollo H-Class Option (being 3 Dart H-Class Options for every 4 Apollo H-Class Options); and
- Apollo I-Class Options (being 3 Dart I-Class Options for every 4 Apollo I-Class Options),

and for the avoidance of doubt includes each such offer made to an individual Apollo Securityholder pursuant to the relevant offer.²³

Offer Period

The Offer is scheduled to close at 7.00pm (AEDT time) on 2 December 2010 (unless extended or withdrawn).

Offer Consideration

The Offer Consideration comprises of the Share Consideration and the Option Consideration.

Share Consideration

Dart is offering 3 Dart Shares for every 4 Apollo Shares.

Based on the last traded price of Dart Shares on the ASX of \$1.05 on 24 September 2010 (being the last trading day prior to the announcement of the Offer), the consideration is valued at \$0.79 per Apollo Share representing:

- a 29% premium to Apollo's closing share price of \$0.61 on 24 September 2010 (being the last day of trading of Apollo Shares on the ASX prior to the announcement of this Offer); and
- a 32% premium to Apollo's 1 month VWAP.²⁴

²³ See section 9.8 for further information in relation to Apollo F-Class Options.

Based on Dart's 1 month VWAP of \$0.92,²⁵ the consideration is valued at \$0.69 per Apollo Share representing:

- a 13% premium to Apollo's closing share price of \$0.61 on 24 September 2010 (being the last trading day prior to the announcement of the Offer); and
- a 16% premium to Apollo's 1 month VWAP on the ASX.

The Offer extends to all Apollo Shares that exist or will exist at the Register Date.²⁶

The implied value of the Offer will change as a consequence of changes in the market price of Dart Shares from time to time.

If you validly accept the Offer, you will receive the Dart Securities to which you are entitled within 1 month after the later of receipt of your Acceptance and the date on which the Offer becomes unconditional (and in any event, on or before 21 days after the end of the Offer Period). If you are an Ineligible Foreign Securityholder you will not receive Dart Securities (see clause 6.3 of the Offer Conditions in Annexure A of this Bidder's Statement).

Option Consideration

Dart is offering:

- 3 Dart A-Class Options for every 4 Apollo A-Class Options;
- 3 Dart B-Class Options for every 4 Apollo B-Class Options;
- 3 Dart C-Class Options for every 4 Apollo C-Class Options;
- 3 Dart D-Class Options for every 4 Apollo D-Class Options;
- 3 Dart E-Class Options for every 4 Apollo E-Class Options;
- 3 Dart G-Class Options for every 4 Apollo G-Class Options;
- 3 Dart H-Class Options for every 4 Apollo H-Class Options; and
- 3 Dart I-Class Options for every 4 Apollo I-Class Options.

The relevant class of Dart Options offered will be on comparable commercial terms to those that apply to the relevant class of Apollo Options.

The Offer extends to all Apollo Options that exist or will exist at the Register Date.²⁶

²⁴ Apollo 1 month VWAP calculated at \$0.595 which is calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

²⁵ Calculated up to and including 24 September 2010 (being the last trading day prior to the announcement of the Offer).

²⁶ Offer extends to any Apollo Shares that are issued between that date and the end of the Offer Period as a result of the exercise of Apollo Options in accordance with clause 5.4 of the Offer Terms.

Offer Conditions

The Offer is subject to a number of Offer Conditions as set out in Annexure B to this Bidder's Statement, including:

- 90% minimum acceptance;
- no prescribed occurrences relating to Apollo;
- no material adverse change to Apollo's business or assets;
- no restraining orders;
- no material acquisitions, disposals or new commitments by Apollo;
- no persons exercising rights under certain agreements or instruments which have a material impact on Apollo (except as disclosed to Dart);
- non-existence of certain rights of any person to acquire or dispose of a material asset of Apollo or terminate any material contract (except as disclosed to Dart);
- no distributions;
- S&P ASX 200 not closing below 3,931 on any three consecutive trading days; and
- all material Apollo approvals and authorisations remaining in force during the Offer Period.

The Offer is also subject to a statutory condition required by section 625(3) of the Corporations Act (see section 4 of the Offer Terms which are set out in full in Annexure A to this Bidder's Statement).

This is only a summary of the Offer Conditions. The Offer Conditions are set out in full in Annexure B to this Bidder's Statement.

Tax consequences

Section 13 describes the main tax implications for particular Apollo Securityholders who accept the Offer and are residents in Australia for Australian tax purposes. You should consult your own independent professional taxation adviser in relation to the taxation implications of Acceptance of the Offer taking into account your own individual circumstances.

Fees

If the Offer is successful, Dart will pay will pay a Handling Fee to participating Brokers of ASX in respect of valid Acceptances received from Apollo Shareholders in connection with the Offer, where such Acceptances are from clients of the Broker and were procured by the Broker.

Handling Fees in relation to an Acceptance will be 1.25% of the value of the consideration payable for parcels of Apollo Shares held by Apollo Shareholders who accept the Offer (with that value determined on the basis of the closing price of Dart Shares on the date prior to the date this Bidder's Statement was originally lodged with ASIC). An Apollo Shareholder for these purposes is one who is not a Broker or an associate of a Broker.

Handling Fees will be payable in respect of Acceptances received at any time during the Offer Period. Handling Fees will be subject to maximum payment (of \$100.00) for each Acceptance. Handling Fees will be payable to Brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to Apollo Shareholders.

See section 15.9 for further information.

**Further
information**

If you have any questions in relation to the Offer or how to accept it, or if you have lost your Acceptance Form and require a replacement, please call Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

If you are in any doubt about how to deal with this Bidder's Statement, you should consult your broker, legal, financial, taxation or other professional advisor.

5 Frequently asked questions

You may have questions in relation to the Offer. The following set of questions and answers is intended to assist in your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement and Annexures A and B to this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

If you have any further questions about the Offer or how to accept it, please call Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

Question	Answer
<p>What is the Offer?</p>	<p>Dart is making an offer to acquire all of your Apollo Securities on the Offer Terms set out in Annexure A to this Bidder's Statement, subject to the Offer Conditions set out in Annexure B to this Bidder's Statement.</p> <p>The Offer comprises the separate offers in respect of:</p> <ul style="list-style-type: none"> • Apollo Shares (being 3 Dart Shares for every 4 Apollo Shares); • Apollo A-Class Options (being 3 Dart A-Class Options for every 4 Apollo A-Class Options); • Apollo B-Class Options (being 3 Dart B-Class Options for every 4 Apollo B-Class Options); • Apollo C-Class Options (being 3 Dart C-Class Options for every 4 Apollo C-Class Options); • Apollo D-Class Options (being 3 Dart D-Class Options for every 4 Apollo D-Class Options); • Apollo E-Class Options (being 3 Dart E-Class Options for every 4 Apollo E-Class Options); • Apollo G-Class Options (being 3 Dart G-Class Options for every 4 Apollo G-Class Options); • Apollo H-Class Option (being 3 Dart H-Class Options for every 4 Apollo H-Class Options); and • Apollo I-Class Options (being 3 Dart I-Class Options for every 4 Apollo I-Class Options), <p>and for the avoidance of doubt includes each such offer made to an individual Apollo Securityholder pursuant to the relevant offer.</p>
<p>Do the Apollo Voting Directors support the Offer?</p>	<p>Apollo's Voting Directors recommend that Apollo Securityholders accept the Offer in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not reasonable.</p>
<p>Who are the Voting Directors of Apollo?</p>	<p>The Voting Directors of Apollo are all of the Directors of Apollo excluding Mr Stephen Bizzell. Mr Stephen Bizzell is not considered independent in recognition of a potential conflict of interest arising from his role as a Director of both Apollo and a Director of Dart.</p>

Question	Answer
<p>What will the Voting Directors of Apollo be doing in relation to their Apollo Securities?</p>	<p>Apollo's Voting Directors and Major Shareholders (who together hold approximately 53% of Apollo Shares) intend to accept Dart's Offer in the absence of a Superior Proposal.²⁷</p>
<p>What is this Bidder's Statement?</p>	<p>This Bidder's Statement has been prepared by Dart for distribution to Apollo Securityholders. It sets out the terms of Dart's Offer for your Apollo Securities and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document and is required to be prepared by Dart in accordance with the Corporations Act. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.</p>
<p>Who is Dart?</p>	<p>Dart is an Australian publicly listed company focused on the development of coal seam gas in Australia, Europe, Indonesia, China, India and Vietnam. Dart was listed on the ASX in July 2010 following its demerger from Arrow Energy Limited (prior to Arrow Energy Limited's delisting and takeover by CS CSG (Australia) Pty Ltd, a jointly owned company of Shell and PetroChina).</p> <p>Dart had a market capitalisation in excess of \$0.49 billion²⁸ as at the date prior to the date this Bidder's Statement was originally lodged with ASIC. Please refer to section 6 of this Bidder's Statement for further information about Dart, or alternatively to Dart's website at www.dartenergy.com.au.</p>
<p>What choices do I have as an Apollo Securityholder?</p>	<p>As an Apollo Securityholder, you have the following choices with respect to your Apollo Securities:</p> <ul style="list-style-type: none"> • accept the Offer for all of your Apollo Securities; • do nothing; • in the case of Apollo Shareholders, sell your Apollo Shares on market (subject to any restrictions on doing so); or • in the case of Apollo Optionholders, exercise or otherwise deal with your Apollo Options (subject to and in accordance with the relevant terms of those Apollo Options).
<p>How do I accept the Offer?</p>	<p>To accept the Offer, you should follow the instructions set out in section 1 of this Bidder's Statement and on the enclosed Acceptance Form.</p>

²⁷ Subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

²⁸ Presented on a fully diluted basis. For the purposes of calculating the market capitalisation, Dart Securities are valued at \$1.16 each which was the closing price of Dart Shares on the ASX on 22 October 2010 (being the last trading day prior to the date this Bidder's Statement was originally lodged with ASIC).

Question	Answer
Can I accept the Offer for part of my holding?	You may only accept the Offer for all and not part of your holding.
What is the Register Date?	This is the date set by Dart pursuant to section 633(2) of the Corporations Act (being 29 October 2010). The Offer relates to Apollo Securities that exist or will exist as at the Register Date (being 29 October 2010) and extends to any Apollo Shares that are issued between that date and the end of the Offer Period as a result of the exercise of Apollo Options.
If I accept the Offer, when will I receive my Offer Consideration?	If you validly accept the Offer, you will receive the Offer Consideration to which you are entitled within 1 month after the later of receipt of your Acceptance and the date on which the Offer becomes unconditional (and in any event on or before 21 days after the end of the Offer Period).
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>If the Offer is successful, Dart will pay will pay a Handling Fee to participating Brokers of ASX in respect of valid Acceptances received from Apollo Shareholders in connection with the Offer, where such Acceptances are from clients of the Broker and were procured by the Broker.</p> <p>Handling Fees in relation to an Acceptance will be 1.25% of the value of the consideration payable for parcels of Apollo Shares held by Apollo Shareholders who accept the Offer (with that value determined on the basis of the closing price of Dart Shares on the date prior to the date this Bidder's Statement was originally lodged with ASIC). An Apollo Shareholder for these purposes is one who is not a Broker or an associate of a broker.</p> <p>Handling Fees will be payable in respect of Acceptances received at any time during the Offer Period. Handling Fees will be subject to maximum payment (of \$100.00) for each Acceptance. Handling Fees will be payable to Brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to Apollo Shareholders.</p> <p>If you are an Ineligible Foreign Securityholder - see clause 6.3 of the Offer Conditions in Annexure A of this Bidder's Statement.</p>
What are the tax implications of acceptance?	<p>Section 13 of this Bidder's Statement describes the main tax implications for particular Apollo Securityholders who accept the Offer and are resident in Australia for Australian tax purposes.</p> <p>However, the tax implications for you will depend on your individual circumstances including the price at which you originally acquired your Apollo Shares.</p> <p>If Dart becomes the owner of 80% or more of the voting shares in Apollo, capital gains tax roll-over relief may be available to Australian resident shareholders who accept the Offer.</p> <p>You should seek independent professional advice regarding the tax consequences before making a decision as to whether or not to accept the Offer for your Apollo Securities.</p>

Question	Answer
Will my Dart Shares be listed on the ASX?	Within 7 days of the date of this Bidder's Statement, Dart will apply to the ASX for quotation of the Dart Shares to be issued in conjunction with this Offer on the Official List of the ASX. Quotation of the Dart Shares to be issued under the Offer will depend on the ASX exercising its discretion to admit them to the Official List. However, Dart is already admitted to the Official List of the ASX and shares in Dart in the same class or on the same terms as those to be issued under the Offer are already quoted.
What rights will my Dart Shares have?	The Dart Shares issued under this Offer will be issued fully paid and will from the time of issue rank equally for dividends and other rights with existing Dart Shares (see section 7 of this Bidder's Statement for further information in relation to Dart Shares).
Is there a cooling off period or can I withdraw my acceptance?	There is no cooling-off period. Under the terms of the Offer, you cannot withdraw your Acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, and while the Offer is still subject to the Offer Conditions, Dart varies the Offer in a way that postpones for more than one month the time Dart has to meet its obligations under the Offer.
When does the Offer close?	The Offer is scheduled to close at 7.00pm (AEDT) on 2 December 2010 unless extended or withdrawn.
Can Dart extend the Offer Period?	Yes, the Offer Period can be extended at Dart's discretion in accordance with the Corporations Act. Apollo Securityholders will be sent written notice of any extension and the extension will be announced to the ASX.
Can I sell my Apollo Shares on market?	Yes, but you may incur brokerage costs if you do. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your Apollo Shares, subject to you being entitled to withdraw your Acceptance.
Are there any Offer Conditions?	The Offer is subject to a number of Offer Conditions (as set out in Annexure B), including: <ul style="list-style-type: none"> • 90% minimum acceptance; • no prescribed occurrences relating to Apollo; • no material adverse change in Apollo's business or assets; • no restraining orders; • no material acquisitions, disposals or new commitments by Apollo; • no persons exercising rights under certain agreements or instruments which have a material impact on Apollo (except as disclosed by Dart); • no exercise of certain rights of any person to acquire or dispose of a material asset of Apollo or terminate any material contract (except as disclosed to Dart);

Question	Answer
	<ul style="list-style-type: none"> • no distributions; • S&P ASX 200 not closing below 3,931 on any three consecutive trading days; and • all material Apollo approvals and authorisations remaining in force during the Offer Period. <p>This is only a summary of the Offer Conditions. The Offer Conditions are set out in full in Annexure B.</p>
<p>What if the Offer Conditions are not satisfied or waived?</p>	<p>If the Offer Conditions are not satisfied or waived at the end of the Offer Period, then the Offer will lapse and your Acceptance will be void.</p> <p>You will continue to hold your Apollo Securities and be free to deal with your Apollo Securities as if the Offer had not been made, unless you have already sold your Apollo Securities to someone else.</p>
<p>What happens if I do not accept the Offer?</p>	<p>If you do not accept the Offer and Dart acquires a relevant interest in at least 90% of the Apollo Securities and the other Offer Conditions are satisfied or waived, Dart intends to proceed to compulsorily acquire your Apollo Securities in accordance with the compulsory acquisition provisions of the Corporations Act.</p> <p>If this occurs, you will be paid the Offer Consideration at the conclusion of the compulsory acquisition process.</p> <p>If Dart acquires less than 90% of Apollo Securities, the Offer will lapse unless Dart waives the 90% minimum acceptance condition.</p> <p>With respect to the distinction between each bid class of Apollo Securities, see section 15.4 of this Bidder's Statement.</p>
<p>What are the restriction agreements referred to in this Bidder's Statement?</p>	<p>Certain Apollo Securities are subject to the terms of a restriction agreement (otherwise known as "escrow securities") and are therefore considered to be Restricted Securities under Chapter 9 of the ASX Listing Rules. These restriction agreements apply to certain Apollo Securities pursuant to Apollo's admission onto the Official List of the ASX in December 2009.</p> <p>Pursuant to ASX Listing Rule 9.17, to enable the holders of Restricted Securities to accept an offer under a takeover bid, they require the consent of the ASX to release the certificates of the Restricted Securities which are held in escrow, or consent to the removal of the holding lock on the Restricted Securities.</p> <p>Dart has been informed by Apollo that on 18 October 2010, ASX Limited provided its consent pursuant to Listing Rule 9.17, subject to the conditions in Listing Rule 9.18. These conditions are summarised in section 9.7 of this Bidder's Statement. These conditions will need to be satisfied before the Apollo Securityholders whose Apollo Securities are classified as Restricted Securities will be able to accept the Offer.</p>

Question	Answer
What are the significant risks of the Offer?	You should carefully consider the risk factors that could affect the performance of Dart before deciding whether to accept the Offer. A summary of the key risks is set out in section 14 of this Bidder's Statement.
Where do I get further information?	<p>If you have any further questions in relation to the Offer, please contact the Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).</p> <p>If you are in any doubt how to deal with this Offer, you should consult your broker or your legal, financial, taxation or other professional adviser.</p>

6 Profile of Dart

6.1 History of Dart

Dart was incorporated in Australia (and registered in Victoria) on 9 November 2006 as Arrow Energy International Pty Ltd, a proprietary company limited by shares. Arrow Energy International Pty Ltd was established as a vehicle through which Arrow Energy Limited pursued international CSG activities. All international activities and assets were conducted and held via a Singaporean holding company, Arrow Energy International Pte Ltd, which was initially 100% owned by Arrow Energy International Pty Ltd, and subsequently Shell (via a subsidiary entity) acquired a 10% stake in this Singaporean entity.

During 2010, Arrow Energy International Pty Ltd was demerged from Arrow Energy Limited, pursuant to a demerger scheme, which was approved by the shareholders of Arrow Energy Limited and implemented in July 2010 ("**Demerger Scheme**"). As part of the Demerger Scheme, Arrow Energy International Pty Ltd changed from a proprietary limited company to a company limited by shares, and also changed its name to Dart Energy Limited, effective 11 June 2010. The Demerger Scheme document is available for review at www.dartenergy.com.au.

Following the implementation of the Demerger Scheme, Dart was listed on the ASX on 22 July 2010 (ASX code: DTE).

6.2 Overview of Dart

Following the implementation of the Demerger Scheme, Dart's assets consisted of Arrow Energy Limited's former international business and certain Australian assets, as described in further detail in section 6.5 below.

In summary, this included:

- (a) the ownership of 90% of Arrow International Pte Ltd (the Singaporean incorporated company that owned all of Arrow Energy Limited's former international assets and conducted all of Arrow Energy Limited's international business). This company has now changed its name to Dart Energy (CBM) International Pte Ltd. The remaining 10% of Dart Energy (CBM) International Pte Ltd continues to be held by a subsidiary of Shell; and
- (b) the ownership of 100% of certain Australian assets formerly owned by Arrow Energy Limited, being:
 - (i) a 1.4% shareholding in Bow Energy Limited (a company listed on the ASX);
 - (ii) a 7.5% shareholding in LNG Limited (a company listed on the ASX); and
 - (iii) a 21% shareholding in Apollo, and the farm-in rights to two Apollo licences, being PEL 458 and PEL 464.

Since the implementation of the Demerger Scheme, Dart has also acquired or been awarded certain other assets, as described further in section 6.5 below.

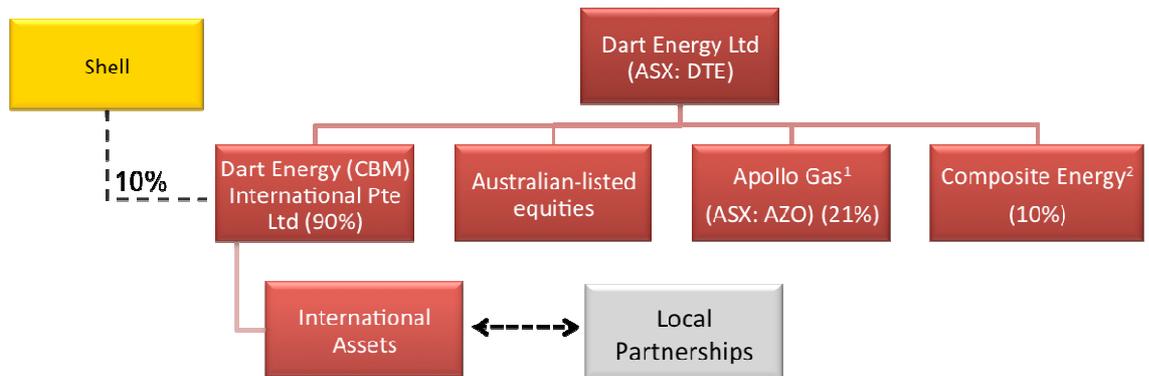
At the time of the Demerger Scheme, Dart had cash resources of approximately A\$20 million. Contemporaneously with listing on the ASX, Dart raised approximately A\$35 million, via a private placement of shares in Dart to institutional investors. This placement was undertaken at A\$0.69 per share. In addition, subsequent to the completion of the Demerger Scheme and acquisition scheme in respect of Arrow Energy Limited, Shell agreed to provide a loan facility of US\$25 million to Dart ("**Shell Loan**"). This is presently undrawn. Further details of Dart's funding arrangements are set out in section 6.6 below.

Dart presently has approximately 420 million ordinary shares on issue, and approximately 6.75 million options on issue to executives and Directors (with an exercise price of A\$0.98625 per option). In addition, Dart has committed to issue approximately 7 million

options on the same terms to other executives and Directors (in the case of Directors, subject to shareholder approval).

Dart is headquartered in Singapore, with in-country offices, local leadership and professional resources in each country of operation. Dart has approximately 80 employees located in various offices across Singapore, China, India, Indonesia, Vietnam and Australia. Composite Energy, in which Dart has a strategic investment and an option to move to 100% ownership, has approximately 25 staff located in offices in the UK and Europe.

Dart can be summarised diagrammatically as follows:



- (1) If the Offer is successful, Dart will acquire the remaining Apollo Securities that it does not already own, after which Apollo will become a wholly-owned subsidiary of Dart.
- (2) Dart has options, subject to being exercised in accordance with their terms, to increase its holding in Composite Energy to 100%.

6.3 Strategy and objectives

Corporate vision

Dart's corporate vision is to become the first global CSG company.

Corporate purpose and objectives

Dart has the following objectives:

- to create value for shareholders and key stakeholders by applying its experience and skills to discover, define and develop unconventional gas resources capable of rapid commercialisation;
- to establish its presence in high growth markets before competitors and create multiple monetisation options – both technical and commercial;
- to lead the industry sector in terms of safety and environmental care, innovation, operational and commercial excellence and profitability; and
- to make a difference for host countries by providing cleaner, safer, more cost-effective energy solutions.

Business strategy

Dart's business strategy will be focused:

- in the near-term, on progressing exploration activities on its portfolio of exploration tenements, with a view to achieving near-term reserves certification, production and gas sales;
- on securing additional exploration tenements in existing countries of operation and select new geographies, sourced from the current pipeline of prospective business development opportunities; and
- in the longer term, on developing and maintaining a balanced portfolio of exploration, development and production assets.

Dart's business strategy is founded on a corporate philosophy of commercialising the resource base to provide its shareholders with both ongoing growth in the portfolio and long-term, sustainable cash flow.

In order for Dart to deliver on its purpose, it will pursue a business strategy undertaking CSG and unconventional gas exploration, development and production activities where those activities are risk mitigated by being:

- low cost;
- technically high-graded;
- capable of being leveraged through the application of Dart's core skills and experience, preferably as operator; and
- commercially advantaged through access to high demand growth markets and higher prices.

Dart's culture and core competencies are vested in the processes, systems, experience and knowledge derived from its management's prior track record in growing Arrow Energy Limited's business in Australia (prior to the acquisition of that business by Shell and PetroChina in August 2010), and internationally.

Near-term operating activities and commercialisation plans

Consistent with its strategy and corporate objectives, Dart will undertake in the near-term a number of CSG exploration and development programs as part of its minimum work obligations under the relevant licences and production sharing contracts ("**PSCs**") that Dart holds.

The drilling programs and the cost of such programs are subject to change depending on the results obtained from ongoing activity. The programs may also be influenced by local weather conditions, personnel and equipment availability, obtaining regulatory and environmental approvals and prevailing market conditions.

Dart is actively developing new business opportunities, including PSC awards, farm-in opportunities, and coal mine degassing projects in all countries of operation and in targeted new geographies. Should business development prospects reach a point of definitive legal agreement (eg award of a PSC), this will impact on the projected profile of Dart going forward.

Operational and commercial targets

Dart is currently aiming to achieve the following commercial targets with respect to production and reserves from its portfolio of assets (including for these purposes Composite Energy and Apollo assets):

- incremental Resource and Reserves certifications during 2010 and 2011;

- a 2P Reserve target by the end of 2011 of 175 PJ (net Dart share) and a 3P Reserve target by the end of 2011 of 1,500 PJ (net Dart share);
- achievement of commercial production rates during 2011;
- gas sales commencing in 2012 or earlier; and
- achieving net production to Dart of 70 PJ per annum by 2015.

The Dart Directors believe that these targets are achievable based on current development plans of the existing portfolio (Dart plus Composite Energy plus Apollo assets), with incremental upside from potential portfolio additions that have a high probability of being granted to Dart.

6.4 Principal activities

Dart is focused on CSG activities in a number of regions and countries, being Australia, China, Indonesia, India, Vietnam and Europe (presently the UK and Poland). Dart's CSG activities include exploration, appraisal and commercialisation of CSG assets in these regions and countries. Further details of the markets in which Dart operates are set out in section 6.5.

Dart's activities to date have included securing or acquiring interests in CSG exploration licences or PSCs, interests in CSG related companies or securities, establishing a local business in each country of operation and developing a strong pipeline of further business opportunities in existing countries of operation and various new geographies.

Dart's current portfolio of assets (inclusive of Composite Energy and Apollo) can be summarised as follows²⁹:

	DART ASIA				DART AUSTRALIA	DART EUROPE	PORTFOLIO
	CHINA	INDONESIA	INDIA	VIETNAM	APOLLO ⁽¹⁾	COMPOSITE	
CURRENT DART BLOCKS	2	2	3	1	7	17	32
GEOGRAPHIES	1	1	1	1	1	2(+4 pending)	7+
COAL BASINS	2	2	2	1	2	4	13
CURRENT ACREAGE (km²)	4152	385	1285	2601	23600	3200	35223
RESOURCE (all gross TCF per NSAI)							
<i>CSG OGIP</i>	7.4	1.1	2.6	0.8	1.3	18.1	31.3
<i>CSG Prospective Resource</i>	3.5	0.3	1.7	-	-	8.6	14.1
<i>CSG 2C Resource</i>	0.2	0.3	-	0.3	0.5	0.8	2.1
<i>CSG 3P Reserve</i>	0.1	-	-	-	-	-	0.1
<i>SHALE OGIP</i>	-	-	-	-	-	1.2	1.2

(1) In addition, Apollo has approximately 3,500 km² of geothermal exploration licences.

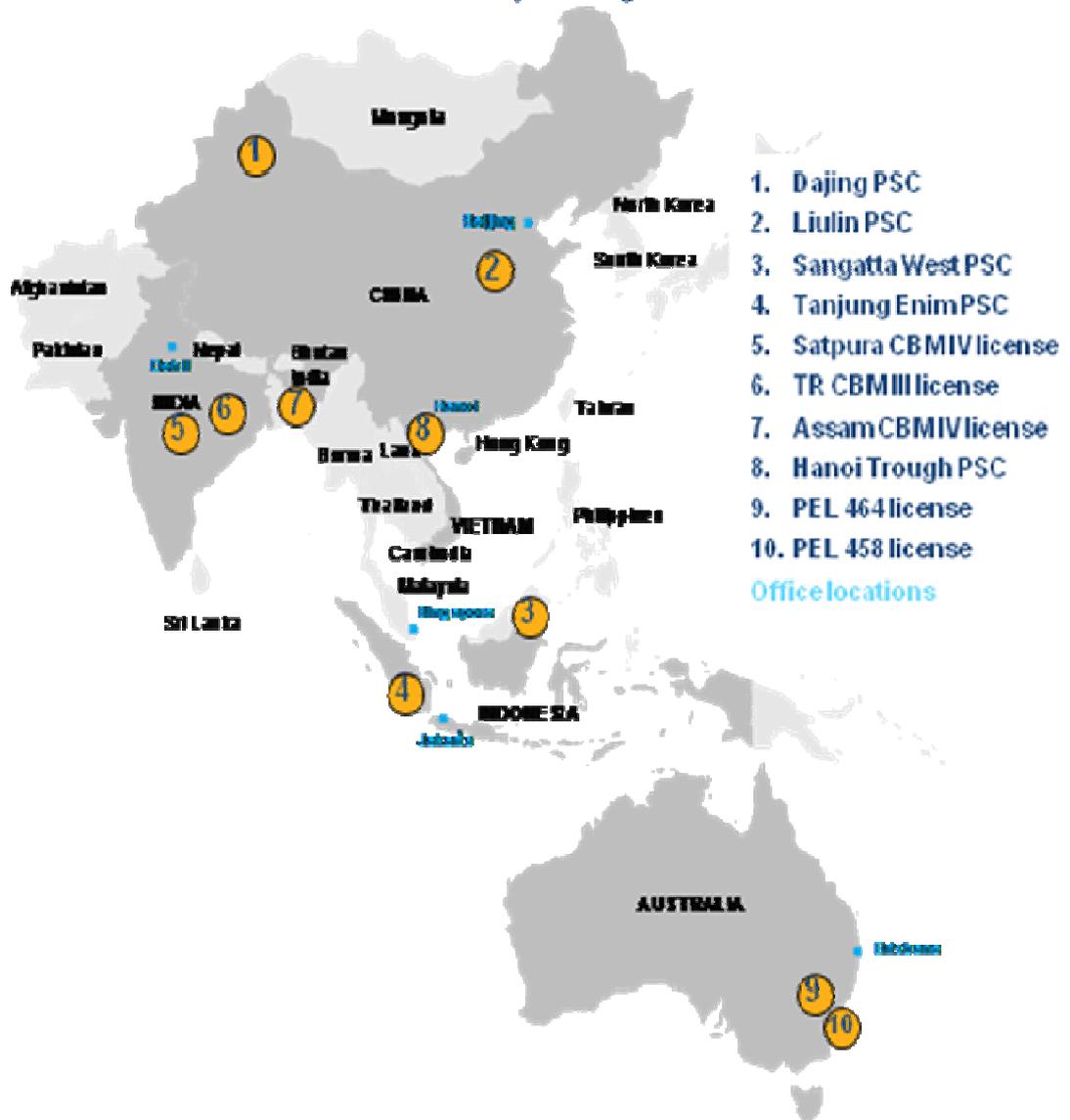
Additionally, Dart continues to explore business expansion opportunities in existing countries of operation, in new geographies and in complementary fields of activity.

6.5 Principal assets

Dart has established a portfolio of assets in a number of countries and regions with an international organisation capable of developing these assets. Dart believes the breadth and quality of its portfolio and in-country relationships and partnerships is a unique and differentiating feature of Dart's business.

²⁹ Working interest Resources will ultimately be the share of Resources attributable to Dart and will be net of fuel, flare and shrinkage.

Location of Dart's Participating Interests



Please note this map does not show Dart's interests in Europe (which are held by Composite Energy and detailed elsewhere in this section).

Individual assets are summarised below.

Australia

PEL 458 (Newcastle region) Farm-in

Dart has the right to earn up to a 50% interest in PEL 458 (a CSG licence held by Apollo) by funding two phases of an exploration work program. Dart is the operator of the exploration program.

The PEL 458 block covers approximately 2,000km² in the locality of Newcastle, NSW, where extensive underground coal mining has taken place and a large industrial and domestic gas user base exists.

The farm-in expenditure commitments of A\$3 million for 15% of PEL 458 were completed by Arrow Energy Limited and transferred to Dart as part of the Demerger Scheme. Results have been encouraging and Dart has elected to move to phase 2 of the farm-in, under which it will incur a further A\$7 million of capital expenditure to earn a further 35%. As part of phase 2, Dart plans to certify 2P Reserves by mid 2011.

PEL 458 currently has 1.34 Tcf of gross original gas in place (“**OGIP**”) and 0.54 Tcf of gross 2C Resource as certified by NSAI.

If Dart is successful in acquiring Apollo, Dart will own, via itself or Apollo (which will become a wholly-owned subsidiary of Dart), all of PEL 458.

PEL 464 (Gunnedah region) Farm-in

Dart has the right to earn up to a 50% interest in PEL 464 (a CSG licence held by Apollo) by funding two phases of an exploration work program. Dart is the operator of the exploration program.

PEL 464 covers approximately 958km² surrounding the Boggabri and Gunnedah localities. The planned Queensland-Hunter gas pipeline runs through the block.

Dart is currently discharging its expenditure commitments to earn a 15% interest in PEL 464. To date, approximately 36km of 2D seismic was shot identifying coal seams in the Maules Creek formation. Two stratigraphic holes are planned to be drilled in the fourth quarter of 2010.

If Dart is successful in acquiring Apollo, Dart will own, via itself or Apollo (which will become a wholly owned subsidiary of Dart), all of PEL 464.

Shares in listed Australian Companies

Dart currently holds a 21.04% shareholding in Apollo.

Dart also holds minority shareholdings in two other listed companies: a 1.4% shareholding in Bow Energy Limited (ASX:BOW) and a 7.5% shareholding in LNG Limited.

Indonesia

Sangatta West PSC

The Sangatta West block covers approximately 77km² and is located in East Kalimantan, Indonesia, approximately 50km north of the Bontang LNG plant. There are a number of active underground coal mines in proximity to the PSC area.

The block is subject to a 30 year PSC under which Sangatta West CBM Inc will explore the block for CSG. Under the PSC, Sangatta West CBM Inc has a 48% participating interest in the block and is the operator with P.T. Pertamina (Persero) holding the remaining 52% participating interest.

Dart has farmed-in to the block by acquiring a 50% equity interest in Sangatta West CBM Inc, such that Dart has a 24% underlying interest in the Sangatta West project. The balance is held by Ephindo-Ilthabi CBM Holding Inc, a privately held Indonesian CSG company. Dart and Ephindo-Ilthabi CBM Holding Inc are jointly operating the block through their joint ownership of Sangatta West CBM Inc, with Dart having primary responsibility for technical and operating issues.

Exploration drilling on Sangatta West commenced in late 2009. To date, three exploration wells have been drilled and initial technical results have been encouraging. Dart and Ephindo-Ilthabi CBM Holding Inc are currently evaluating a number of options to establish a pilot to power project, which would lead to early commercialisation of the Resource on the block. Dart is targeting reserve certification at Sangatta West during 2011. Ultimately, should there prove to be a resource of sufficient scale, export of the gas to the Bontang LNG plant would create opportunities in both offtake volumes as well as pricing. P.T. Pertamina (Persero) has estimated there will be as many as two trains of latent LNG capacity at the plant in the coming years.

The Sangatta West block currently has 0.59 Tcf of gross OGIP and 0.31 Tcf of gross 2C Resource as certified by NSAI.

Tanjung Enim PSC

Dart holds a 45% participating interest in the Tanjung Enim PSC in South Sumatra, over an area of approximately 308km², together with partners PT Bukit Asam, a local coal mine owner and operator (27.5%) and Pertamina (27.5%). Dart is the operator. The block has good gas prospects and is close to the main South Sumatra pipeline. All parties to the PSC are currently finalising the joint operating agreement.

Dart plans to commence a six well exploration drilling program at Tanjung Enim during the latter half of 2010.

The Tanjung Enim block currently has 0.47 Tcf of gross OGIP and 0.31 Tcf of gross prospective Resource as certified by NSAI.

Indonesian Business Development Activity

Dart is pursuing a number of business opportunities in Indonesia that include applications for new PSCs and farm-in agreements.

A joint evaluation study of the Kebur block, covering approximately 1,250km² in South Sumatra was completed in the first half of 2010. This study was undertaken with Medco Energy, an Indonesian oil and gas company, and a PSC application has been made to the Indonesian Ministry of Energy and Mineral Resources (otherwise known as "MIGAS") and is currently pending. Dart expects to be awarded the PSC licence for the Kebur block, and is targeting this to occur by the end of 2010.

In South Kalimantan, Dart conducted a joint evaluation study for three blocks - Tanjung-1, Tanjung-2 and Tanjung-3, that overlap and are adjacent to the Adaro coal mining areas. An application for up to three PSCs covering these areas been submitted and is pending approval from the Indonesian Government. Dart expects to be awarded all or some of these PSC licences, and is targeting this to occur by the end of 2010.

China

Dajing PSC Block

The Dajing block covers an area of approximately 3,969km² and is located in the East Junggar Basin in Xinjiang province. The block is supported by existing infrastructure including the West-East pipeline (approximately 150km south of the Dajing block).

On 31 May 2010, PetroChina and Dart signed a PSC to explore for natural gas within the Dajing block, whereby PetroChina will hold a 51% interest and Dart will hold a 49% interest. Under the PSC, Dart will act as operator.

The PSC arrangement is awaiting regulatory approval from the Ministry of Commerce of the People's Republic of China (otherwise known as "**MOFCOM**"). Depending on approval timing, Dart intends to commence a 14-well exploration campaign in early 2011.

The Dajing block currently has 6.59 Tcf of gross OGIP and 3.48 Tcf of gross prospective Resource, as certified by NSAI.

Liulin PSC Block

The Liulin block is a CSG project covering approximately 183km² and is located in the eastern part of the Ordos basin, approximately 500km southwest of Beijing. There are a number of active underground coal mines in proximity to the PSC area.

The block is currently held by China United Coalbed Methane Corporation Ltd who has entered into a 30-year PSC with Fortune Liulin Gas Company ("**FLG**") to explore for CSG. Under the PSC, FLG has a 50% participating interest in the block and is the operator. In December 2009, Dart farmed-in to the block by acquiring a 35% equity interest in FLG with a series of options to increase its equity interest in FLG to 75%. Dart's current effective interest in the Liulin block is 17.5%, which can be increased to 37.5% if all FLG options are exercised. The first such option, to increase Dart's stake in FLG to 45%, must be exercised prior to 31 December 2010.

Dart jointly operates the block by virtue of its shareholding in FLG with primary responsibility for technical and operating issues.

The PSC exploration period for the block currently runs to 29 March 2012. Since January 2010, FLG and China United Coalbed Methane Corporation Ltd have engaged in an extensive pilot drilling and testing campaign on the Liulin block. In early 2010, the Liulin block was awarded Chinese reserve certification, which is a necessary pre-condition to the preparation of an Overall Development Plan for the block. FLG is currently working towards an Overall Development Plan application for the Liulin block being submitted during 2011.

In October 2010, an initial 15-year Gas Sales Agreement for the Liulin block was concluded, for an annual volume of 1.4 Bcf, commencing 1 July 2011, with take-or-pay arrangements commencing 1 July 2012. Initial prices for the gas under this agreement will be in the order of US\$6.60 / Mcf, subject to annual review and escalation.

The Liulin block currently has 0.81 Tcf of gross OGIP, 0.24 Tcf of gross 2C Resource, 85 Bcf of gross 3P Reserve and 0.05 Tcf of best estimate prospective Resource, as certified by NSAI.

Far East Energy Corporation ("FEEC**") Investment**

In March 2009, Dart invested US\$10 million into Far East Energy Corporation, in the form of a convertible note (the "**Note**"). FEEC is a US-listed company with five CSG PSC assets located in Shanxi and Yunnan provinces in China. If converted, the Note would make Dart one of the largest shareholders in FEEC. The Note is redeemable in March 2011, if not converted before, and earns an 8% coupon. The Note is a first ranking debt obligation of FEEC.

At the same time, Dart entered into a farm-in agreement that would have seen Dart farm-in to a 75% operating position in the Qinnan block, one of FEEC's PSCs in China. The farm-in is conditional on various regulatory approvals and an extension of the PSC exploration period, which have not been obtained. Dart's expectation is that the Qinnan farm-in will not complete and thus, Dart's current intention is to redeem the Note in March 2011.

Terminated Activities

Dart holds an 80% interest in an incorporated joint venture with the Urumqi Geological and Exploration Development Company of Xinjiang Geological Survey, PRC. This incorporated joint venture was set up for the purpose of CSG exploration and development in Xinjiang province. Due to changes in the CSG regime since the establishment of this joint venture it has been unable to move forward as originally planned. Both partners have mutually agreed to terminate the venture and the process is expected to be completed by the end of 2010.

Pursuant to a heads of agreement, Dart provided technical input to the two drilled coal mine methane test wells at the Binchang mine for demonstrative degassing purposes. This project has been concluded and will not proceed to a longer-term commercial relationship.

China Business Development Activity

Dart is in the process of evaluating additional new PSC prospects and potential farm-in opportunities in various regions of China. A number of prospective blocks have been identified and discussions are ongoing. Local management is also tasked with maintenance and leveraging of strategic relationships with a view to creating further business development options.

India

CBM III Blocks

Dart was awarded three CSG licences in the CBM III bidding round in 2006. These were the Tatapani Ramkola block (Dart share 50%), the Mand Raigarh block (Dart share 55%) and the Raj Mahal block (Dart share 50%). Dart's partners in the blocks include Tata Power, Gas Authority of India and Energy Infrastructure Group.

Dart, as the operator, has undertaken an exploration drilling campaign on all three blocks. Dart has made a force majeure request to the Indian Government to withdraw from the Raj Mahal block due to local unrest in the area. Separately, exploration results for the Mand Raigarh block have not indicated commercial production potential and Dart has made a request to the Indian Government to relinquish this block. Both requests are currently being considered the Indian Government.

Core drilling under phase 1 exploration on the Tatapani Ramkola block indicated potential for commercial production, and a five-well phase 2 well drilling program commenced on the block in May 2010 to further assess the commercial potential of the block. Development plans for this block will be assessed following analysis of phase 2 results.

Dart estimates that the Tatapani Ramkola block currently has 0.28 Tcf of gross OGIP and 54 Bcf of gross prospective Resource.

CBM IV Blocks

On 29 July 2010, Dart was awarded two CSG licences as part of the Indian Government's CBM IV bidding round. These are the Assam block (Dart 60% and Oil India Limited 40%) and the Satpura block (Dart 80% and Tata Power 20%). Dart is currently in the process of establishing project offices and finalising preparatory studies and other work. phase 1 exploration drilling is expected to start in the latter half of 2011 on both blocks.

Dart has proposed drilling 15 core holes and two pilot wells as part of the phase 1 exploration program on the Assam block. Contingent on the results, phase 2 would include

a pilot program consisting of 30 production wells. A similar phase 1 exploration program of 15 core holes and two pilot wells has been proposed for the Satpura block. Phase 2 would include drilling 21 pilot wells. Both phase 2 programs are based on a view of early commercial development.

The Assam block currently has 1.18 Tcf of gross OGIP and 0.79 Tcf of gross prospective Resource, as certified by NSAI.

The Satpura block currently has 1.44 Tcf of gross OGIP and 0.96 Tcf of gross prospective Resource, as certified by NSAI.

India Business Development Activities

Dart is in advanced negotiations to farm into one or more CBM blocks that were awarded to Oil and Natural Gas Corporation Limited during the CBM bidding round in 2003. In addition, several CSG projects are under discussion with various Indian companies.

Vietnam

Block MVHN-01KT (Hanoi Trough)

Dart holds a 30 year PSC in respect of the MVHN 01KT (Hanoi Trough) block, which covers an area of approximately 2,601km² in the Song Hong Basin, Northern Vietnam. The block is in the vicinity of the Tian Hai-Thai Binh industrial area and approximately 150km southeast of Hanoi. Dart is the operator of this block and holds a 70% interest with a subsidiary of PetroVietnam holding the remaining 30%.

In 2009, Dart completed phase 1 of an initial eight-well exploration drilling campaign. Results from two wells indicated increasing gas volumes with depth. In January 2010, Dart commenced a second phase of exploration drilling, focusing on deepening a number of the earlier exploration wells. Results indicated some potential for commercial CSG production, albeit at depths great than 1,000 metres.

Consequently, Dart is currently seeking an extension of the PSC exploration period for the purposes of enabling further technical studies and, if appropriate, pilot testing at the Hanoi Trough block.

The Hanoi trough block currently has 0.80 Tcf of gross OGIP and 0.25 Tcf of gross 2C Resource, as certified by NSAI.

Europe

Composite Energy Limited

On 3 September 2010, Dart announced its acquisition of a 10% stake in Composite Energy by subscription of US\$7 million.

Composite Energy is a company engaged in the CSG and shale gas business in Europe and currently has a portfolio of 15 CSG permits in the United Kingdom and two in Poland. Composite Energy has also submitted applications for various new CSG titles and is pursuing CSG opportunities in continental Europe.

Composite Energy's existing licence portfolio is summarised as follows:

Project	Location	Composite Net Interest (%)	Operator	Area (Km²)
PEDL 133	Midlands Valley, Scotland	100% CBM / 50% Shale	Composite Energy	329
PEDLs 161, 163	Midlands Valley, Scotland	50%	Composite Energy	412
PEDLs 173, 174, 178, 179	East Midlands, UK	50%	Composite Energy	350
PEDL 176	East Midlands, UK	50%	Composite Energy	200
PEDLs 200, 207, 210	East Midlands, UK	50%	Composite Energy	258
PEDLs 185, 188, 189	Wrexham / Chester, UK	50%	Composite Energy	400
PEDL 211	South Wales	50%	Composite Energy	100
Chelm	Poland	50%	Composite Energy	760
Werbkowice	Poland	50%	Composite Energy	479

Dart has an option to increase its stake in Composite Energy to 20% prior to the end of January 2011 via subscription of an additional US\$5 million. All funds subscribed by Dart will be used to progress Composite Energy's ongoing work program on its existing tenements in the United Kingdom and Europe, to secure additional licences for the Composite Energy portfolio and to further evaluate shale gas potential in several of Composite Energy's licence areas.

Dart also has the option to increase its ownership to 100%, exercisable prior to the end of June 2011, for US\$56 million, payable in cash, in Dart shares at the then prevailing market price, or in a combination of cash and shares at Dart's election.

Dart also has the ability to farm-in to 50% non operating stakes on any newly identified Composite Energy projects in Europe, in the event that Dart does not move to 100% ownership of Composite Energy.

Composite Energy's portfolio of CBM assets has 18.13 Tcf of gross OGIP, 0.77 Tcf of gross 2C Resource and 8.6 Tcf of gross prospective Resource, as certified by NSAI. In addition, Composite Energy has approximately 1.22 Tcf of shale gas OGIP.

6.6 Funding and financial capacity

General funding considerations

Dart's assets are currently in the exploration and pre-production stage and they are therefore not yet generating positive cash flow. Dart's funding strategy is to maintain adequate cash reserves to meet annual operating costs and expenditure ("**Operating Expenditure**") and annual capital expenditure costs required to ensure that its tenements are maintained in good standing, which includes the costs required to meet minimum exploration program commitments under PSCs and exploration licences in the relevant jurisdictions of operation and any expenditure requirements under joint ventures and farm-in agreements, including obligations to provide performance bonds and guarantees ("**Minimum Expenditure**").

In addition to annual Operating Expenditure and Minimum Expenditure commitments as described above, Dart may, at its election, also incur:

- (i) incremental expenditure on PSCs and tenements that is not required or committed but may enhance value or increase Dart's ownership stakes in certain projects, such that Dart retains the flexibility to scale the incremental expenditure up or down depending on operating results and the availability of capital at the time ("**Incremental Expenditure**"); and
- (ii) new business expenditure in relation to Dart's pipeline of new business opportunities under evaluation / negotiation. No capital expenditure is presently committed on these new business opportunities. Dart retains the flexibility to scale these potential new business expenditures up or down depending on whether the new business opportunities become available, the terms and attractiveness of those opportunities and the availability of capital to pursue those opportunities at the time they become available ("**New Business Expenditure**").

In common with many other exploration companies, Dart's future expenditure, including importantly Incremental Expenditure and New Business Expenditure, depends on its ability to raise new equity capital, access debt or dispose of interests in existing PSCs or licences.

It should be noted that if Dart cannot access additional sources of capital, the ability to undertake Incremental Expenditure and New Business Expenditure will be limited, and this may adversely impact on Dart's overall business. The ability to source additional equity or debt funding will depend on various factors some of which are outside the control of Dart. It is not possible to provide an assurance that Dart will be able to source additional equity or debt funding at any particular time.

Sources of funds

As at 1 October 2010, based on pro-forma financial information which accounts for the acquisition of Apollo, Dart would expect to have available the following sources of funds following the acquisition of Apollo:

<u>Cash and Loan facilities</u>		
	AUD\$M	
Dart cash	51.7	<i>Cash reserves</i>
Apollo cash	8.0	<i>Current cash reserves less estimated transaction fees</i>
Shell Loan facility ^{1, 2}	25.2	<i>From Shell, 2 year term, presently undrawn</i>
TOTAL	84.9	

<u>Other Sources of Funds Potentially Available</u>		
Financial instruments ¹	11.3	<i>Convertible Note in Far East Energy, inclusive of coupon, redeemable in March 2011</i>
TOTAL	11.3	

TOTAL FUNDING SOURCES	96.2	
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¹ Assuming AUD/USD exchange rate of \$0.99.

² Availability of this facility is dependent on Dart securing at least one new PSC or exploration licence.

In addition, Dart has indicated that it is likely to undertake a capital raising, not earlier than 3 months after the date that Dart was listed on the ASX (being 22 July 2010). Dart presently considers it most likely that this capital raising will occur in the first half of 2011.

As advised at the time of the Demerger Scheme, it was expected that an additional \$75m would be required to fund the existing capital program to the end of 2011.

Contemporaneously with listing on the ASX, Dart raised approximately \$35m, via a private placement of shares in Dart to institutional investors. Taking into account the \$35m placement and business development activity since then, it is expected that additional funding in the range of \$50m - \$75m will be required.

The capital raising is likely to be undertaken by way of a pro-rata entitlement offer to Dart Shareholders (which, if the Offer is accepted, would at that point include Apollo Shareholders). The decision to undertake a capital raising (if any) is subject to a number of considerations including funding requirements, market conditions and a range of other factors that are outside the control of Dart. The amount to be raised, the issue price of Dart Shares to be issued and the structure of any capital raising are still undecided and will not be finalised until closer to the time when the capital raising is to be undertaken.

Decisions about whether the capital raising proceeds and the associated matters referred to above will also need to take account of a range of factors, including market conditions, many of which are not under Dart's control. For these reasons Dart can give no assurance about these matters or the timing for implementing a capital raising (if any).

Uses of funds

The following table summarises Dart's use of funds for the remainder of 2010, and for calendar year 2011 (assuming the inclusion of the Apollo assets in the Dart portfolio):

USES¹	2010² A\$M	2011 A\$M
Australia (including Apollo assets)³		
Committed capex	1.9	13.1
China		
Committed bank guarantee placements	4.0	0.0
Expected bank guarantee placements	0.0	2.0
Committed capex	4.6	16.4
Expected incremental capex	0.0	1.0
Indonesia		
Committed bank guarantee placements	0.0	2.2
Expected bank guarantee placements	6.0	0.0
Committed capex	1.2	13.4
Expected incremental capex	6.0	7.6
India		
Committed capex	1.7	2.6
Expected incremental capex	0.0	5.2
Vietnam		
Committed capex	0.3	0.7
Expected incremental capex	0.0	1.0
Europe and new geographies⁴		
Expected incremental capex	0.0	12.5
Summary: Capital Expenditures and Overhead		
Committed capex	9.7	46.2
Expected incremental capex	6.0	27.3
Corporate overhead	4.0	16.2
POTENTIAL EXPENDITURE	19.7	89.7
Summary: Capital required as Bank Guarantees⁵		
Committed bank guarantee placements	4.0	2.2
Expected bank guarantee placements	6.0	2.0
Total (refundable) Bank Guarantees⁶	10.0	4.2
TOTAL POTENTIAL EXPENDITURE	29.7	93.9

¹ Assuming AUD/USD exchange rate of \$0.99.

² Forecast expenditure for the final 3 months of 2010.

³ Dart assumptions concerning Apollo capital requirements.

⁴ Capital requirements assuming Dart completes in full the Composite Energy transaction discussed in section 6.5 of this Bidders's Statement.

⁵ Subject to the discharge of specified minimum licence commitments, these guarantees will be returned to Dart in full over time.

⁶ Funds already committed to guarantees amount to \$5.8 million. These will gradually be returned on discharge of licence commitments, some of which are approaching completion.

6.7 Financial performance

Financial information relating to Dart is set out in section 11 of this Bidder's Statement.

6.8 Board of Directors

The Board of Directors of Dart is currently comprised as follows:

<u>Name</u>	<u>Position</u>
Nicholas Davies	Non-Executive Chairman
Simon Potter	Managing Director
Stephen Bizzell	Executive Director
Shaun Scott	Executive Director
David Williamson	Non-Executive Director

Profiles of each Board member are as follows:

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

Experience and expertise	Nicholas Davies 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 Energy Limited. 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	Nil
Former directorships in last 3 years	Liquefied Natural Gas Limited (from 2007 to March 2010) Managing Director and CEO of Arrow Energy Limited (from September 2004 to August 2010)
Special responsibilities	Non-Executive Chairman of the Dart Board Member of Audit and Financial Risk Committee

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 commenced as CEO of Arrow Energy International in April 2010 before assuming his role with Dart in July 2010. Simon currently resides in Singapore.
Other current	Ogre Consulting (January 2007 - Present)

directorships

Former directorships in last 3 years Advanced Well Technologies (August 2008 to February 2009)
Energy Assets Investments & its subsidiaries (July 2008 to February 2009)
Whicher Range Energy (July 2008 to February 2009)
Rialto Energy and its subsidiaries (July 2008 to July 2010)

Special responsibilities Managing Director and Chief Executive Officer of Dart

Stephen Bizzell
BCom, ACA
Executive Director. Age 42

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 Energy Limited from 1999 until August 2010. He is Chairman of boutique investment banking 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)
Apollo Gas Limited (from 2009)
Diversa Ltd (from 2010)

Former directorships in last 3 years Arrow Energy Limited (from July 1999 to August 2010)
Liquefied Natural Gas Limited (Alternate Director) (from 2007 to March 2010)

Special responsibilities Executive Director of Dart
Member of Audit and Financial Risk Committee

Shaun Scott
BBus (Accountancy) / BA (Rec Admin), ACA
Executive Director. Age 45

Experience and expertise Shaun Scott is a Chartered Accountant with over 20 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 Energy Limited. Prior to joining Arrow Energy NL (as it was then) in 2004, Shaun held a variety of senior executive roles across the industry. Shaun currently resides in Brisbane.

Other current directorships Nil

Former directorships in last 3 years	Pure Energy Limited (from 2007 to September 2008) APPEA (from August 2009 to August 2010)
Special responsibilities	Executive Director of Dart Acting CFO (until 30 November 2010)

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 Chairman of the Audit Committee of New Hope Corporation Limited. David has also been a Non-Executive Director since 2001 of Australian Health and Nutrition Association Limited (Sanitarium Health Food Co) including being a member of the Finance and Business Committee which reviews all finance and business proposals.
Other current directorships	New Hope Corporation Limited (from 1999) Australian Health and Nutrition Association Limited (from 2001)
Former directorships in last 3 years	Arrow Energy Limited (until August 2010)
Special responsibilities	Chairman of Audit and Financial Risk Committee

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 20 years experience.

6.9 Director's Interests

Except as disclosed in this Bidder's Statement, no Director or proposed Director of Dart (whether individually or in consequence of the Director's association with any company or firm or in any material contract entered into by Dart) has now or has had in the two year period ending on the date of this Bidder's Statement, any interest in:

- the formation or promotion of Dart;
- property acquired or to be acquired by Dart in connection with its formation or promotion or the Offer; or
- the Offer of Dart Securities.

Except as disclosed in this Bidder's Statement, no amount of any kind (whether in cash or shares or otherwise) has been paid or agreed to be paid to any Director or proposed Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or any company or firm with which the Director is associated in connection with the promotion or formation of Dart or this Offer.

6.10 Interests in Dart Securities

The table below shows the direct and indirect interests of the Dart Directors and officers in Dart Securities at the date of this Bidder's Statement and the number of Dart Securities which the Dart Directors and officers are expected to hold directly or indirectly following completion of the Offer assuming 100% acceptance.

Dart Director name	Number of Dart Securities held prior to Offer	Approximate % of Dart Securities held prior to Offer	Expected number of Dart Securities held immediately following completion of the Offer	Expected approximate % of Dart Securities held immediately following completion of the Offer ¹
Nicholas Davies	3,779,520 Dart Shares. Dart has agreed to issue 1,250,000 options over Dart Shares with an exercise price of \$0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will vest in 3 equal tranches over a 3 year period	1.16%	Unchanged	0.84%
Simon Potter	3,672,482 options over Dart Shares. These options will vest in 3 equal tranches over a 3 year period from issue. The expiry date of the options is 31 March 2014. <ul style="list-style-type: none"> 1,224,161 unlisted options at \$0.98625 vesting on 29 July 2011 1,224,161 unlisted options at \$0.98625 vesting on 29 July 2012 1,224,160 unlisted options at \$0.98625 vesting on 29 July 2013 	0.85%	Unchanged	0.62%
Stephen Bizzell	1,896,253 Dart Shares Dart has agreed to issue 2,250,000 options over Dart Shares with an exercise price of \$0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will vest in 3 equal tranches over a 3 year period	0.96%	3,724,513 Dart Shares Dart has agreed to issue 2,250,000 options over ordinary shares with an exercise price of \$0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will vest in 3 equal tranches over a 3 year period. In addition, as a consequence of accepting the Offer in respect of Apollo Options held, the following additional Dart options over Dart Shares will be issued: <ul style="list-style-type: none"> 375,000 options over Dart Shares with an exercise price of \$0.40 225,000 options over Dart Shares with an exercise price of \$0.40 150,000 options over Dart Shares with an exercise price of \$0.40 131,250 options over Dart Shares with an exercise price of \$0.40 and a hurdle exercise price of \$1.33 (to be issued on 15 December 2010 subject to meeting eligibility criteria) 	1.15%

			As a consequence of accepting the Offer in respect of Apollo Shares held, 1,828,260 Dart Shares will be issued (which is included in the total figure noted above).	
Shaun Scott	<p>299,860 Dart Shares.</p> <p>2,250,000 options over Dart Shares. These options will vest in 3 equal tranches over a 3 year period from issue. The expiry date of the options is 31 March 2014.</p> <ul style="list-style-type: none"> 750,000 unlisted options at \$0.98625 vesting on 29 July 2011 750,000 unlisted options at \$0.98625 vesting on 29 July 2012 750,000 unlisted options at \$0.98625 vesting on 29 July 2013 	0.59%	<p>473,860 Dart Shares</p> <p>2,250,000 options over Dart Shares. These options will vest in 3 equal tranches over a 3 year period from issue. The expiry date of the options is 31 March 2014.</p> <ul style="list-style-type: none"> 750,000 unlisted options at \$0.98625 vesting on 29 July 2011 750,000 unlisted options at \$0.98625 vesting on 29 July 2012 750,000 unlisted options at \$0.98625 vesting on 29 July 2013 <p>As a consequence of accepting the Offer in respect of Apollo Shares held, 174,000 Dart Shares will be issued (which is included in the total figure noted above).</p>	0.46%
David Williamson	<p>81,078 Dart Shares.</p> <p>Dart has agreed to issue 750,000 options over Dart Shares with an exercise price of \$0.98625. These will be issued and granted subject to approval at the Annual General Meeting. These options will vest in 3 equal tranches over a 3 year period</p>	0.19%	Unchanged	0.14%
Paul Marshall	<p>750,000 options over Dart Shares. These options will vest in 3 equal tranches over a 3 year period from issue. The expiry date of the options is 31 March 2014.</p> <ul style="list-style-type: none"> 250,000 unlisted options at \$0.98625 vesting on 29 July 2011 250,000 unlisted options at \$0.98625 vesting on 29 July 2012 250,000 unlisted options at \$0.98625 vesting on 29 July 2013 	0.17%	Unchanged	0.13%

(1) On a fully diluted basis assuming issue and exercise of all options referred to in this Bidder's Statement.

6.11 Senior management

Simon Potter – Chief Executive Officer and Managing Director

Simon Potter is the Chief Executive Officer and Managing Director of Dart. His profile is provided in section 6.8 above.

Eytan Uliel – Chief Commercial Officer

Eytan Uliel joined Dart in 2008. Prior to joining Dart, Eytan was Asian regional Head of Corporate Finance for Babcock & Brown. Prior to that, Eytan had a seven year career at Carnegie Wylie, a leading independent Australian private equity and financial advisory firm, including as Managing Director based in Singapore responsible for international activities of that firm. Eytan was previously an early investor/shareholder and director of CH4 Gas, one of the two companies that were merged in 2006 to create Arrow Energy NL (as it was then), and has served as a director of a number of listed and sizeable private entities in Australia and Asia. Eytan resides in Singapore.

Martin Cooper – Chief Financial Officer

Martin, who will be joining Dart in December, was previously the CFO for SciGen Group, an ASX listed company based in Singapore with operations across Australia, Asia and the Middle East. Prior to that, Martin was the Group Finance Director and Company Secretary for Interregnum Group plc, a London listed company, based in London.

Shaun Scott, who is currently serving as Acting Chief Financial Officer, will cease in this role once Martin commences employment. Shaun will however remain an Executive Director of Dart. See section 6.8 above.

Nathan Rayner – Chief Operating Officer

Nathan, who joined Dart in October 2010, brings valuable experience in the field of reservoir and petroleum engineering. Most recently, Nathan held the position of GM Petroleum Engineering at Arrow Energy International, and was responsible for field development and planning, optimisation of reserves, well design selection and identifying production enhancement opportunities. Nathan current resides in Brisbane, and will shortly be relocating to Singapore.

Peter Roles – Chief Technical Officer

Peter has been working with Arrow Energy International (and subsequently Dart) since 2009. He has over 30 years experience in the oil and gas industry. He was the Asset General Manager for Arrow Energy Limited's Southern Operations before relocating in 2009 to Singapore to take up the role of VP, International Operations. Peter's experience includes reservoir and drilling through to transmission systems and major facilities construction. Peter previously held asset and project management roles in CH4, Santos, AGL, Central Queensland Natural Gas and CSR Petroleum. Peter resides in Singapore.

Toby Hewitt – General Counsel

Toby, who joined Dart in September 2010, was previously a consultant with leading law firm Herbert Smith in Singapore, specialising in oil and gas and energy work across the Asia region. Prior to that, Toby was in-house counsel with Santos in Indonesia and BHP Billiton (WMC Resources) in Australia, focusing on the oil and gas and mining sectors. Toby resides in Singapore.

Shi ZhenChun – China Country Manager

Shi ZhenChun is the China country manager for Dart and is responsible for leading the China business and team. ZhenChun is a Chinese national, and has had a 20 year career in the Chinese and international oil and gas and coal industry. Prior to joining Dart, ZhenChun was the China Coal business unit leader for BP, having established three highly successful Joint Ventures for BP in China. ZhenChun has a deep understanding of the China coal and gas industry dynamics and an excellent network of relationships with relevant government authorities and various partners including national oil and coal companies. ZhenChun has a degree in Chemical & Refining Engineering from the Zhenzhou Industry University, China, and an MBA from the Olin Business School, Washington University, USA. ZhenChun resides in Beijing.

Sudhansu Adhikari – India Country Manager

Sudhansu Adhikari has been the India country manager for Dart since July 2009 and leads the Indian business and team. Sudhansu has over 30 years managerial and technical experience in exploration, project initiation, and project execution in the coal and coal seam gas sectors in India. He spent 22 years of his professional career as a geologist and senior geologist in the Geological Survey of India, primarily in exploration for coal. In 2001 Sudhansu joined Reliance India as the Chief Geologist and head of exploration for CSG blocks. Sudhansu joined Dart in January 2007 to open the company's office in India and has successfully managed the drilling programs on Dart's three Indian CSG blocks. Sudhansu has a M.Sc. in Geology from Calcutta University. Sudhansu resides in New Delhi.

Unggul Setyatmoko – Indonesia Country Manager

Unggul Setyatmoko is the Indonesia country manager for Dart and leads the Indonesia business and team. Unggul has had a 20 year career in the Indonesian oil and gas industry, initially with ARCO and then with BP. Unggul's roles have included a number of leadership roles in the areas of commercial, development planning, domestic gas sales operations and marketing, LNG manufacturing (Bontang LNG Plant) and Tangguh LNG marketing. Unggul joined Dart as General Manager Operations, Indonesia, in 2009, and became Indonesia Country Manager in 2010. Unggul resides in Jakarta.

Tuan Do Vuong – Vietnam Country Manager

Tuan Do is the Vietnam country manager for Dart and leads the Vietnam business and team. Tuan has extensive experience in oil and gas refining, production, and power plant operations, including engineering, economic evaluation, new project development, management and country relationships. During a 30 year career with ARCO and BP, Tuan has been posted to projects in the US (mainly Alaska and Texas) and to several international projects in Russia, the South East Asia region and Vietnam. Career highlights included serving as Chief Start-Up Engineer and engineering supervisor for a multi-billion dollar facility in North Slope, Alaska; Chief Representative for ARCO in Vietnam; Project approval manager for BP in Vietnam; and general director for the Phu My 3 combined cycle power plant in Vietnam. Tuan resides in Ho Chi Minh City.

Chris Ohlrich - General Manager, Commercial

Chris, who joined Dart in October 2010, was previously the General Manager Commercial of Arrow Energy Limited, with responsibilities including mergers and acquisitions activities in Australia as well as financial and commercial aspects of Arrow Energy Limited's integrated LNG project. Prior to that, Chris had over 12 years of finance and investment banking experience focused on mergers and acquisitions, capital raisings and principal investment involving transactions in Australia, UK, Europe and the US. His previous roles include with Deutsche Bank, Investec Bank, Ernst & Young and GlaxoSmithKline. He is a Chartered Accountant and resides in Brisbane.

6.12 Corporate governance

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 eight Corporate Governance Principles and Recommendations can be found on the ASX's website. The approach that Dart is taking in relation to corporate governance is set out below.

Composition and structure of the Board

The Board comprises directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The current Board of Dart includes two Non-Executive Directors. It is intended to appoint up to two further Non-Executive Directors and the identification of appropriate persons has commenced. Accordingly, on listing on 22 July 2010, Dart did not follow the recommendation set by the 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 was not considered to be warranted. It is considered that the initial composition of the Board will best serve shareholders' interests and that additional Directors will be appointed in the near term.

In the context of a Director's independence "materiality" is considered from both Dart 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 Dart's business.

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:

Name	Position	Reason for not being considered independent
Nicholas Davies	Non-Executive Chairman	Mr Davies was employed in an Executive Director capacity in the past 3 years
Simon Potter	Managing Director	Mr Potter is employed by the consolidated entity in an Executive Director capacity
Stephen Bizzell	Executive Director	Mr Bizzell is employed by the consolidated entity in an Executive Director capacity
Shaun Scott	Executive Director	Mr Scott is employed by the consolidated entity in an Executive Director capacity
David Williamson	Non-Executive Director	Mr Williamson is a director of a company who is a substantial shareholder of Dart

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 responsibility of the Board

The Board's role and responsibilities will be encompassed in a formal charter that will be adopted by the Board and will be published on Dart'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 Dart is properly managed; and
- monitoring Dart's performance and ensuring that shareholders are kept informed of Dart's performance and of major developments affecting its state of affairs.

The major responsibilities of the Board include responsibility for:

- supervising Dart'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 Dart, including conducting regular reviews of the balance of responsibilities within Dart to ensure the division of functions remain appropriate to the needs of Dart;
- liaising with Dart's external auditors and the Audit and Financial Risk Committee;
- adopting a formal code of conduct to be followed by all the Directors, employees and contractors of Dart; and
- the monitoring of and ensuring compliance with, Dart's legal obligations.

Board committees

The Board will establish committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. To assist in carrying out their responsibilities, the Board will establish the following standing committees:

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

As at the date of this Bidder's Statement, only the Audit and Financial Risk Committee has been established.

Each committee will adopt a charter setting out matters relevant to the authority, responsibilities, membership and operation of that committee. A copy of each committee's charter will be published on Dart's website. The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis.

The intended roles and responsibilities of each of these standing committees are described below.

(a) **Risk Committee**

The Board will establish a Risk Committee comprising of three to five Directors, with a Non-Executive Director as its chair. It is intended that the Risk Committee will meet at least four times a year, with additional meetings scheduled on an 'as needs' basis. The Risk Committee will have 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 will be to assist the Board in fulfilling its responsibilities with respect to the oversight and governance control of the Dart's risk management (excluding financial risks) by:

- reviewing, overseeing and recommending to the Board matters in relation to Dart's risk management policy and Dart's risk management framework, including compliance effectiveness;
- reviewing and overseeing Dart'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 Dart's risk profile;
- monitoring and reviewing the risk management performance of Dart, including conducting specific investigations where deemed necessary;
- reviewing and recommending to the Board matters in relation to Dart's insurance strategy, including the coverage and limits of Dart's insurance policies;
- reviewing and recommending to the Board matters in relation to expenditure authorisations; and
- interfacing with the Audit and Financial Risk Committee in order to review Audit and Financial Risk Committee reports, give guidance and direction to the Board on the conduct of risk management and to review significant risks or exposures Dart may face.

(b) **Audit and Financial Risk Committee**

The Board has established an Audit and Financial Risk Committee, comprising of three Directors currently (and up to five), all with appropriate financial experience. At least one member must have past employment experience in finance or accounting, a requisite professional certification in accounting or other comparable financial management expertise.

The current members of the Audit and Financial Risk Committee are:

- David Williamson (Chair);
- Nicholas Davies; and
- Stephen Bizzell.

Given the current composition of the Board, Dart presently does not follow the recommendation set by the ASX Corporate Governance Council that the Audit and Financial Risk Committee comprise a majority of independent directors. However, it is considered that the members of the Audit and Financial Risk Committee have appropriate expertise and skills to effectively discharge the role of this Committee.

It is intended that the Audit and Financial Risk Committee will meet at least four times a year, with additional meetings scheduled on an 'as needs' basis. It is intended that representatives of management, Dart's internal auditor and Dart's external auditor will attend Audit and Financial Risk Committee meetings at the discretion of the Committee.

The primary function of the Audit and Financial Risk Committee is to assist the Board in fulfilling its responsibilities with respect to the oversight of Dart'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;
- reviewing the appropriateness, adequacy and effectiveness of Dart'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 Dart's legal obligations and monitoring regulatory developments that may have a significant impact on Dart;
- 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 and Financial Risk Committee reports, give guidance and direction to the Board on the conduct of risk management and to review significant risks or exposures Dart may face;
- reviewing compliance Dart policies designated by the Board from time to time, including Dart's code of conduct and the insider trading policy; and
- establishing procedures in respect of complaints received by Dart regarding accounting, internal accounting controls or auditing matters and submissions by employees of concerns regarding such matters.

(c) Nomination and Remuneration Committee

The Board will establish a Remuneration and Nomination Committee comprising of not less than three Directors. The chair will be an independent Director. Given the current composition of the Board, Dart will likely not follow the recommendation set by the Council that the Remuneration and Nomination Committee comprise a majority of independent directors. However, it is anticipated that the members of the Remuneration and Nomination Committee will have appropriate expertise and skills to effectively discharge the role of that Committee.

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

- reviewing, overseeing and recommending to the Board matters in relation to the competitiveness of Dart'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 Dart;
- 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.

Resources available to the Board

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 Dart and to ensure Dart 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.

Code of Conduct and Trading in Dart Securities

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

Dart 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 Dart.

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

- the practices necessary to maintain confidence in the integrity of Dart; 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.

Dart has a policy to deal with the disposal or acquisition of Dart's securities. In addition, there are specific periods that trading in Dart's securities are prohibited by director's and staff.

Continuous disclosure and shareholder communication

Dart has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning Dart that a reasonable person would expect to have a material effect on the price of Dart's securities. These policies and procedures also include the arrangements Dart has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with 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 Dart's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of Dart's operations, the material used in the presentation is released to the ASX and posted on Dart's website.

Compliance with recommendation

As at the date of this Bidder's Statement, Dart is not in a position to be fully compliant with all of the Council's best practice recommendations. Dart's current policies do not meet the recommended practices in the following areas due mainly to the initial composition of the Board following the completion of the demerger of Dart from Arrow Energy Limited.

ASX Principles and recommendations	Summary of Dart's position
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 the date of this Bidder's Statement none of the Directors are considered to be independent in accordance with the criteria set out in recommendation 2.1. The Board believe that the individuals on the Board can and do make quality and independent judgements in the best interest of Dart and other stakeholders notwithstanding that they are not independent directors in accordance with the criteria set out in the recommendations.
Principle 2 – Structure the board to add value	
Recommendation 2.2 – The chair should be an independent director	The Chairman of Dart (Nicholas Davies) is a Non-Executive Director, but he is not considered to be independent given his past role as an executive of Arrow Energy Limited. 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.
Principle 4 – Safeguard integrity in financial reporting	
Recommendation 4.2 – The audit committee should be structured so that it: <ul style="list-style-type: none">- consists only of non-executive directors	The initial audit committee does not currently meet the recommendations that it consists only of non-executive directors (as one of the members Stephen Bizzell is an Executive Director) and it is chaired by a director (David Williamson) who is not considered independent in accordance with the criteria set out. The committee will

- 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
- be restructured to comply with the recommendation when the company engages other non-executive directors who have the skills required to sit on the audit committee.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1 – The Board should establish a remuneration committee

Due to the size and scale of operations and given the current composition of the Board at this stage a separate remuneration committee has not been established. The full Board currently performs the functions of a nomination committee.

6.13 Publicly available information

Dart is a company listed on ASX and subject to the continuous and periodic disclosure requirements of ASX and the Corporations Act. A substantial amount of information is publicly available concerning Dart and may be accessed by referring to the ASX website (ASX code: DTE) or at Dart’s website at www.dartenergy.com.au.

7 Information about Dart Shares

7.1 Dart Shares

Dart was admitted to the Official List of ASX on 20 July 2010 and the implementation of its Demerger Scheme from Arrow Energy Limited was effected on 28 July 2010. Dart Shares commenced trading on ASX on 22 July 2010.

As at the date of this Bidder's Statement, Dart had 419,748,184 fully paid ordinary shares on issue. None of these shares are restricted securities (within the meaning of the ASX Listing Rules) or otherwise subject to escrow. From the date of issue, the Dart Shares to be issued pursuant to the Offer will rank equally with all existing Dart Shares on issue at the Register Date.

7.2 Trading of Dart Shares

The highest recorded sale price of Dart Shares on the ASX since its listing and before the announcement of the Offer was \$1.10. The lowest recorded sale price of Dart Shares since its listing and before the announcement of the Offer was \$0.75.

The highest recorded sale price of Dart Shares on the ASX since its listing and before this Bidder's Statement was originally lodged with ASIC on 25 October 2010 was \$1.395. The lowest recorded sale price of Dart Shares since the announcement of the Offer and before this Bidder's Statement was originally lodged with ASIC on 25 October 2010 was \$1.07.

The closing price at which Dart Shares traded on 24 September 2010, being the last day of trading before the announcement of the Offer, was \$1.05. The closing price on the last full trading day which Dart Shares traded prior to the date this Bidder's Statement was originally lodged with ASIC (being the closing price on 22 October 2010) was \$1.16.

7.3 Employee share plans

The Dart Directors may at their discretion introduce an employee share scheme whereby Dart may issue Dart Securities to employees of Dart in any manner permitted by Dart's constitution, the Corporations Act and the ASX Listing Rules.

Dart has established an employee share option scheme whereby Directors may grant options over Dart Shares to employees or consultants engaged by Dart. In addition, a number of executives have been engaged under contracts of employment which entitle them to options. Such options are unlisted and granted for no consideration. When exercisable each option is convertible into one ordinary share.

7.4 Constitution

From their date of issue, the Dart Shares to be issued pursuant to the Offer will rank equally with all Dart Shares on issue at the Register Date.

The rights and restrictions attaching to Dart Shares are set out in Dart's constitution and, in certain circumstances, are regulated by the Corporations Act, ASX Listing Rules and general law. Under Section 140(1) of the Corporations Act, the constitution of Dart has effect as a contract between Dart and each member and between a member of Dart and each other member. Accordingly, if Apollo Shareholders accept the Offer and are allotted Dart Shares as consideration, they will become contractually bound to comply with the constitution of Dart. However, since the Dart Shares issued as consideration under the Offer will be issued credited as fully paid, no monetary liability attaches to them.

A summary of the principal rights attaching to Dart Shares to be issued upon the acceptance of the Offer is set out below. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities attaching to Dart Shares. Such rights involve complex questions of law arising from the interaction of the constitution and statutory and common law requirements. Apollo Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Dividends

Dart Directors are entitled to distribute Dart profits and declare final and interim dividends, subject to any special rights or conditions attaching to any Dart Shares and in accordance with Dart Shareholders' rights and interests. The Dart Directors may, from time to time, declare such dividends as appear to the Directors to be justified by the profits of Dart.

The Dart Shares issued upon acceptance of the Offer will rank equally with all other issued shares in the capital of Dart and will participate in dividends out of profits earned by Dart from time to time.

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.

Attendance at meetings and voting

Subject to the provisions of the constitution of Dart, a Dart Shareholder is entitled to be present and vote at every meeting of members. Dart Shareholders may vote in person, or by proxy, attorney or representative and are entitled to, on a show of hands, one vote and upon a poll, one vote for every Dart Share held by that Dart Shareholder.

Variation of Rights

The rights attaching to a class of shares in Dart can only be varied by a special resolution passed at a general meeting of the holders of that class of shares or with the written consent of at least 75% of holders of shares in that class. At present, there is only one class of shares in Dart on issue (ie Dart Shares).

Issue of further Dart Shares

Subject to the restrictions on the allotment of shares under Dart's constitution, the Corporations Act and the ASX Listing Rules, the Directors of Dart may issue, allot or dispose of further Dart Shares on such terms and conditions as the Directors determine. However, subject to the ASX Listing Rules, Dart Directors may not issue further shares which would have the effect of Dart having more than one class of ordinary shares on issue, unless approved by the ASX.

Transfer of Dart Shares

Generally, fully paid Dart Shares are freely transferable, subject to satisfying the usual requirements of share transfers on the ASX.

However, except in the case of a proper transfer, the Directors may decline to register any transfer or apply a holding lock where permitted to do so by the ASX Listing Rules or the ASX Settlement Operating Rules, including where:

- (a) the registration of the transfer would result in a contravention of or failure to observe the provisions of a law of a State or Territory or of the Commonwealth;
- (b) the transfer is paper based;
- (c) Dart has a lien on the Dart Shares the subject of the transfer;
- (d) Dart is served with a court order that restricts the transfer of Dart Shares; or
- (e) the transfer would create a shareholding which at the time the transfer is lodged is less than a marketable parcel.

Dart will notify a lodging party of any such refusal to transfer shares or apply a holding block by written notice and the precise reasons for such action.

Calls on Dart Shares

Subject to the Dart constitution, the ASX Listing Rules, the Directors may at any time after the allotment of shares make calls on Dart Shareholders in respect of any money which remains unpaid on their Dart Shares except where the payments are made payable at fixed times by the conditions of the allotment of the shares. The Directors may require a call to be made in instalments and may differentiate between the Dart Shareholders as to the amount of calls to be paid and the times of payment.

Forfeiture of Dart Shares

If a Dart Shareholder fails to pay any call or instalment of a call on the day appointed for payment, the Directors may serve a call notice requiring payment of the unpaid amount of the call together with any interest which may have accrued and all expenses that may have been incurred by Dart by reason of the non-payment.

If the terms of a valid call notice are not complied with by the Dart Shareholder, the shares in respect of which the notice was given may be forfeited by a resolution of the Directors to that effect.

A person whose Dart Shares are forfeited, will cease to be a member of Dart in respect of those forfeited shares but will remain liable to pay to Dart all money payable in respect of those shares. Any Dart Shares which are forfeited in accordance with the constitution shall be re-issued, sold or otherwise disposed of in accordance with the provisions of the Corporations Act and the ASX Listing Rules.

Liens on Dart Shares

Dart has a first and paramount lien and charge for:

- (a) unpaid calls and unpaid instalments on shares in Dart;
- (b) amounts owed for acquiring shares under an employee incentive scheme; and
- (c) amounts required by law to be paid that have been paid in respect of the Dart Shares of an Dart Shareholder or a deceased former Dart Shareholder.

The lien held by Dart shall extend to the Dart Shares and any dividend declared, from time to time, in respect of such shares.

Winding up

Subject to the terms and conditions upon which Dart Shares have been issued, on a winding up of Dart, all assets which may be legally distributed among the members will be distributed firstly in repayment of paid-up capital in accordance with the respective rights of the members and secondly, the balance remaining shall be distributed among the ordinary members, in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the Dart Shares held by them respectively, other than amounts paid in advance of calls.

Notices

Any notice or document given by Dart pursuant to its constitution may be served on the person to be notified either personally, by electronic means or by sending it through the post in a prepaid letter envelope or wrapper to the person to be notified at his or her registered place of address.

Amendment of Constitution

Pursuant to the Corporations Act, Dart may only modify or repeal a provision of its constitution by special resolution in a general meeting, being a resolution passed by at least 75% of votes cast by members entitled to vote on the resolution. Dart must provide at least 28 days notice of the general meeting and proposed special resolution.

8 Information about Dart Options

8.1 Summary of Information

The Dart Options offered as Option Consideration are unquoted options to acquire, upon exercise, one Dart Share for the relevant exercise price and are offered on comparable commercial terms to the relevant class of Apollo Option for which they are provided as consideration under the Offer.

Below is a summary of the respective Dart Options offered as Option Consideration in connection with the Offer.

Class of Dart Option	Vesting Hurdle price	Vesting Hurdle date	Exercise price	Expiry Date	Maximum number to be issued*
Dart A-Class Option	\$0.53	N/A	\$0.40	15 December 2014	18,750,000
Dart B-Class Option	\$0.80	N/A	\$0.40	15 December 2014	18,750,000
Dart C-Class Option	\$0.53	N/A	\$0.40	15 December 2014	2,681,250
Dart D-Class Option	\$0.80	N/A	\$0.40	15 December 2014	1,473,750
Dart E-Class Option	\$1.07	N/A	\$0.40	15 December 2014	982,500
Dart G-Class Option	N/A	10 August 2011	\$0.7879	10 August 2015	131,250
Dart H-Class Option	N/A	10 August 2012	\$0.7879	10 August 2015	78,750
Dart I-Class Option	N/A	10 August 2013	\$0.7879	10 August 2015	52,500

* Assuming 100% acceptance of the Offer by Apollo Optionholders.

8.2 Key terms relating to Dart Options

Ranking

Dart Shares issued on exercise of Dart Options will rank pari passu with all existing shares of Dart.

Exercising Dart Options

Those Dart Optionholders who have already met the Vesting Hurdle price for the relevant class of Apollo Options will be taken to have met the Vesting Hurdle price for the relevant class of Dart Options issued as Option Consideration in connection with the Offer.

Dart Options may be exercised upon delivery of a duly completed notice of exercise, together with a cheque for the exercise price per Dart Option or paid by telegraphic transfer in immediately available funds to Dart at any time prior to the relevant expiry date.

Forfeiture of Dart Options

No forfeiture condition will apply to any of the Dart A-Class Options, Dart B-Class Options, Dart C-Class Options, Dart D-Class Options or Dart E-Class Options.

The Dart G-Class Options, Dart H-Class Options and Dart I-Class Options will each be subject to a condition that the relevant Dart Options will be forfeited:

- (a) in the event of fraud or gross misconduct on the part of the recipient (or where the recipient is a nominee, the person who nominated the recipient); or
- (b) if the recipient (or where the recipient is a nominee, the person who nominated the recipient) ceases to provide services to Dart at any time before the expiry of the relevant exercise restriction period (refer to the table above).

Minimum number of Dart Options exercisable

A Dart Optionholder may only exercise their Dart Options if exercising a minimum of 7,500 Dart Options (unless the Dart Optionholder has less than 7,500 Dart Options in which event, the Dart Optionholder must exercise all of the Dart Options together).

Listing of Dart Options

The Dart Options issued as Offer Consideration will be unlisted securities.

Dividends

Dart Optionholders will not be entitled to participate in any dividends issued by Dart.

Participations in new issues

Dart Optionholders will not be entitled to participate in the issue of new securities in Dart.

Dart Optionholders will receive 10 Business Days' notice prior to the record date (to determine any entitlements to an issue) to exercise Dart Options (subject to the exercise restriction period noted above).

Corporate restructure following the issue of Dart Options

Following any reconstruction, consolidation, subdivision, reduction (by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled), return or pro-rata cancellation of the issued capital of Dart:

- (a) the number and/or exercise price of Dart Options will be adjusted in compliance with the ASX Listing Rules; and
- (b) subject to provisions with respect to rounding of entitlements as sanctioned by a meeting of the members of Dart approving a reconstruction of capital, in all other respects the terms of exercise of the Dart Options will remain unchanged.

This provision is subject to the ASX Listing Rules and in the event of an inconsistency the ASX Listing Rules will prevail.

Pro rata issues

If there is a pro rata issue (other than a bonus issue), the exercise price of a Dart Option will be reduced in accordance with the following formula:

$$O^n = \frac{O - E [P - (S + D)]}{N + 1}$$

Where:

- O^n = the new exercise price of the Dart Option
- O = the old exercise price of the Dart Option
- E = the number of underlying securities into which one Dart Option is exercisable
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date or if there is no such date then the date chosen by the Board
- S = the subscription price for a security under the pro rata issue
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue)
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security

Bonus issues

If there is a bonus issue to Dart Shareholders, the number of Dart Shares over which the Dart Option is exercisable will be increased by the number of Dart Shares which the Dart Optionholder would have received if the Dart Option were exercised before the record date for the bonus issue.

Change in Dart Option terms

The terms of the Dart Options may not be changed to:

- (a) reduce the exercise price;
- (b) increase the number of securities received on exercise of the Dart Options; or
- (c) increase any period for exercise of the Dart Options.

A change to the terms which is not otherwise prohibited under this provision may only be changed with the approval of ordinary shareholders unless it has the effect of cancelling an option for no consideration or is made to comply with the ASX Listing Rules, in which case such change can be made without obtaining the approval of ordinary shareholders.

Listing of resultant shares

Upon the exercise of any Dart Option, Dart shall apply for the listing of those relevant shares.

9 Information on Apollo

9.1 Disclaimer

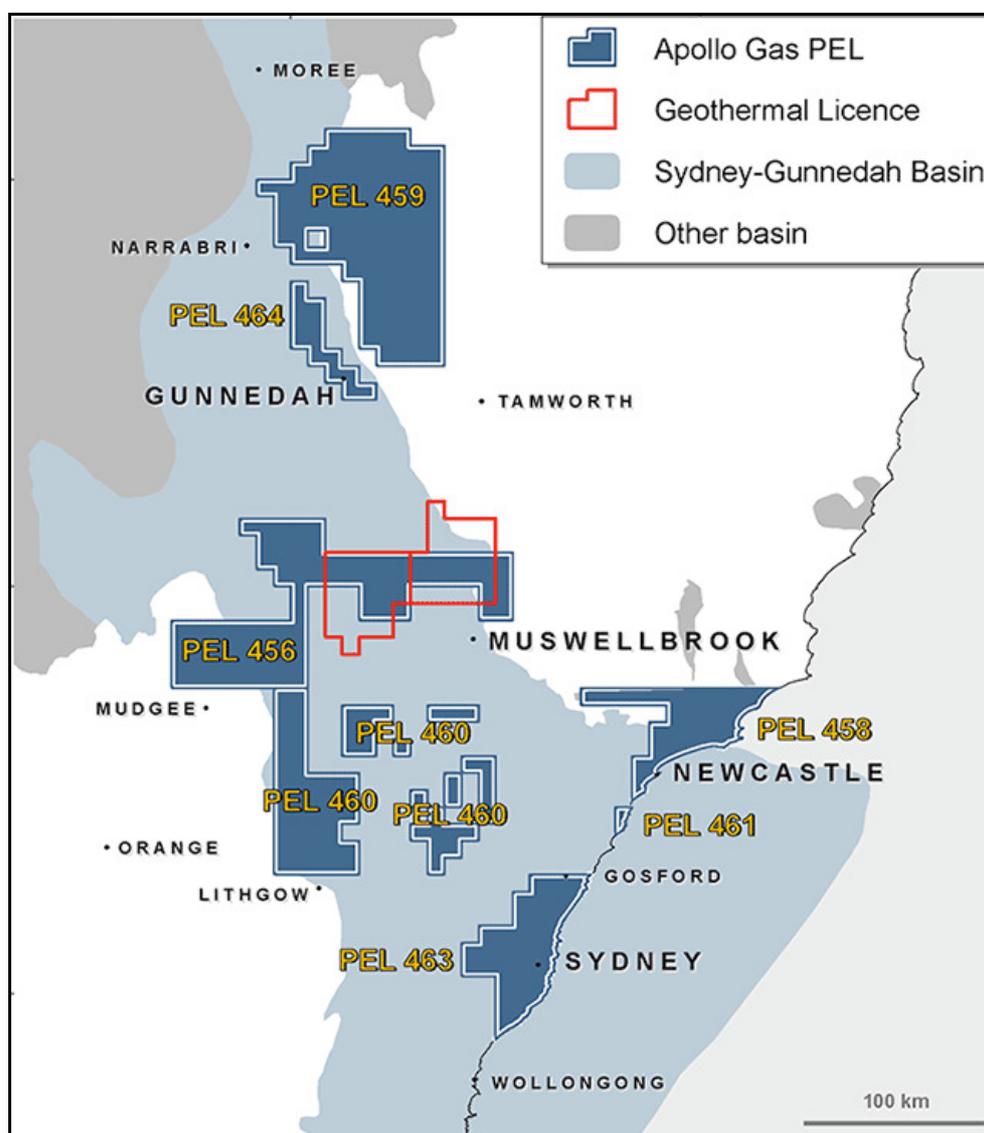
The following information on Apollo has been prepared by Dart using publicly available information and certain information provided to Dart by Apollo pursuant to a limited due diligence investigation which Dart conducted. This information has not been independently verified.

Accordingly, Dart does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Apollo in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires the Directors of Apollo to provide a Target's Statement to Apollo Securityholders in response to this Bidder's Statement, setting out certain material information concerning Apollo.

9.2 Overview of Apollo and its principal activities

Apollo is focused on exploration and exploitation of CSG and conventional gas in New South Wales. Apollo, through its wholly owned subsidiary Macquarie Energy Pty Ltd, holds interests in seven petroleum exploration licences which are prospective for hydrocarbons. Apollo also holds interests in two geothermal exploration licences in New South Wales.



Apollo was listed on ASX in December 2009. Dart (then Arrow Energy Limited) has been a shareholder of Apollo since August 2009 as a seed investor prior to the Company's initial public offering. Apollo had a market capitalisation of approximately \$122 million prior to the announcement of the Offer.

Apollo's petroleum exploration licences cover approximately 23,600km² and 3,500km² of geothermal exploration licences of the Sydney-Gunnedah Basin. The Sydney-Gunnedah Basin extends northward into the Bowen Basin and is overlain in the north-west by the Surat Basin. The table below details Apollo's exploration licences.

Exploration Licence number	Project name	Expiry date	Apollo interest	Area (approximate km ²)
PEL 456	Upper Hunter	05-Mar-2012	85% (50% ⁽¹⁾)	5,953
PEL 458	Newcastle	06-Jun-2011	85% (50% ⁽²⁾)	2,000
PEL 459	Narrabri East	08-Jul-2011	100%	7,488
PEL 460	Hunter West	08-Jul-2011	100%	4,741
PEL 461	Central Coast	04-Sep-2012	100%	73
PEL 463	Sydney	22-Oct-2011	100%	2,385
PEL 464	Gunnedah	22-Oct-2011	100% (50% ⁽³⁾)	958
EL 7505	Murrurundi Trough	n/a	100%	1,747
EL 7506	Murrurundi Trough	n/a	100%	1,749

Source: Apollo initial public offering prospectus, Apollo June 2010 quarterly report.

Notes:

- (1) Assumes completion of the phase 2 Santos QNT farmin work program. Santos QNT interest applies to CSG rights only.
- (2) Assumes completion of phase 2 Dart farmin work program.
- (3) Assumes completion of phase 1 and phase 2 Dart farmin work programs.

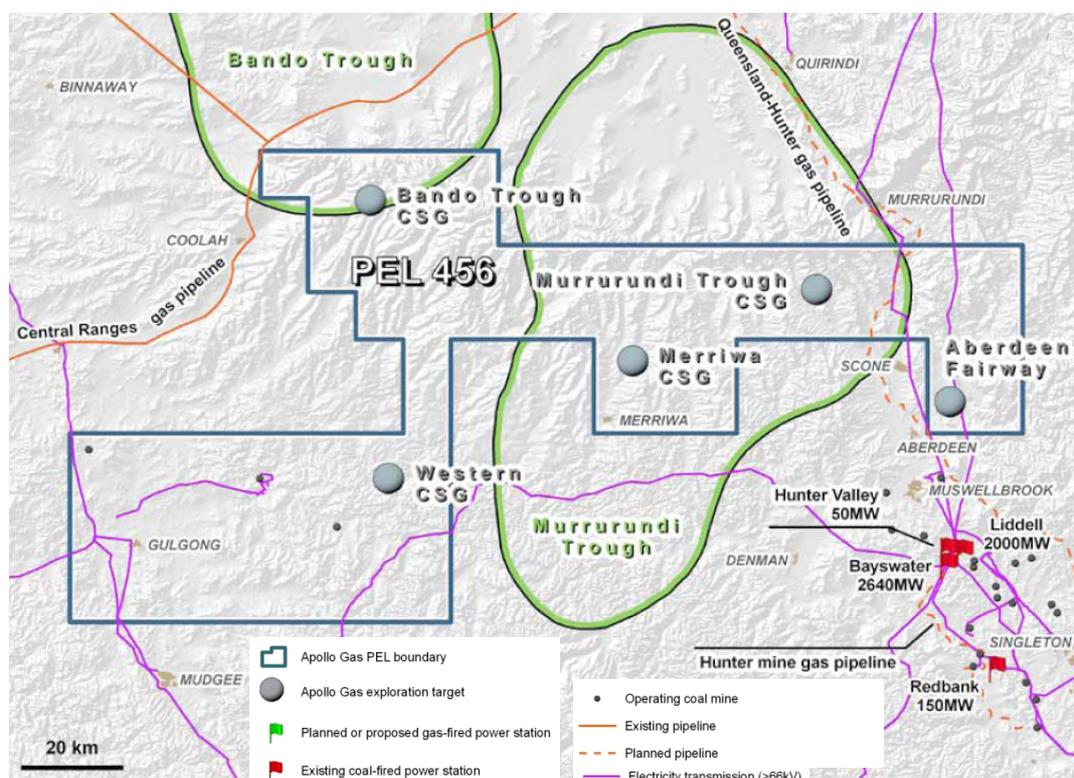
Apollo's exploration activities include drilling and seismic surveys focused on delineating CSG targets for appraisal and development.

Apollo's work programs are sole funded and joint venture funded.

9.3 Tenement Descriptions

PEL 456 – Upper Hunter (Apollo 85%, Santos 15% earning up to 50% and operator)

PEL 456 is located in the upper Hunter Valley of New South Wales and covers an area of approximately 5,953km². The key exploration target within PEL 456 is the Murrurundi Trough. Coal formations which are prospective for CSG include the Trinky, Black Jack and Maules Creek). Additional targets include the Aberdeen fairway and Bando Trough



Recent exploration activity

Santos QNT recently earned a 15% interest in the CSG rights by successfully completing a phase 1 farm-in work program. The work program included 3 core holes including Brawboy 1, Rouchel Rouchel-2 and Oakdale-1.

On 1 February 2010, Santos QNT elected to proceed with phase 2A of the work program to earn a further interest in PEL 456.

The phase 2A work program focused on drilling in the Murrurundi Trough where CSG potential was demonstrated as part of the phase 1 work program. Santos QNT began phase 2A in May 2010. As at the date of this Bidder's Statement, Santos QNT has drilled a further 3 core holes in PEL 456 (Brawboy-2, Cuan-1 and Turill-1) including testing and assessment of data associated with these core holes. The table below summarises work and results of Santos QNT's work programs to date.

Hole	Year	Total depth (m) (approx)	Gross coal thickness (m) (approx)	Gas content (m ³ /t) (approx)	Average gas composition (approx)
Cuan-1	2010	1,422	78.5	Up to 15 (raw) ⁽¹⁾	99% methane
Turill-1	2010	1,110	31	Up to 18 (raw) ⁽¹⁾	n/a ⁽¹⁾

Brawboy-1	2009	1,435	73.3	3 – 25 (daf)	92% methane 7.5% nitrogen
Brawboy-2	2010	1,098	21	Not measured	Not measured
Rouchel Rouchel- 1&2	2009	1,000	78	3 – 10 (daf)	24% methane 76% carbon dioxide
Oakdale-1	2009	892	9.9	1 – 2 (daf)	50% methane 50% carbon dioxide

Source: Apollo announcement 16 September 2010.

Notes:

- (1) Based on preliminary data
- (2) daf = dry ash free

Commercialisation options

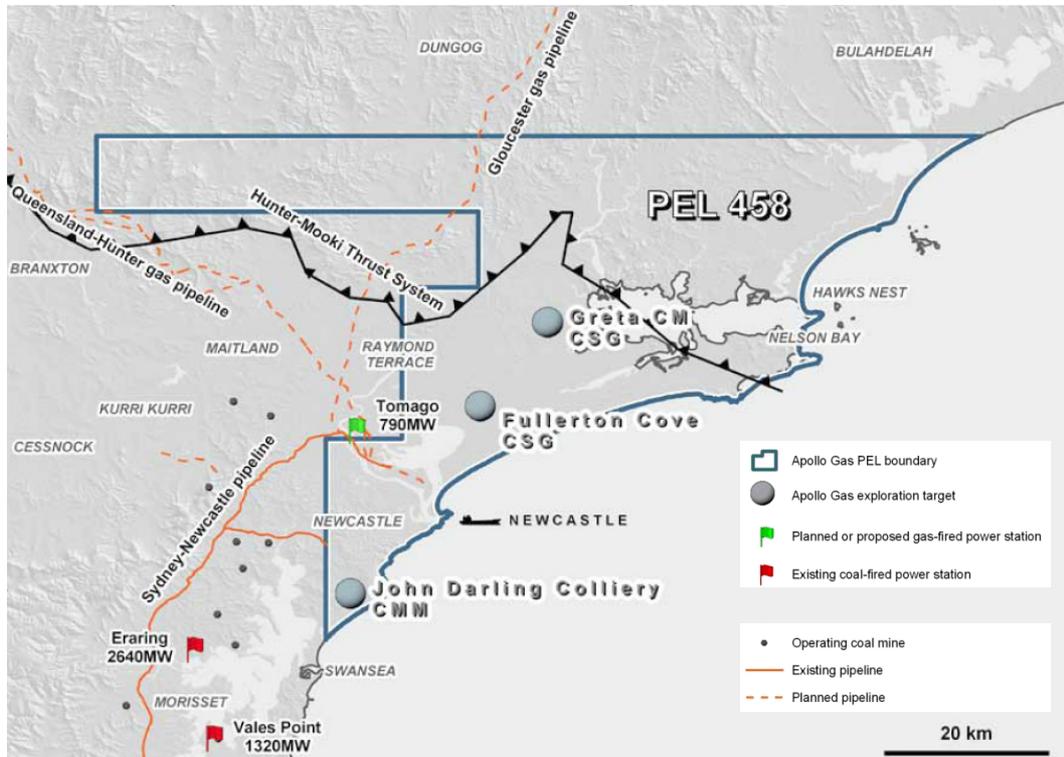
According to Apollo, commercialisation opportunities for potential gas discoveries include:

- the existing Central Ranges Gas Pipeline (“**CRGP**”) and the planned Queensland Hunter Gas Pipeline (“**QHGP**”) which traverse the exploration licence; and
- nearby high capacity power transmission lines, which present opportunities for regional gas-fired power generation.

PEL 458 – Newcastle

(Apollo 85%, Dart 15% earning up to 50% and operator)

PEL 458 is located near Fullerton Cove, north of Newcastle in New South Wales. The exploration licence covers a total area of approximately 2,000km².



The upper Tomago coal measures are the initial CSG target in PEL 458. Future exploration activities will target the equally prospective lower Tomago coal measures and Greta coal measures.

Recent exploration activity

Exploration activities by Dart (then Arrow Energy Limited) commenced in January 2010 as part of the phase 1 farm-in work program. Since January 2010, Dart has completed 4 exploration core holes (Fullerton-1, Fullerton-2, Fullerton-4 and Fullerton-3). With completion of Fullerton-3, phase 1 of Dart's initial farm-in work program has been discharged.

Dart committed to phase 2 on 21 July 2010 of the farm-in program at an estimated cost of \$7 million, the successful completion of which will increase Dart's interest to 50%.

Results from the phase 1 farm-in work program are provided below.

	Year	Total depth (m) (approx)	Gross coal thickness (m) (approx)	Average gas composition (approx)
Fullerton-1	2010	900.9	41.5	80 - 90% methane
Fullerton-2	2010	1,151.9	36.1	Not measured
Fullerton-3	2010	852.9	33.9	99.5% methane
Fullerton-4	2010	750.12	24.3	99.3% methane

Source: Apollo June 2010 quarterly report.

As part of the Dart Demerger Scheme, NSAI was commissioned to undertake an assessment of contingent and unrisked prospective coal seam gas Resources in PEL 458. NSAI contingent OGIP and contingent Resource estimates for the exploration licence are outlined below.

Category	OGIP (BCF)	Gross	Net ⁽¹⁾
Low Estimate (1C)	1,156	322	178
Best Estimate (2C)	1,342	542	299
High Estimate (3C)	1,529	871	481

Source: NSAI, Dart Demerger Scheme booklet.

Notes:

(1) Net Resource are after deductions for shrinkage due to system use gas.

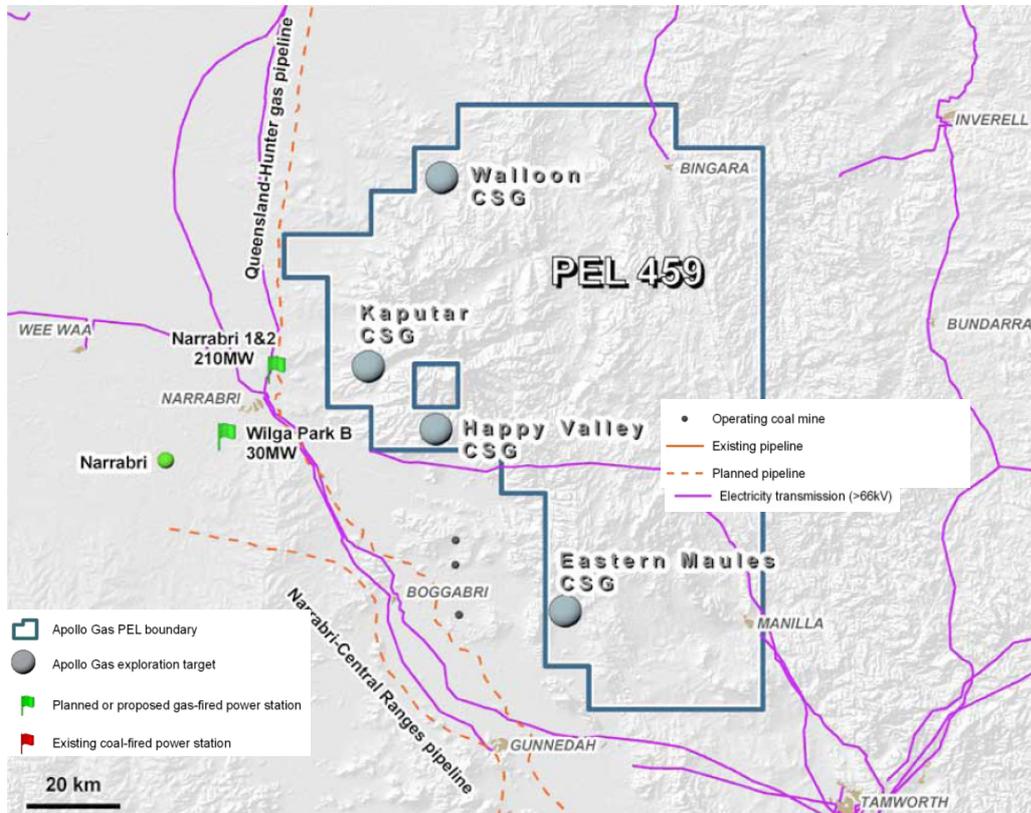
Commercialisation options

If a gas Resource is discovered, there are a number of existing and potential commercialisation options available, including:

- existing and planned major industries adjacent to Newcastle;
- the reticulated gas network of Newcastle, Central Coast and lower North Coast;
- Tomago gas-fired power station, which has development approval for 790MW of gas-fired generation capacity, is located immediately adjacent to PEL 458; and
- potential LNG export facilities.

PEL 459 – Narrabri East (Apollo 100% and operator)

PEL 459 is located in the Narrabri region of New South Wales, north of the township of Gunnedah. The exploration licence covers a total area of approximately 7,488km².



Recent exploration activity

A Review of Environmental Factors (REF) was recently submitted to the Department of Industry and Investment for a drilling program of 10 optional drill sites within PEL 459. Negotiations for land access have commenced and it is anticipated that drilling will commence in later this year. A 2D reflection seismic survey is planned within the tenement and a REF has been prepared for seismic activities.

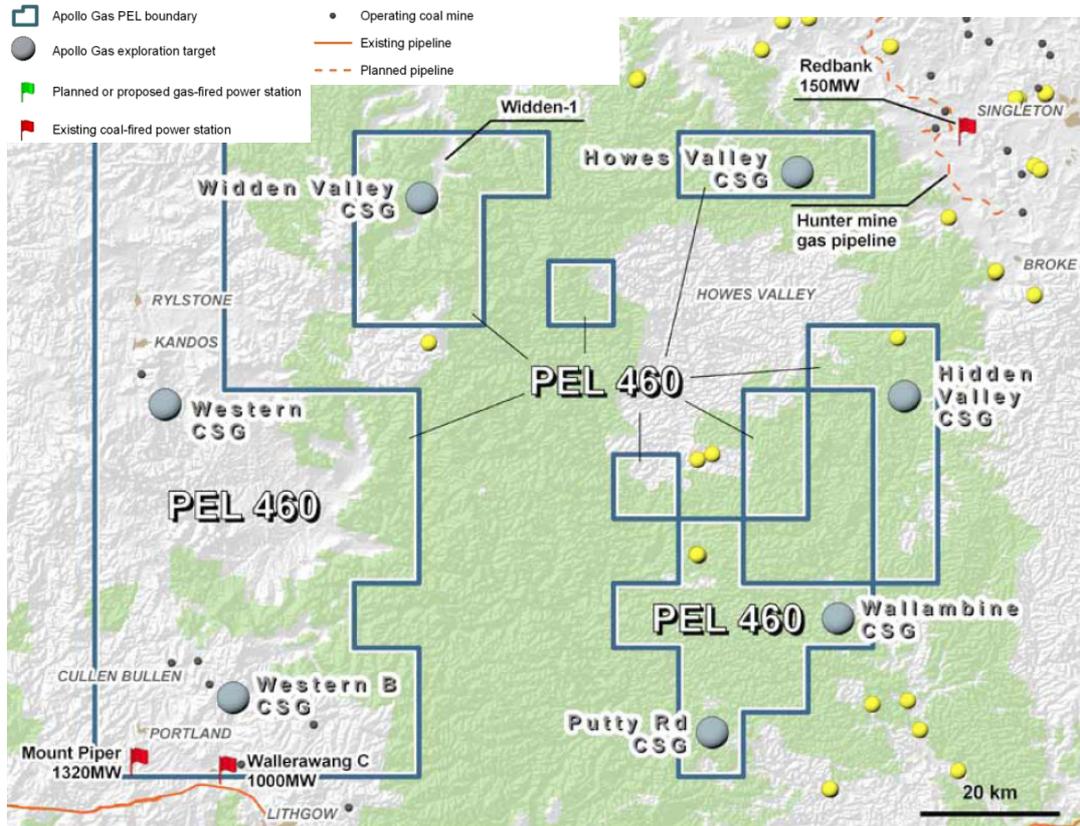
Commercialisation options

According to Apollo, commercialisation opportunities for potential gas discoveries include:

- the planned QHGP that traverses the western edge of PEL 459;
- the CRGP that terminates approximately 40km to the south; and
- the 210MW of proposed gas-fired generation capacity near Narrabri.

**PEL 460 – Hunter West
(Apollo 100% and operator)**

PEL 460 is located in the Hunter Valley, New South Wales, west of Newcastle. The exploration licence has significant National Park coverage. There are numerous areas of freehold land within the exploration licence which may provide adequate access for core hole drilling. Permian coal measures are being targeted in PEL 460.



Recent exploration activity

Two cored exploration drill holes are planned within the central section of PEL 460. A REF is being prepared and land access negotiations are underway.

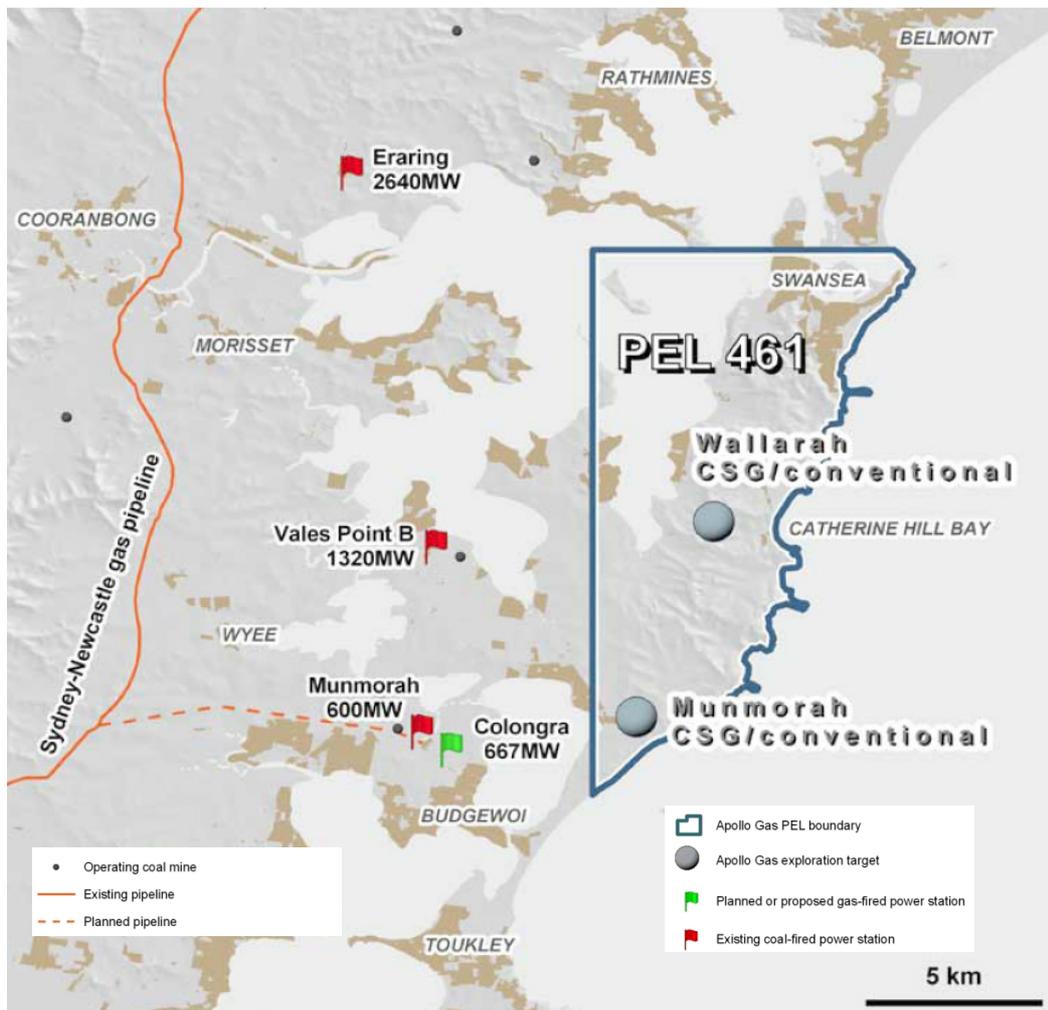
Commercialisation options

According to Apollo, commercialisation opportunities for potential gas discoveries include:

- the large domestic and industrial market of greater Western Sydney; and
- existing coal-fired power stations in the region may utilise CSG to co-fire with coal.

**PEL 461 - Central Coast
(Apollo 100% and operator)**

PEL 461 is located north of Gosford in New South Wales. The exploration licence covers an area of approximately 73km². Apollo is targeting the Newcastle and Tomago coal measures within PEL 461 for CSG.



Recent exploration activity

Key exploration activity completed by Apollo has involved the completion of the Catherine Hill Bay-1 core hole. The core hole reached a total depth of 1,092.3m on 30 March 2010. Drilling stopped when attempts to retrieve a stuck core barrel were unsuccessful. Despite this 5 DSTs and wireline logs were successfully completed.

Hole conditions prevented the well from reaching its planned depth of 1,200m which was intended to test the full sequence of the upper Tomago coal measures and reach the Kulnura Marine Tongue. Results from the Catherine Hill Bay-1 core hole are provided below.

	Year	Total depth (m) (approx)	Gross coal thickness (m) (approx)	Average gas composition (approx)
Catherine Hill Bay-1	2010	1,092.3	60	>98% methane and ethane

Source: Apollo June 2010 quarterly report.

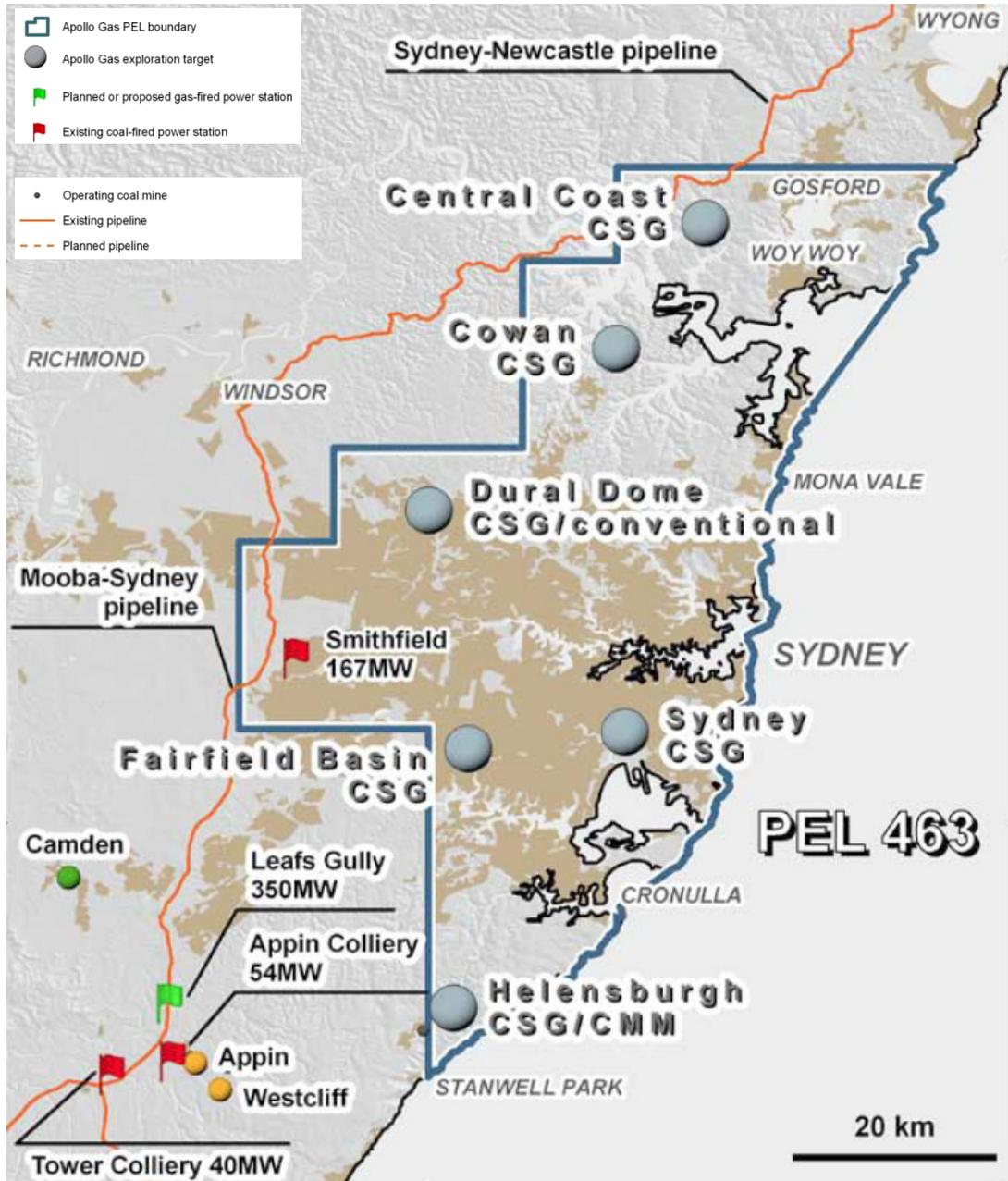
Commercialisation options

According to Apollo, commercialisation opportunities for potential gas discoveries include:

- the large domestic and industrial market of greater Western Sydney; and
- existing coal-fired power stations in the region may utilise CSG to co-fire with coal.

**PEL 463 – Sydney
(Apollo 100% and operator)**

PEL 463 covers approximately 2,385km² of the Sydney region including the southern Newcastle coalfields. The depth of target coal seams for CSG ranges from a few hundred metres in the north, increasing to 1,000m or more in the central area of the PEL.



Recent exploration activity

A REF has been submitted to the Department of Industry and Investment for a single exploration hole in an industrial precinct in central Sydney. Drilling is scheduled to commence in 2011.

Commercialisation options

According to Apollo, commercialisation opportunities for potential gas discoveries include:

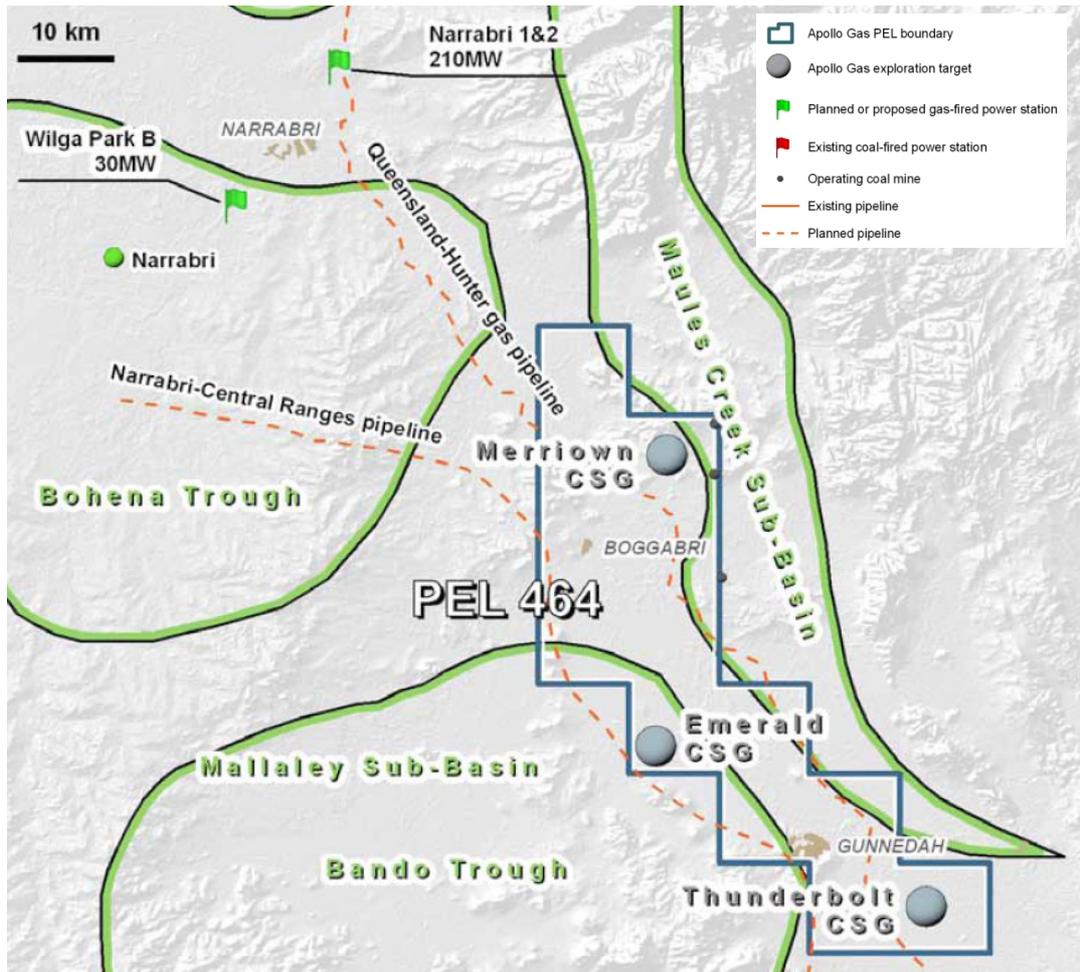
- the major domestic and industrial market of Sydney; and

- potential decentralised gas-fired power tri-generation power plants integrated with new building developments, which have been the subject of recent announcements by the Sydney City Council and are seen as a further opportunity to develop Sydney's gas resources.

**PEL 464 – Gunnedah
(Apollo 100%, Dart earning up to 50% and operator)**

PEL 464 is located in the Gunnedah region to the south west of PEL 459.

The primary targets are coals of the early Permian Maules Creek Formation within the Maules Creek and Mullaley sub-basins. Additionally, the Mullaley sub-basin contains late Permian coal-bearing sequences which may be prospective for CSG.



Recent exploration activity

Dart is the operator of PEL 464. To date, approximately 36km of 2D seismic reflection survey over 6 lines have been completed as part of the phase 1 farm-in work program. Interpretation of the seismic has defined strong reflectors which may indicate the presence of coals within the Maules Creek formation.

Two stratigraphic drill holes are planned and four sites have been selected between Boggabri and Gunnedah. The drilling program in PEL 464 has been designed to provide well control for the newly acquired seismic data. Approval to drill has been received from the Department of Industry and Investment and it is anticipated that drilling will commence later this year.

Commercialisation options

If any gas Reserves are identified in PEL 464, potential markets may include:

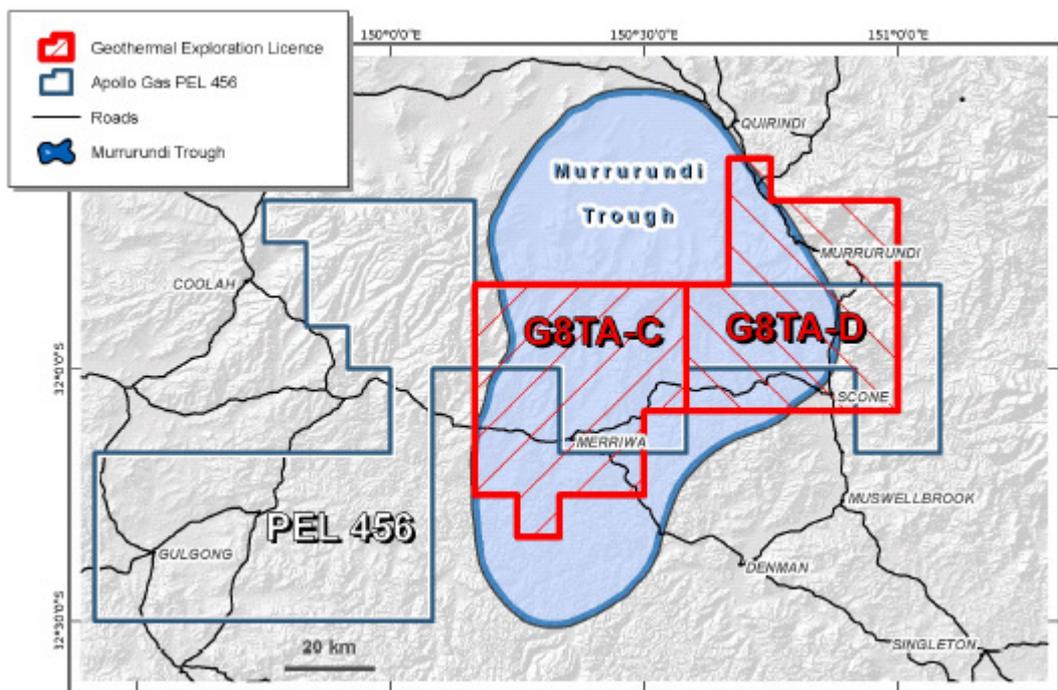
- the planned QHGP which traverses PEL 464 from north to south; and
- the 210MW of proposed gas-fired generation capacity near Narrabri, approximately 20km to the north.

EL 7505 & EL 7506 Murrurundi Trough Geothermal Project (Apollo 100%)

The Murrurundi Trough Geothermal Project overlays PEL 456 in the upper Hunter Valley region of New South Wales. The exploration licences were awarded on 23 December 2009.

Apollo intends to explore for geothermal resources by leveraging off its CSG exploration activities in PEL 456. Apollo believes synergies between exploration activities of the CSG and geothermal programs will enable Apollo to realise technical benefits and operational efficiencies.

Apollo’s strategy is to work up drillable prospects and seek to farm-out exploration costs.



Recent exploration activity

A geothermal systems assessment has been undertaken by Hot Dry Rocks Pty Ltd consultancy. The assessment identified that, despite a lack of deep 3D basin architecture and direct thermal conductivity measurements, preliminary modelling suggests an average heat flow of $83 \pm 11 \text{ mW/m}^2$ and that the 150°C isotherm may be present at as shallow as 3,100m ($\pm 200\text{m}$) depth.

The results of recent drilling in PEL 456 will be incorporated into a revised 3D model.

9.4 Apollo Board and Management

Peter Hood **Chairman**

BE (Chem), MAusIMM, FI ChemE, FAICD

Mr Hood is a Chemical Engineer with 39 years experience in senior management and the development of projects in the resources and energy sectors.

Mr Hood's early career was spent with WMC Ltd in nickel and gold production at Kwinana and Kambalda. His later career was as chief executive officer of Coogee Chemicals Pty Ltd and then Coogee Resources Ltd, an oil and gas operator. Both companies experienced significant growth during this time. In 2008 Mr Hood retired to further develop and manage a portfolio of his own private business interests.

Mr Hood is a graduate of the Harvard Business School Advanced Management Program and is currently Chairman of MAK Industrial Water Systems Pty Ltd, Chairman of Equip Health Systems Pty Ltd and President of the Chamber of Commerce and Industry of Western Australia. Mr Hood is a former Vice Chairman of the Australian Petroleum Production and Exploration Association (APPEA) and former Chairman of the APPEA Health Safety and Operations Committee and the Kwinana Industries Council. Mr Hood is a fellow of the Australian Institute of Company Directors and the Institute of Chemical Engineers.

Andrew Mayo **Managing Director**

BComm

Mr Mayo has a commerce degree majoring in accounting, finance and technology from the University of NSW and established Macquarie Energy along with the other Founders in 2005 and its parent company, Apollo in 2009.

Prior to this Mr Mayo was a director for over 10 years in his family business, the Mayo Group International, a large distribution company specialising in the supply and servicing of medical products and equipment, security, engineering, architectural and general hardware products.

Mr Mayo was a founding director of Aconcagua Resources Limited, a mineral sands exploration company with concessions in Chile and is now the ASX Listed company South American Iron & Steel Corporation.

Stephen Bizzell **Non Executive Director**

BComm, ACA, MAICD

Please refer to section 6.8 for the profile of Stephen Bizzell. Mr Bizzell is an executive director of Dart Energy and is Dart's nominee on the Apollo Board.

Wayne Seabrook **Non Executive Director**

BE (Chem, 1st Class Hons), MAusIMM, FFinsia

Mr Seabrook has 28 years experience in all aspects of the resource industry, including exploration management, project feasibility/evaluation, finance, construction and operation.

For the past decade he has held senior corporate finance roles with Wilson HTM, Challenger International and Macquarie Bank. He has been a lead manager on numerous capital raisings and corporate transactions for many resource companies. His development and operations background includes senior roles with Alcoa of Australia, Macraes Mining, Minproc Engineers, and as director of PMA Limited.

Mr Seabrook is a director of XLX Pty Ltd, a company that invests in resources and resources services business.

Steve Alperstein
Company Secretary
BComm, LLB, MBA

Mr Alperstein is a solicitor and Fellow of the Chartered Institute of Secretaries. He has over 20 years experience providing company secretarial services to listed and unlisted companies including Canadian Imperial Bank of Commerce (Australia), Star City, TAB and Solution 6.

Prior to holding company secretary roles, Mr Alperstein has held various roles as finance manager and development manager for companies in Australia and Canada.

9.5 Publicly available information

Apollo is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Apollo's Annual Financial Report for the year ended 30 June 2010 was lodged with the ASX on 24 August 2010 (and amended by the Amended Annual Financial Report which was lodged by Apollo on 24 September 2010).

9.6 Apollo Securities on issue

According to documents lodged by Apollo with the ASX and ASIC, the total number of Apollo Securities on issue in each class in Apollo as at the date of this Bidder's Statement, is as follows:

Class of Securities	Total number in class
Apollo Shares	200,000,000
Apollo A-Class Option	25,000,000
Apollo B-Class Option	25,000,000
Apollo C-Class Option	3,575,000
Apollo D-Class Option;	1,965,000
Apollo E-Class Option	1,310,000
Apollo G-Class Option	175,000
Apollo H-Class Option	105,000
Apollo I-Class Option	70,000

If the holders of all Apollo Options were able to, and did, exercise those Apollo Options, the total number of Apollo Shares on issue would be 257,200,000.

Apollo Shares quoted on the ASX which are not subject to restriction agreements may be freely traded. Further details in relation to the Apollo Shares the subject of restriction agreements are set out in section 9.7 below.

9.7 Restriction Agreements in relation to Apollo Securities

Certain Apollo Securities are subject to the terms of a restriction agreement (otherwise known as “escrow securities”) and are therefore considered to be Restricted Securities under Chapter 9 of the ASX Listing Rules. These restriction agreements apply to certain Apollo Securities pursuant to Apollo’s admission onto the Official List of the ASX in December 2009.

Pursuant to ASX Listing Rule 9.17, to enable the holders of Restricted Securities to accept an offer under a takeover bid, they require the consent of the ASX to release the certificates of the Restricted Securities which are held in escrow, or consent to the removal of the holding lock on the Restricted Securities.

In accordance with ASX Listing Rule 9.18, the ASX will not give its consent (required by Listing Rule 9.17), unless all of the following conditions are satisfied:

- (a) the offer is for all of the ordinary securities and, if some of the Restricted Securities are not ordinary securities, all the securities in the same class as the Restricted Securities;
- (b) holders of at least half of the securities in each bid class that are not Restricted Securities to which the offers relate have accepted; and
- (c) if the offer is conditional, the bidder and the holder agree in writing that the certificates will be returned to the bank or recognised trustee, or a holding lock will be applied, for each Restricted Security that is not bought by the bidder under the bid.

Dart has been informed by Apollo that on 18 October 2010, ASX Limited provided its consent pursuant to Listing Rule 9.17, subject to the conditions in Listing Rule 9.18, noted above.

9.8 Apollo F-Class Options

At the Apollo annual general meeting held on 30 October 2009, the shareholders of Apollo resolved to approve an employee share option plan under which Apollo agreed to grant various options to certain Apollo directors and employees as part of their agreed remuneration packages (being part of the employee option plan). Details of the options proposed to be issued pursuant to the employee option plan were included in Apollo’s ASX listing application.

The majority of the Apollo options granted under the employee option plan and the relevant option deeds between each director or employee and Apollo, are proposed to be acquired by Dart under the Offer.

However, one class of options provided for in the employee option plan, namely “F-Class Options” are not eligible to be issued until 15 December 2010, and are therefore outside the scope of the Bid which is expected to close prior this date. Dart and Apollo have reached a commercial agreement in relation to the “F-Class Options” under which Dart has agreed to issue Dart options on comparable terms and conditions (ie on a 3 Dart “F-Class” options for 4 “Apollo F-Class Options” basis) to those persons eligible to be issued “F-Class Options” on 15 December 2010 in consideration for the acquisition of those “F-Class Options”. Under the terms of the relevant agreement, Dart will not proceed to acquire the “F-Class Options” unless it acquires control of Apollo pursuant to the Bid.

9.9 Apollo G-Class, Apollo H-Class and Apollo I-Class Options

Each of these classes of Apollo Options are subject to terms and conditions which include a prohibition restricting the transfer of the options to another person. As a result, a holder of Apollo G-Class, Apollo H-Class and Apollo I-Class Options is not able to accept the Offer in relation to those securities.

However, should Dart satisfy the requirements of section 661A(1)(b) of the Corporations Act in relation to the Apollo Options bid class, Dart intends to compulsorily acquire the Apollo G-Class, Apollo H-Class and Apollo I-Class Options under Part 6A.1 of the Corporations Act. In order to do so, Dart intends to rely on the modification to section 661A(5) of the Corporations Act set out in Class Order 03/636 which provides that a person may compulsorily acquire securities under section 661A(1) despite anything in the terms of issue of the securities to be acquired.

9.10 Details of relevant interests in Apollo Securities

Details of Dart's relevant interests in the securities of Apollo are set out in the table below:

Class of securities	Total number in class	Dart's interest immediately before Bidder's Statement lodged with ASIC	Dart's interest immediately before first Offer sent
Apollo Shares	200,000,000	42,087,570 21.04%	42,087,570 21.04%

9.11 Details of voting power in Apollo

Dart's voting power in Apollo as at the date of this Bidder's Statement is 21.04%.

Dart's voting power in Apollo as at the date immediately before the first Offer is sent is 21.04%.

9.12 Details of Dart's Directors' relevant interests in Apollo Securities

As at the date of this Bidder's Statement, the following Directors of Dart have a relevant or beneficial interest in Apollo Shares, either directly or indirectly:

Director	Apollo Shares held	% of Apollo's total issued capital	% voting power in Apollo Shares
Shaun Scott	232,000 ordinary shares	0.116%	0.116%
Stephen Bizzell	2,437,680 ordinary shares	1.22%	1.22%

In addition, Stephen Bizzell holds 1,000,000 options in Apollo, which, if exercised, would entitle Stephen Bizzell to be issued with a further 1,000,000 ordinary shares in Apollo. In addition, Apollo has agreed to issue a further 175,000 options to Stephen Bizzell on 15 December 2010 subject to meeting eligibility criteria.

9.13 Consideration provided for Apollo Securities during previous four months

Except as set out below, Dart and its associates have not acquired or disposed of Apollo Securities during the previous four months including on the day immediately before the date of the Offer.

Details of Dart and its associates acquisition of Apollo Securities

Entity	Date	Number of Apollo Securities acquired	Total consideration	Total consideration per Security
Dart ⁽¹⁾	28 July 2010 ⁽¹⁾	42,087,570 ordinary shares	\$5,670,000	\$0.14 per share

(1) Arrow Energy Limited transferred all of the 42,087,570 ordinary shares it held in Apollo to Dart on 12 July 2010. On 28 July 2010 the demerger of Dart from Arrow Energy Limited was implemented, making Dart a substantial holder of Apollo Shares from this date.

Details of Dart and its associates disposal of Apollo Securities

Dart and its associates have not disposed of Apollo Securities during the previous four months including on the day immediately before the date of the Offer.

9.14 Inducing benefits given during previous four months

Except as set out in this Bidder's Statement, neither Dart nor any of its associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- (a) accept the Offer; or
- (b) dispose of Apollo Securities,

which benefit was not offered to all holders of Apollo Securityholders under the Offer.

10 Dart's intentions

10.1 Introduction

This section sets out Dart's intentions, on the basis of the facts and information concerning Apollo which are known to it and the existing circumstances affecting the business of Apollo, in relation to the following:

- (a) the continuation of Apollo's business and assets;
- (b) any major changes to be made to the business of Apollo, including any redeployment of the fixed assets of Apollo; and
- (c) the future employment of the present employees of Apollo.

10.2 Review

Dart and its advisers have reviewed information that has been publicly released on Apollo, its current activities and its plans for the future and have had limited discussions with Apollo in relation to its businesses. However, Dart does not currently have knowledge of all information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, Dart will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of Apollo in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 10 should be read in this context.

10.3 Intentions upon acquisition of 90% or more of Apollo Securities

This section sets out Dart's current intentions if it acquires 90% or more of the Apollo Securities and is entitled to proceed to compulsory acquisition of the outstanding Apollo Securities.

(a) Corporate matters

If it becomes entitled to do so under the Corporations Act, Dart intends to:

- (i) give notices to compulsorily acquire any outstanding Apollo Securities in accordance with section 661B of the Corporations Act;
- (ii) if required, give notices to Apollo Securityholders to compulsorily acquire any outstanding Apollo Securities in accordance with section 664C of the Corporations Act;
- (iii) at the conclusion of the compulsory acquisition process, arrange for Apollo to be removed from the Official List of the ASX;
- (iv) replace all members of the Board of Apollo and of any company in respect of which Apollo has nominees, with Dart nominees, whom it expects will be members of Dart's management team; and
- (v) amend the constitution of Apollo to reflect its status as a wholly-owned subsidiary of Dart.

If it is required to do so under section 662A and section 663A of the Corporations Act, Dart intends to give notices to Apollo Securityholders offering to acquire their Apollo Securities in accordance with section 662B and section 663C of the

Corporations Act. With respect to the distinction between each bid class of Apollo Securities, see section 15.4 of this Bidder's Statement.

(b) **Administrative functions**

Dart intends to amalgamate the administrative functions of Dart and Apollo, such as finance and accounting, company secretarial, risk management, as well as those functions involved in setting overall planning and control of the combined operations of Dart and Apollo, with a view to eliminate duplication of tasks. Dart intends to integrate Apollo's head office function into its existing operations.

Dart expects that, in this way, combined with the reduction in costs associated with Apollo being a publicly listed company, it will enable a reduction in corporate overheads for the Merged Group.

(c) **Operations and assets**

Dart believes that the combination of Dart and Apollo is a logical move for both companies as the Merged Group provides an enhanced technical and operational capability that will advance the combined portfolio at a much greater pace, increase the probability of accessing a greater portfolio of gas prospects across the Sydney – Gunnedah basin and provide impetus to market access.

The acquisition of Apollo will significantly increase Dart's acreage position. The likely expansion of the resources base is consistent with Dart's strategy to focus on project opportunities with gas capable of near term development that will lead to the creation of a material CSG business in Australia. As part of this strategy, Dart intends to provide further resources to Apollo's tenements (in particular PEL 458) and, subject to further results, will prioritise this development as part of its strategy of early gas commercialisation. Dart believes it can add significant value to Apollo's business through its skills and expertise in CSG exploration and development.

Consolidation of its existing relationship (PEL 458 and PEL 464) will also result in some savings of resources. However, the primary benefit of combining these operations is that Apollo will not be required to spend time, management resources and costs in order to scale up its workforce to meet its licence obligations in the 2011/12 timeframe. These obligations will be discharged as a part of Dart's aggregate commitment and Dart can rely on resourcing from across the wider portfolio.

(d) **Employees**

Dart does not anticipate any material rationalisation of Apollo staff. Rather, Dart envisages that, over time, the number of employees working on Apollo projects will increase as the Merged Group's business grows and develops.

Discussions are ongoing between Dart and Apollo's senior management in relation to the potential involvement of Apollo's senior management in the Merged Group.

10.4 Intentions upon acquisition of less than 90% of Apollo Securities

This section sets out Dart's intentions if Dart were to gain effective control of Apollo although not becoming entitled to compulsorily acquire the outstanding Apollo Securities. This would require Dart to waive the 90% minimum acceptance conditions set out in paragraph a) of the Offer Conditions.

(a) **Directors**

Depending on the level of ownership achieved, it is Dart's intention to replace all or a majority of the members of Apollo's Board (and of any company in respect of which Apollo has nominee directors) with Dart's nominee Directors. Dart would

ensure that the Apollo Board retains independent directors. Dart would seek to obtain Board representation to a level commensurate with its shareholding in Apollo.

(b) **ASX Listing**

Unless a sufficient spread of Apollo Securityholders remains after completion of the Offer, Dart intends to arrange for Apollo to be removed from the Official List of the ASX.

(c) **Operations, assets and employees**

If, following the close of the Offer, Apollo becomes a controlled entity but not a wholly owned Subsidiary of Dart, it is the present intention of Dart to attempt to procure that Apollo's Board implements the objectives and goals outlined in section 10.3 to the extent possible and appropriate.

(d) **Limitations on intentions**

If Apollo does not become a wholly owned Subsidiary of Dart and there are minority Apollo Securityholders, Dart intends that the directors of Apollo appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

(e) **Compulsory acquisition at a later time**

If Dart does not become entitled to compulsorily acquire Apollo Securities under section 661B of the Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under Part 6A.2 of the Corporations Act in the future. Dart intends to exercise that power in respect of Apollo Securities if it becomes entitled to do so.

10.5 Intentions upon acquiring less than 50.1% of Apollo

If Dart acquires less than 50.1% of Apollo Securities, Dart will endeavour to implement its intentions as it has outlined in this section, to the extent to which it is able to do so, subject to the limitations identified in section 10.4.

10.6 Intentions generally

Except for the changes and intentions set out in this section 10, Dart intends, based on the information presently known to it:

- (a) to continue the business of Apollo;
- (b) not to make any major changes to the business of Apollo or the deployment of Apollo's assets; and
- (c) to continue the employment of Apollo's employees.

10.7 Limitations on intentions

The intentions and statements of future conduct set out in this section 10 must be read as being subject to:

- the law (including the Corporations Act) and the ASX Listing Rules, including in particular the requirements of the Corporations Act and the ASX Listing Rules in relation to conflicts of interest and "related party" transactions, given that if Dart obtains control of Apollo but does not acquire all of the Apollo Securities, it will be treated as a related party of Apollo for these purposes; and

- the legal obligations of Apollo Directors at the time, including any nominees of Dart to act in good faith in the best interests of Apollo and for proper purposes and to have regard to the interests of all Apollo Securityholders (in which regard, the role of the Voting Directors of Apollo will also be important).

11 Financial Information on Dart and the Merged Group

11.1 Introduction

The profile of the Merged Group will vary depending on the outcome of the Offer. The description of the Merged Group in this section 11 assumes that Apollo is a 100% owned subsidiary of Dart. If Dart does not become entitled to compulsorily acquire all Apollo Securities pursuant to the Offer, some of the benefits that would otherwise accrue to Dart if Apollo were to become a wholly-owned subsidiary of Dart may not be fully realised.

In preparing pro-forma financial information on the Merged Group, financial information regarding Apollo was required. For the purposes of this Bidder's Statement, that information has been sourced from publicly available information.

Dart does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information. Apollo may release updated financial information in any Target's Statement which is sent to Apollo Securityholders.

11.2 Financial information on Dart

The historical financial information in this section relates to Dart on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian accounting standards and the Corporations Act.

The full financial statements for Dart for the year ended 30 June 2010, which include the notes to the financial statements, can be found in Dart's most recent annual financial report.³⁰ The financial statements in Dart's annual financial report for the year ended 30 June 2010 was audited by PricewaterhouseCoopers, in accordance with Australian auditing standards.

The Dart pro-forma balance sheet, as at 30 June 2010, as set out in this section has been produced to reflect the material events impacting Dart subsequent to 30 June 2010. These adjustments are as follows:

- institutional placement of ordinary shares on 28 July 2010;
- impact of the demerger of Dart from Arrow Energy Limited; and
- acquisition of a 10% interest in Composite Energy.

Further details on these pro-forma adjustments are set out below.

³⁰ Dart's annual financial report for the year ended 30 June 2010 lodged with ASX on 29 September 2010 and available from the ASX or on Dart's website www.dartenergy.com.au.

Historical financial balance sheet and pro-forma balance sheet for Dart as at 30 June 2010

	Dart		Pro-forma adjustments			Dart	
	Audited 30 June 2010	Capital raising	Transfer of investments and Apollo farm-in rights	Settlement of Arrow Energy Limited intercompany balances	Composite Energy	Total pro- forma adjustments	Pro-forma balance sheet at 30 June 2010
		(1)	(2)	(2)	(3)		
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
ASSETS							
Current assets							
Cash and cash equivalents	14,713	34,793		23,729	-7,900	50,622	65,335
Trade and other receivables	29,331		-18,207	-2,259		-20,466	8,865
Inventories	401						401
Financial assets at FV through P&L	11,733						11,733
Derivative financial instruments	812						812
Total Current Assets	56,990	34,793	-18,207	21,470	-7,900	30,156	87,146
Non-current assets							
Receivables	2,401						2,401
Investments accounted using equity method	14,807		5,750			5,750	20,557
Available-for-sale financial assets			9,370		7,900	17,270	17,270
Property, plant & equipment	678		17			17	695
Intangible assets	32,516		4,385			4,385	36,901
Total non-current assets	50,402		19,522		7,900	27,422	77,824
Total assets	107,392	34,793	1,315	21,470		57,578	164,970
Liabilities							
Current liabilities							
Trade & Other payables	5,508						5,508
Current tax liabilities	253						253
Total current liabilities	5,761						5,761
Non-current liabilities							
Deferred tax liabilities	392		1,315			1,315	1,707
Provisions	773						773
Total non-current liabilities	1,165		1,315			1,315	2,480
Total liabilities	6,926		1,315			1,315	8,241
Net assets	100,466	34,793		21,470		56,263	156,729
Equity							
Contributed equity	45,456	34,793		21,470		56,263	101,719
Reserves	78,990						78,990
Retained losses	-28,770						-28,770
Capital & reserves attributable to owners of Dart Energy Limited	95,676	34,793		21,470		56,263	151,939
Non controlling interests	4,790						4,790
Total equity	100,466	34,793		21,470		56,263	156,729

(1) Pro forma adjustments – capital raising

On 28 July 2010 Dart raised \$34.8 million (net of issuance costs of \$1.4 million) via an institutional placement of ordinary shares;

(2) Pro forma adjustments – Demerger Scheme

The Demerger Scheme between Dart from Arrow Energy Limited was implemented in July 2010. This entailed:

- the transfer to Dart of Arrow Energy Limited's interest in listed shares (for consideration equal to book value) in Apollo, Bow Energy Limited and LNG Limited; and
- the transfer to Dart of Arrow Energy Limited's farm-in rights into Apollo's New South Wales tenements exploration expenditure.

The consideration for the transfer was adjusted against Dart's intercompany account with Arrow Energy Limited. This intercompany account was subsequently settled via the issue of shares in Dart to Arrow.

(3) Pro forma adjustments – Composite Energy

On 3 September 2010, Dart acquired a 10% interest in Composite Energy by subscription of US\$7 million (\$7.9 million at the exchange rate of AUD/USD at 1.124). Composite Energy is discussed above in section 6.5 of this Bidder's Statement. Dart has an option to increase its interest in Composite Energy to 20% prior to the end of January 2011 via subscription of an additional US\$5 million. Dart also has the option to increase its ownership to 100%, exercisable prior to the end of June 2011, for US\$56 million, payable either in cash, in Dart Shares at the then prevailing market price, or in a combination of cash and Dart Shares at Dart's election. Dart also has the ability to farm-in to 50% non-operating stakes on any newly identified Composite Energy projects in Europe, in the event that Dart does not move to 100% ownership of Composite Energy. The pro-forma adjustment recognises the initial subscription for 10% of the shares as an available for sale financial asset.

11.3 Pro-forma consolidated balance sheet of the Merged Group position

This section contains pro-forma financial information which has been prepared to illustrate the financial position of the Merged Group.

The pro-forma financial information has been prepared in order to give investors an indication of the scale and size of the Merged Group and the balance sheet impact of Dart completing the Offer. It does not necessarily illustrate the financial position that would have been obtained had the Offer occurred on or before 30 June 2010.

The pro-forma financial information presented in this section should also be read in conjunction with the risk factors set out in section 14, other information contained in this Bidder's Statement and the accounting policies of Dart and Apollo as disclosed in their most recent annual financial reports.

The information included in this section is a pro-forma balance sheet for the Merged Group comprising the respective groups of Dart and Apollo as at 30 June 2010.

The pro forma information also includes the financial impact the material events impacting Dart subsequent to 30 June 2010 discussed in section 11.2 above.

The pro-forma combined balance sheet of the Merged Group has been produced by aggregating the pro-forma balance sheet of Dart and the Apollo balance sheet from the audited financial statements of Apollo as at 30 June 2010 (which was released to the ASX

on 24 August 2010). Dart has relied on this information to prepare the pro forma financial information in this section.

Dart does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information.

Dart has not had access to the Directors, management or staff of Apollo and has had limited access to working papers, accounting records and other documentation for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to Apollo used in this Bidder's Statement for providing pro-forma financial information.

The pro-forma information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information.

The unaudited pro-forma balance sheet is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer. In addition, this pro-forma balance sheet is presented in a summary format and does not contain all the disclosures required under the Corporations Act.

Pro-forma balance sheet of the Merged Group as at 30 June 2010

	Dart	Apollo				Total Merged Group pro-forma balance sheet 30 June 2010
	Pro-forma balance sheet 30 June 2010	Audited 30 June 2010	Recognition of equity acquired at fair value	Eliminations	Total consolidation adjustments	Total Merged Group pro-forma balance sheet 30 June 2010
	\$'000	\$'000	\$'000		\$'000	\$'000
ASSETS						
Current assets						
Cash and cash equivalents	65,335	661				65,996
Term deposits	0	11,553				11,553
Trade and other receivables	8,865	194				9,059
Investment in Apollo			162,849	-162,849		
Inventories	401	0				401
Financial assets at FV through P&L	11,733	0				11,733
Derivative financial instruments	812	0				812
Total Current Assets	87,146	12,409	162,849	-162,849		99,554
Non-current assets						
Receivables	2,401	120				2,521
Investments accounted using equity method	20,557	0		-5,750	-5,750	14,807
Available-for-sale financial assets	17,270				0	17,270
Property, plant & equipment	695	23			0	718
Intangible assets	36,901	2,130		202,945	202,945	241,977
Total non-current assets	77,824	2,274		197,195	197,195	277,293
Total assets	164,970	14,682	162,849	34,346	197,195	376,847
Liabilities						
Current liabilities						
Trade & Other payables	5,508	523				6,031
Current tax liabilities	253	0				253
Total current liabilities	5,761	523				6,284
Non-current liabilities						
Deferred tax liabilities	1,707			10,862	10,862	12,569
Provisions	773				0	773
Total non-current liabilities	2,480			10,862	10,862	13,342
Total liabilities	8,241	523		10,862	10,862	19,626
Net assets	156,729	14,160	162,849	23,484	186,333	357,222
Equity						
Contributed equity	101,719	15,141	124,362	-15,141	109,221	226,081
Reserves	78,990	1,164	38,487	-1,164	37,323	117,477
Retained losses	-28,770	-2,146		39,789	39,789	8,874
Capital & reserves attributable to owners of Dart Energy Limited	151,939	14,160	162,849	23,484	186,333	352,432
Non controlling interests	4,790					4,790
Total equity	156,729	14,160	162,849	23,484	186,333	357,222

11.4 Key Assumptions used to compile the Merged Group's consolidated statements

The pro-forma Merged Group balance sheet set out above reflects the following adjustments and assumptions:

(a) **General**

The pro-forma information has been prepared using Australian Accounting Standards and reflects the accounting policies of Dart. It has not been audited. Amounts presented in the report have been rounded.

(b) **Offer**

The pro-forma balance sheet of the Merged Group as at 30 June 2010 assumes the acquisition of Apollo by Dart had been completed at that date. The actual date of the acquisition will be at a later date, being the date on which Dart obtains control of Apollo. AASB 3 Business Combinations (revised) requires Dart, at the date the Offer Consideration is paid in accordance with the Offer Terms, to allocate the cost of its acquisition of Apollo to Apollo's identifiable assets, liabilities and contingent liabilities acquired that satisfy the recognition criteria, at their fair values as at that date. Accordingly, Dart will assess the fair value of identifiable net assets of Apollo on completion of the Takeover Bid.

The pro-forma combined balance sheet of the Merged Group is based on the assumption that the fair value of assets and liabilities (other than intangible assets and certain deferred tax balances) of Apollo are equal to their book value. The difference between the book value of these assets and liabilities (adjusted for the expected changes to deferred tax balances arising at the date the Offer Consideration is paid in accordance with the Offer Terms) and the purchase consideration at the date the Offer Consideration is paid in accordance with the Offer Terms has been assumed to relate to intangible assets (comprising principally exploration and evaluation assets). A full purchase price allocation will be undertaken post acquisition and the value of the assets and liabilities will be more accurately assessed at that time. This will not impact the valuation of the business, but may impact the classification between tangible assets, identifiable intangible assets and goodwill.

The assumed acquisition consideration for Apollo has been calculated as follows based on the terms of the Offer by Dart:

Apollo Shares on issue at 30 June 2010 not owned by Dart	157,920,000
3 Dart Shares for every 4 Apollo Share	0.75
Dart Shares issued under the Offer	118,440,000
(1) Fair value based on share price of \$1.05 ⁽¹⁾	124,362,000
(2) Fair value of Dart Options issued to Apollo Optionholders ⁽²⁾	38,487,000
Total acquisition consideration (1) + (2)	162,849,000

(1) For the purposes of determining the acquisition consideration, each Dart Share issued under the Offer is assumed to have an issue price of \$1.05 (the closing price of Dart Shares on the ASX on 24 September 2010). The actual fair value of Dart Shares to be issued under the Offer will be determined by the market price of Dart Shares at the date the Offer Consideration is paid in accordance with the Offer Terms.

(2) The fair value of the Dart Options issued to Apollo Optionholders is included in the cost of acquisition to the extent that the Apollo Options have vested and require no post combination employee services by the Apollo Optionholders. The value of Dart Options to be issued at the date the Offer Consideration is paid in accordance with the Offer Terms has been estimated as at 30 September 2010 using a Black Scholes option pricing model. The actual fair value of the Dart Options to be issued and included in the acquisition consideration will be determined at the date the Offer Consideration is paid in accordance with the Offer Terms.

(c) **Pro forma adjustments – Elimination**

The difference of \$202.9 million between the notional fair value of the consideration for 100% of the assets of \$206.3 million ($\$162.9 \text{ million} / (1 - 0.2104)$) and net tangible assets acquired as at 30 June 2010 of \$14.2 million and estimated deferred tax balances recognised at acquisition of \$10.8 million has been taken to intangible assets and is largely attributable to exploration and evaluation assets.

The existing equity accounted interest of Dart in Apollo of \$5.8 million has been derecognised with a gain of \$37.6 million recognised in earnings based on the estimated fair value of the existing equity accounted stake

Dart's investment in Apollo of \$162.9 million and Apollo's pre-acquisition equity balances (contributed equity of \$15.1 million, reserves of \$1.2 million and retained losses of \$2.2 million) are eliminated in the Merged Group pro-forma balance sheet.

11.5 Prospective financial information of the Merged Group

Dart has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. The Dart Board has concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable, particularly considering the large effect that variations in key variable inputs may have on the future financial position of the Merged Group. Key variable inputs include oil and gas prices, prevailing foreign exchange rates, the timing and level of exploration, production and costs related to development and operating activities.

12 Funding

12.1 Consideration under the Offer

The consideration for the acquisition of Apollo Securities to which the Offer relates will be funded by the issue of Dart Securities.

12.2 Share Consideration

Based on the number of Apollo Shares on issue as at the date of this Bidder's Statement (being 200,000,000), the approximate number of Dart Shares which may need to be issued in accordance with the Offer, if acceptances were received for all Apollo Shares is 118,440,000.

12.3 Source of Share Consideration

Dart has the capacity to issue the maximum number of Dart Shares which it may be required to issue under the Offer. The issue of new Dart Shares without first obtaining Dart Shareholder approval is permitted under ASX Listing Rule 7.2, Exception 5.

12.4 Option consideration

Based on the number of Apollo Options which have been granted as at the date of this Bidder's Statement, the maximum number of Dart Options which may need to be issued in accordance with the Offer, if acceptances were received for all Apollo Options, is set out in the following table.

Dart Option	Total number to be issued ¹
Dart A-Class Option	18,750,000
Dart B-Class Option	18,750,000
Dart C-Class Option	2,681,250
Dart D-Class Option	1,473,750
Dart E-Class Option	982,500
Dart G-Class Option	131,250
Dart H-Class Option	78,750
Dart I-Class Option	52,500

¹ Assumes all Apollo Optionholders accept the Offer.

12.5 Source of Option Consideration

Dart has the capacity to issue the maximum number of Dart Options which it may be required to issue under the Offer, if acceptances were received for all Apollo Options and such options were to be exercised.

12.6 Provision of consideration

On the basis of the arrangements described in this section 12, Dart is of the opinion that it has a reasonable basis for holding the view, and holds the view, that Dart will be able to provide the consideration offered under the Offer.

13 Taxation considerations

13.1 Introduction

The following provides a general outline of the main Australian tax consequences for certain Australian tax resident Apollo Securityholders accepting the Offer or having their Apollo Securities compulsorily acquired by Dart.

The outline does not constitute, and should not be construed as, taxation advice. Dart and their officers and advisers do not accept any liability or responsibility in respect of any statement concerning the taxation consequences of the Offer or in respect of the taxation consequences themselves.

Apollo Securityholders should seek independent professional advice regarding the consequences of accepting this Offer based on their own particular circumstances. In this regard, the relevant law is complex and subject to change periodically as is its interpretation by the courts and the Australian Taxation Office (“ATO”).

This outline does not purport to be a complete analysis of the potential tax consequences of the Offer for Apollo Securityholders. In particular, it does not address the taxation treatment of:

- Apollo Securityholders who are not resident in Australia for Australian tax purposes;
- Apollo Securityholders who hold their Apollo Securities on revenue account; and
- Apollo Shareholders that acquired their Apollo Shares under an Employee Share Scheme (“ESS”).

13.2 Acceptance of the Offer and disposal of Apollo Shares – Apollo Shareholders

Calculation of capital gain or loss on disposal

Acceptance of the Offer will involve a disposal by Apollo Shareholders of each of their Apollo Shares to Dart. The disposal of each Apollo Share pursuant to the Offer will constitute a CGT event for Australian income tax purposes. In this regard, generally:

- a capital gain will arise to the extent the capital proceeds received by an Apollo Shareholder from the disposal of an Apollo Share exceeds the cost base of that Apollo Share; or
- a capital loss will be realised to the extent the capital proceeds received by an Apollo Shareholder from the disposal of an Apollo Share are less than the reduced cost base of the Apollo Shares.

Any capital gain realised in respect of the disposal of the Apollo Shares will be included in the calculation of the Apollo Shareholder’s net capital gain for the income tax year in which the Offer is accepted. Any net capital gain will be included in the Apollo Shareholder’s assessable income for that year. For the purposes of calculating any net capital gain, any capital gains realised on the disposal of the Apollo Shares may be reduced by any current or prior year capital losses of the Apollo Shareholder (subject to the satisfaction of the relevant loss utilisation rules for corporate taxpayers and trusts). However, the CGT discount may be available to reduce the net capital gain for certain Apollo Shareholders (see discussion below).

Any capital loss realised in respect of the disposal of the Apollo Shares may offset other capital gains realised by the Apollo Shareholder in the same income tax year or be carried forward to be offset against future capital gains (subject to the satisfaction of the relevant loss utilisation rules for corporate taxpayers and trusts). A capital loss may not be deducted against income other than capital gains.

However, as discussed further below, where CGT roll-over relief is available and an Apollo Shareholder chooses to obtain the CGT roll-over, capital gains arising upon disposal of the relevant Apollo Shares will be effectively deferred.

Capital proceeds

For the purpose of calculating capital gains and capital losses on the disposal of the Apollo Shares, the capital proceeds will be the market value of the replacement Dart Shares received by the Apollo Shareholder as consideration as at the date the Offer is accepted by the Apollo Shareholder.

Cost base

The cost base and reduced cost base of each Apollo Share is generally equal to the amount paid by the Apollo Shareholder to acquire the share or the deemed cost of acquisition. Certain incidental costs incurred in connection with the acquisition of Apollo Shares (for example, stamp duty and brokerage fees) may also be included in the cost base of the Apollo Shares. Further, if the reduced cost base is to be determined (in order to calculate a capital loss), certain adjustments to the cost base of the Apollo Shares may need to be made.

CGT Discount

In general, if an Apollo Share has not been held for at least twelve months (after excluding the date of acquisition and disposal) before the disposal date (that is, the date that the Offer is accepted by the Apollo Shareholder), the capital gain or capital loss is calculated on the difference between the capital proceeds and the cost base or reduced cost base of the Apollo Share being disposed of.

However, if an Apollo Share has been held for at least twelve months and one day before the disposal date, in calculating the capital gain, eligible Apollo Shareholders may be able to use the CGT discount method to reduce their net capital gain.

If the Apollo Shareholder is an individual, complying superannuation fund or trust and held the Apollo Shares for at least twelve months and one day before the disposal date, they should be entitled to the CGT discount for any capital gains arising in respect of shares disposed of under the Offer. The CGT discount method entitles such shareholders to reduce their capital gains on those Apollo Shares (after deducting available capital losses of the shareholder) by 50% in the case of individuals or trusts, or by one-third in the case of complying superannuation funds. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

The CGT discount is not relevant for the purposes of calculating a capital loss. Further, the CGT discount is not available to companies or where the Apollo Shares have been held for less than twelve months and one day before the disposal date. In this respect, it is noted that special rules apply to determine if shares have been held for the requisite period. Apollo Shareholders should seek their own professional advice in this regard.

CGT roll-over relief

If, as a result of the Offer, Dart becomes the owner of 80% or more of the voting shares in Apollo, Apollo Shareholders who would otherwise make capital gains from the disposal of their Apollo Shares pursuant to the Offer may choose to obtain scrip-for-scrip roll-over relief in respect of some or all of those capital gains.

If CGT roll-over relief is available and is chosen by an Apollo Shareholder, then any capital gains resulting from the disposal by Apollo Shareholders of Apollo Shares pursuant to the Offer covered by such a choice will be disregarded. Any CGT implications in relation to the disposal of the Apollo Shares for which rollover is chosen are effectively deferred either until the relevant Apollo Shareholder disposes of the replacement Dart Shares acquired pursuant to the Offer or upon the happening of another taxable event.

To the extent that an Apollo Shareholder realises a capital loss as a result of accepting the Offer, roll-over relief will not be available. The tax consequences for Apollo Shareholders

who realise a capital loss are discussed under the heading “*Where roll-over not chosen*” below.

Making the roll-over election will affect the cost base of the replacement Dart Shares acquired by the Apollo Shareholders. By choosing roll-over relief, the cost base and reduced cost base of the replacement Dart Shares will reflect proportionately the respective cost base and reduced cost base that the Apollo Shareholders have in their Apollo Shares that are disposed of under the Offer. The cost base of the replacement Dart Shares acquired under the Offer will also include any other incidental costs that can be included in the cost base (see discussion above).

In addition, where the roll-over election is made, for the purposes of determining eligibility to the CGT discount on future dealings with the replacement Dart Shares obtained under the Offer, the time of acquisition of the replacement Dart Shares will be taken to be the time that the Apollo Shareholders acquired their Apollo Shares.

To choose CGT roll-over relief, an Apollo Shareholder must make a choice before lodging an income tax return for the tax year in which the Offer is accepted. The manner in which the Apollo Shareholder prepares the income tax return will be evidence of the choice (ie no notice is required to be lodged with the ATO).

All Apollo Shareholders, and particularly those not covered by this outline as noted above, should obtain their own independent professional taxation advice as to whether and how a CGT roll-over choice should be made.

Example where roll-over is chosen

For example, assume an Apollo Shareholder holds 1,000 Apollo Shares and the cost base per share is \$0.60. Under the Offer, the Apollo Shareholder will receive 750 Dart Shares (that is, 3 Dart Shares for every 4 Apollo Shares). For the purposes of illustration, assume the Apollo Shareholder does not incur any relevant incidental costs.

If, for example, the market value of the Dart Shares on the date the Apollo Shareholder accepts the Offer is \$1.35, then the capital proceeds the Apollo Shareholder receives for the disposal of all of their Apollo Shares will be calculated as:

$$\$1.35 \times 750 = \$1,012.50$$

This equates to capital proceeds of \$1.0125 for each Apollo Share (i.e. \$1,012.50 divided by 1000).

In the first instance, the Apollo Shareholder would make a capital gain of:

$$\$1,012.50 - \$600 = \$412.50 \text{ (or } \$0.4125 \text{ for each Apollo Share).}$$

However, this capital gain will be disregarded to the extent that the Apollo Shareholder elects to obtain roll-over relief.

The total cost base and reduced cost base of the Dart Shares received under the offer will be \$600 or \$0.80 per replacement Dart Share (this being \$600 divided by 750 shares).

The calculation will be more complicated for Apollo Shareholders whose Apollo Shares do not all have the same cost base. Where an Apollo Shareholder will make a capital gain on some of their Apollo Shares and a capital loss on other Apollo Shares, the Apollo Shareholder will not be able to choose roll-over relief in respect of any Apollo Shares which make a capital loss. However, this would not prevent the Apollo Shareholder from claiming roll-over relief in respect of any Apollo Shares for which the Apollo Shareholder would otherwise make a capital gain. Further, where an Apollo Shareholder is eligible for roll-over relief, the Apollo Shareholder may choose to obtain roll-over relief in respect of all, or only some, of their Apollo Shares.

Apollo Shareholders should obtain their own independent professional taxation advice on the cost base and reduced cost base they will obtain in their replacement Dart Shares.

13.3 Australian income tax consequences of ownership of Dart Shares – Apollo Shareholders

The income tax consequences for Apollo Shareholders owning Dart Shares that are issued pursuant to the Offer should be substantially the same as the consequences of owning Apollo Shares.

Dividends in relation to replacement Dart Shares

During the period which Apollo Shareholders hold Dart Shares that are issued pursuant to the Offer, they may receive dividends which may be either franked or unfranked. The dividends, grossed up for any imputation (franking) credits, will be included in the Apollo Shareholder's assessable income and they will receive a tax offset (rebate) equal to the imputation credit included in their income. In this respect, where the income tax payable of an Apollo Shareholder that is an individual or complying superannuation fund is less than the franking credit offset available (before the application of any tax offsets), the excess franking credits may be refunded to the Shareholder.

Any excess franking credits are not able to be refunded to corporate Apollo Shareholders. However, excess franking credits can be converted by a corporate Apollo Shareholder into a tax loss that may be utilised in future years (subject to the satisfaction of the relevant loss utilisation rules). In addition, a corporate Apollo Shareholder should be entitled to a credit in its franking account for franking credits received which are then available for distribution as part of a franked dividend to its shareholders.

There are rules that limit the availability of imputation credits in certain circumstances (for example, you are generally required to have held your Dart Shares materially "at risk" for at least 45 days, excluding acquisition and disposal dates). These rules are complex and Apollo Shareholders should consult their independent professional taxation adviser regarding their operation.

Disposal of replacement Dart Shares

The disposal of the replacement Dart Shares acquired as a consequence of the Offer will be subject to the same Australian CGT consequences described above in relation to the disposal of Apollo Shares, subject to the following differences in the case of Apollo Shareholders that choose to obtain scrip-for-scrip roll-over relief and Apollo Shareholders that do not make that choice.

Where roll-over chosen

For those Apollo Shareholders who elect to obtain scrip-for-scrip roll-over relief in respect of the disposal of their Apollo Shares, the cost base and reduced cost base of the replacement Dart Shares will reflect proportionately the respective cost base and reduced cost base of the Apollo Shares that are exchanged for the replacement Dart Shares, plus any relevant incidental costs as discussed above.

In the event of a future capital gain on the disposal of replacement Dart Shares, Apollo Shareholders who chose to obtain scrip-for-scrip roll-over relief should refer to the date of their original acquisition of the Apollo Shares for the purposes of determining whether the CGT discount concession applies.

Where roll-over not chosen

Where roll-over relief was not chosen for, or was not applicable to, the disposal of the Apollo Shares (including where, for example, an Apollo Shareholder realises a capital loss on the disposal of their Apollo Shares as a result of accepting the Offer), the total cost base of the replacement Dart Shares which will be received under the Offer, will be the market value of Apollo Shares disposed of at the time of the acceptance of the Offer, plus any relevant incidental costs as discussed above.

In this case, upon the subsequent disposal of Dart Shares, Apollo Shareholders who are individuals, trustees or complying superannuation funds must determine their compliance with the 12 month ownership requirement under the CGT discount rules by reference to the date of acquisition of the replacement Dart Shares (not the original date of acquisition of the Apollo Shares).

13.4 Acceptance of the Offer and disposal of Apollo Options – Apollo Optionholders

We note that the Australian income tax law relating to the disposal of options may be complex. In particular, the Australian income tax treatment of an option will differ depending upon whether the option was acquired under an ESS and, if acquired under an ESS, whether the employee has previously been taxed in respect of the grant of that option.

Options not subject to the ESS rules

Where the Apollo Options were not acquired under an ESS or were acquired under an ESS but have subsequently been subject to Australian income tax under the ESS rules, the income tax implications should be broadly similar to those for Apollo Shareholders disposing of their Apollo Shares, as set out above at sections 13.2 and 13.3. That is, capital gains or losses may arise to Apollo Optionholders upon acceptance of the Offer. However, any capital gain may be able to be disregarded where Dart becomes the owner of at least 80% of the Apollo Shares as a result of the Offer and roll-over relief is chosen.

Options subject to the ESS rules

Where an Apollo Optionholder has acquired their Apollo Options under an ESS and has not been subject to Australian income tax in respect of the grant of the Apollo Option, the disposal will need to be considered by reference to specific ESS tax rules. Broadly, Apollo Optionholders will be entitled to a roll-over under the ESS tax rules such that the Dart Options acquired as a result of acceptance of the Offer will be treated as a continuation of the disposed Apollo Options (and no taxing event will be triggered upon acceptance of the Offer) as long as:

- the Apollo Optionholder receives a Dart Option which can reasonably be regarded as matching the Apollo Option;
- the Apollo Optionholder is employed by Dart or a subsidiary of Dart after the takeover; and
- at the time the Dart Option is acquired, the Apollo Optionholder does not hold a beneficial interest of more than 5% of the shares in Dart and the Apollo Optionholder is not in a position to cast, or to control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of Dart.

If these conditions are not met, the acceptance of the Offer by an Apollo Optionholder may trigger a taxing event for the relevant Apollo Optionholder.

13.5 Stamp duty

The sale of Apollo Securities by Apollo Securityholders to Dart under the Offer will not result in Apollo Securityholders being subject to an Australian stamp duty impost.

Furthermore, the issue of replacement Dart Securities will not be subject to stamp duty.

13.6 Goods & Services Tax Consequences

Apollo Securityholders will not be required to pay Goods & Services Tax (“GST”) on the sale of existing Apollo Securities and the acquisition of replacement Dart Securities.

To the extent that Apollo Securityholders are registered for GST and incur GST in respect of costs in connection with the transfer or disposal of Apollo Securities, input tax credits in respect of GST paid may be denied in certain circumstances.

14 Investment risks

14.1 Introduction

In deciding whether or not to accept the Offer, you should read this entire Bidder's Statement carefully. You should also carefully consider the risk factors outlined in this section 14.

Apollo Securityholders will receive Dart Securities as consideration under the Offer. The future performance of the Merged Group and the future investment performance of Dart Securities may be influenced by a wide range of factors, many of which are outside the control of Dart. There can be no guarantee that Dart will achieve its stated objectives or intentions, that forecasts will be met or that forward looking statements will be realised. Set out below is a summary of some, but not all, of the risks associated with an investment in Dart by subscribing for Dart Securities by accepting the Offer.

14.2 Risk Factors that pertain to the general economy and securities market

Dart Securities offered to Apollo Securityholders pursuant to the Offer are speculative because of the nature of the business of Dart. Dart has interests in the CSG exploration and development industry, particularly international interests, which is speculative and no assurances can be made that Dart's particular interests or projects will be successful.

Further, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect Dart's options and particularly the trading price of Dart Shares on the ASX.

The Dart Shares which form the Share Consideration under the Offer do not carry any guarantee with respect to market value or in respect to payment of dividends or the return of capital. As the holding of Dart Securities involves certain risks, persons in doubt as to the course they should follow should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

(a) Currency fluctuations

The future value of Dart's listed securities (including the Dart Shares to be issued pursuant to the Offer) may fluctuate in accordance with movements in foreign currency exchange rates. A portion of the operating and other business expenditure of Dart is determined in US dollars. Fluctuations in the exchange rate between the US dollar and the operating currencies of Dart will result in foreign exchange gains and losses which may impact on Dart's financial performance.

(b) Stock market fluctuations

The market price of Dart Shares (including the Dart Shares to be issued pursuant to the Offer) will be subject to varied and often unpredictable influences on the stock market generally.

Dart Shares may trade on ASX at higher or lower prices than the share price at the time of the Offer. Further, the share price at the time the Dart Shares are issued may be higher or lower than the share price as at the date of this Bidder's Statement. Shareholders who decide to sell their Dart Shares may not receive the amount of their original investment. There can be no guarantee that an active market in Dart Shares will develop following the Offer or that the price of Dart Shares will increase.

The price at which the Dart Shares trade on ASX may be affected by the financial performance of Dart and by external factors over which the Dart Directors and Dart have no control. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic

conditions, market supply and demand, and government taxation and other policy changes.

(c) **Economic Conditions**

The operating and financial performance of Dart is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in demand, could be expected to have a material adverse impact on Dart's business or financial condition.

In particular, the market prices for many listed entities have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-entity specific influences such as global hostilities and tensions, acts of terrorism, investor sentiment and the general state of the economy. Such market fluctuations may materially adversely affect the market price of Dart Shares.

(d) **Government policy and taxation**

Changes in relevant taxation laws, interest rates, accounting standards, other legal, legislative and administrative regimes, and government policies, may have an adverse affect on the assets, operations and ultimately the financial performance of both Dart and the entities in which Dart invests. These factors may ultimately affect the financial performance of Dart and the market price of the Dart Shares.

In addition to the normal level of income tax imposed on all industries, the petroleum industry is required to pay government royalties, indirect taxes, GST and other imposts which generally relate to revenue or cashflows. Industry profitability can be affected by changes in government taxation policies.

(e) **Terrorism risk**

The potential for acts of terrorism cannot be ruled out and is recognised by Dart in its security planning and management.

14.3 **Risks related to the petroleum and gas industry generally**

The following paragraph sets out those operational risks that are common to both Dart and Apollo. The Merged Group would be similarly exposed to those risks.

(a) **Reserve and exploration risk**

Petroleum exploration and prospective production activities are dependent upon the grant and maintenance of appropriate licences, permits and regulatory authorities ("authorisations") which may not be granted or may be withdrawn or made subject to limitations. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be renewed or granted on the same terms. There are also risks that there could be delays in obtaining such authorisations. If the Merged Group does not meet its obligations under its authorisations, this may lead to dilution of its interest in, or the loss of, such authorisations.

The estimates in this Bidder's Statement of Reserves and contingent and prospective Resources have been prepared by Mr John Hattner of NSAI. However, there are also numerous uncertainties inherent in estimating quantities of proven and measured Reserves and Resource and production levels, including many factors beyond the control of the Merged Group and its Directors. Any estimate of economically recoverable natural gas Reserves are based upon a number of variable factors and assumptions, such as comparisons with production from other producing areas, the assumed effects of regulation by governmental agencies, assumptions regarding future oil and natural gas prices and future operating costs,

all of which may vary considerably from actual results. All such estimates are, to some degree, speculative, subject to technical interpretation and judgment, and classifications of Reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of economically recoverable natural gas Reserves attributable to any particular group of properties and classification of such Reserves based on risk of recovery and other factors may vary substantially. Actual production with respect to Reserves may vary from such estimates and such variances could be material.

Further, the future success of the Merged Group will depend on its ability to find or acquire gas Reserves that are economically recoverable. There can be no assurance that the Merged Group's planned development projects and exploration activities will result in significant Reserves or that it will have success drilling productive wells. Reserve and Resource estimates are estimates only and no assurance can be given that any particular level of recovery from Reserves will in fact be realised or that an identified gas resource will ever qualify as a commercially exploitable (or viable) reservoir which can be legally and economically exploited.

The drilling of gas wells involves a high degree of risk, especially the risk that a well is not sufficiently productive to provide economic return of the capital expended to drill the well.

(b) **Development and production risk**

The business of commodity development and production involves a degree of risk. Development, construction and operation of CSG production facilities are dependent upon a number of factors including coal seam performance and management, gas processing facility capacity performance and reliability and regulatory requirements. Development, construction and operation of CSG production facilities may also be impacted by mechanical difficulties, human error, labour disputes, shortages or delays in the delivery of equipment, weather conditions, civil unrest, wars, natural disasters, cratering, explosions, pollution, seepage or leaks. These factors are substantially out of the control of the Merged Group and its Directors and, as a result, there is no assurance that current forecast rates of production can or will be met in the future. Disruption to expected production may result in variations to expected revenue and could have an adverse effect on the financial performance of the Merged Group.

Further, even if the Merged Group recovers potentially commercial quantities of gas, there is no guarantee that the Merged Group will be able to successfully transport the gas to commercially viable markets or sell the gas to customers to achieve a commercial return.

(c) **Competition**

The Merged Group will operate in a competitive market which includes major oil and gas companies. Many of these companies have greater financial strength and resources available to them than the Merged Group and, as a result, may be in a better position than the Merged Group to compete for future business opportunities. However, this risk is expected to be mitigated to some extent through Dart's partnerships with local firms and national oil companies throughout the regions in which it operates. An example of this is Dart's relationship with Fortune Oil in China where Fortune Oil is an active participant in the local gas market. The Merged Group will benefit from such existing partnerships and relationships.

(d) **Location**

Common to any form of gas exploration is the significant costs which may be associated with transporting gas products to the market. If the area over which a petroleum lease is held is located a significant distance from any transport related infrastructure (eg a gas pipeline) then it is likely that infrastructure and transportation

costs may be high. Any increase in these costs may have a material adverse effect on the Merged Group.

(e) **Access to infrastructure**

It is common in the gas sector for industry participants to share transportation and operating infrastructure (such as gas processing facilities and gas pipelines). As such, Dart and Apollo rely on access to properly maintained operating infrastructure and shared facilities that, in some circumstances, may not be directly controlled by Dart or Apollo in order to deliver its production to the market. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Merged Group.

(f) **Volatility of oil and gas prices and markets**

Dart's financial condition, operating results and future growth are dependent on the prevailing prices of natural gas. Historically, the markets for oil and natural gas have been volatile and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes to the demand for oil and natural gas, whether the result of uncertainty or a variety of additional factors beyond the control of Dart.

Factors which effect the price for oil and natural gas, and commodity prices generally, are domestic and international economic climates, economic sentiment, market forces of supply and demand, the weather, the actions of the Organisation of Petroleum Exporting Countries, government regulation, political stability in the Middle East and elsewhere and the availability of alternative fuel sources. Any substantial decline in the prices of oil and natural gas could have a material adverse effect on the Merged Group. The value of Dart Shares can therefore go up as well as down and there is no certainty as to whether dividends are paid in the future.

(g) **Environmental risks**

Inherent in CSG operations is an environmental regulation risk. The legal framework governing this area is constantly developing. Thus Dart is unable to fully ascertain any future liability that might arise from new law or regulation although such regulation is typically strict and may impose severe penalties.

The development of projects by the Merged Group will be dependent on the relevant projects meeting environmental guidelines and gaining approvals from government authorities. Inability to obtain these approvals or the terms and conditions on which these approvals are obtained may have a material adverse effect on the Merged Group.

(h) **Legislation, regulation and tenure**

Both Dart's and Apollo's activities in the petroleum industry are subject to legislation, regulation and approvals.

The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies or the interpretation of those laws or policies, particularly in relation to foreign ownership, land access arrangements, royalties and production and exploration licensing may adversely affect the Merged Group's future operations and financial performance.

Further, Dart and Apollo will, from time to time, require various government regulatory approvals for its operations and must comply with those approvals, applicable laws, regulations and policies. In particular, Dart and Apollo may require licences and approvals in relation to mining activities, environmental matters and the manufacture and supply of gas and electricity. There is a risk that Dart or Apollo may not obtain, or there may be a delay in obtaining, the necessary licences and

approvals. This may affect the timing and scope of work that can be undertaken. Further, a failure to comply with a licence, approval or applicable law may affect the timing and scope of work that can be done.

The loss of granted tenements may have a material adverse effect on the Merged Group.

(i) **Changes to taxation laws**

The future of Federal legislation and policy in respect to the taxation of resource based entities is currently uncertain. In September 2010, the Australian Government commissioned a consultation process for the Government's proposed Mineral Resources Rent Tax ("MRRT") and the extension of the Petroleum Resource Rent Tax ("PRRT").

On 1 October 2010, the Policy Transition Group ("PTG") (as commissioned by the Government) released an issues paper to address the key issues and options associated with the design and implementation of the MRRT regime and the transitioning of existing petroleum projects into the PRRT regime. The Issues Paper provides a basis for formal submissions and consultation activities. The closing date for submissions on the issues paper is 28 October 2010. The PTG intends to provide advice to the Government to enable the legislation supporting the MRRT and PRRT to be introduced into Parliament in 2011.

Based on the PTG Issues Paper, it is anticipated that oil and gas projects, including CSG production, will come under the extension of the PRRT.

At this time, Dart cannot accurately determine how any such measures may impact on Dart and its business activities. However, any such new legislation may adversely affect the Merged Group's future operations and financial performance.

(j) **Native title**

Native title in Australia is governed by the Native Title Act 1993 (Cth) ("NTA") and by complementary state legislation. The NTA provides a regime that enables persons claiming to hold native title to lodge a claim to that effect for determination. The NTA also provides for the determination of native title rights, their extinguishment, and for processes to deal with those rights in accordance with specific categories of acts that have occurred including "past acts" (before 1 January 1994), "intermediate period acts" (occurring between 1 January 1994 and 23 December 1996), and "future acts". Under this regime, native title is extinguished by grants of private freehold title and exclusive possession tenures.

The effect on each tenement will depend on the nature of the tenement, the date of its grant or proposed grant, and the nature of the underlying land tenures.

The effect of the NTA is that existing and new tenements held by the Merged Group in Australia may be affected by native title claims and procedures. Dart has not undertaken the historical, legal or anthropological research and investigations at the date of this Bidder's Statement that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement. There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement that will be held by the Merged Group which may affect the operation of the Merged Group's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, the Merged Group may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The

involvement in the administration and determination of native title issues may have a material adverse impact on the position of the Merged Group in terms of cash flows, financial performance, business development, ability to pay dividends and the share price.

(k) **Carbon Pollution Reduction Scheme (“CPRS”)**

The Federal Government’s CPRS was intended to take effect in 2010. However, in 2009, the legislation for the CPRS was introduced and twice rejected in Federal Parliament. On 27 April 2010 the Federal Government announced that it would delay the implementation of the CPRS until after the current commitment period of the Kyoto Protocol (which ends in 2012).

There is no certainty that these measures will be introduced and passed into law or what nature and extent such laws may take.

At this time, Dart cannot accurately determine how any such measures may impact on Dart and its business activities. However, any such new legislation may adversely affect the Merged Group’s future operations and financial performance.

14.4 Specific risk factors that affect the Merged Group

(a) **Management actions**

The Directors of the Merged Group will, to the best of their knowledge, experience and ability (in conjunction with their management), endeavour to anticipate, identify and manage the risks inherent in the activities of the Merged Group, but without assuming any personal liability, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Merged Group and the Merged Group’s securities.

(b) **Financing**

In common with many other exploration companies, the Merged Group’s future expenditure, including importantly incremental expenditure and new business expenditure, depends on its ability to raise new equity capital, access debt or dispose of interests in existing PSCs or licences.

If the Merged Group cannot access additional sources of capital, the ability to undertake incremental expenditure and new business expenditure will be limited, and this may adversely impact on the Merged Group’s overall business. The ability to source additional equity or debt funding will depend on various factors some of which are outside the control of Dart or Apollo. It is not possible to provide an assurance that Merged Group will be able to source additional equity or debt funding at any particular time. The inability to obtain sufficient financing when required may have a material adverse effect on the Merged Group.

(c) **Contractual arrangements**

Dart and Apollo are parties to a number of material contracts and are advanced in the finalisation of other contracts. Failure by any other party to a contract with Dart or Apollo to comply with their obligations could have a material adverse effect on the Merged Group. Additionally, the failure by the Merged Group to finalise and execute contracts presently under negotiation or to finalise conditions arising under existing conditional material contracts could have a material adverse effect on the Merged Group.

(d) **Delivery failure**

If the Merged Group fails to meet its delivery obligations under contracts to which an entity within the Merged Group is a party, liquidated damages may become payable. Delivery failure and any damages liability which flows from this failure may have a material adverse effect on the Merged Group.

(e) **Reserves and production adequacy**

The ability of the Merged Group to meet its obligations under existing contracts for the sale of gas, and to sell gas to new customers may be limited by lack of adequate commercial reserves or an inability to economically produce those reserves.

Additionally, there are numerous uncertainties inherent in estimating quantities of proved and probable reserves, and the size of exploration targets. Estimates of economically recoverable gas reserves and targeted reserves attributable to any particular group of properties, classifications of such Reserves based on risk of recovery and estimates of future net revenue expected from these may vary substantially, which could have a material adverse effect on the Merged Group.

(f) **Exploration and development costs and activities**

Dart is primarily focused on CSG exploration in countries where the CSG industry is in its early stages of development. Accordingly, the exploration risks associated with the Merged Group is commensurate with exploration in similar frontier expansion areas and may be greater than the exploration risk associated with Apollo.

The exploration and development costs of the Merged Group are based on the current plans (of Dart's and Apollo's individual management teams) for the identified development of potential projects. The extent to which these plans are met by the Merged Group will affect the economic viability of the planned projects.

The future exploration activities of the Merged Group may not find any additional commercially viable gas reserves, nor can the Merged Group be certain that its overall drilling success rate or its drilling success rate for an activity within a particular area will not decline. Unsuccessful exploration activities could have a material adverse effect on the Merged Group.

(g) **Operations in foreign countries**

The Merged Group will operate in countries outside Australia and there are risks that changes in the legal business environment in those places such as currency controls, price controls, regulatory changes and political changes may adversely effect the value of the Merged Group's assets.

Some of the jurisdictions in which the Merged Group will operate have legal systems and laws different to Australia that may lead to uncertainty for the Merged Group in enforcing legal and contractual rights in those jurisdictions.

(h) **Joint venture partners**

Financial failure or default by any participant in a joint venture to which the Merged Group is a party may have a material adverse effect on the Merged Group insofar as it may have to bear that share of the joint venture costs which would otherwise have been borne by the relevant participant in the joint venture.

(i) **Demand risk and GSA nominations**

The volume of gas delivered and sold by the Merged Group is dependent on the end user demand and is subject to a range of variables, including economic and

social conditions, adverse competition, population growth, industry or other issues, government policy and alternative fuels or energy sources.

Where there are significant differences between annual nominations or estimates under the relevant GSAs and an end user's firm take or pay commitment, failure by the end user to nominate volumes which may be expected by the Merged Group, could have a material adverse effect on the Merged Group.

(j) **Project delay**

To the extent that construction and development activities are delayed (including as a result of weather conditions, unexpected drilling conditions, pressures or irregularities in formations, equipment failures, accidents or unavailability, mechanical difficulties, shortages or delays in delivery of rigs and/or other equipment) and production cannot meet the required estimates, this may have a material adverse effect on the Merged Group.

(k) **Insurance**

There may be some circumstances where the Merged Group's insurance will not cover, or will not be adequate to cover, the consequences of adverse events arising from operations, or where the Merged Group may become liable for pollution or other operational hazards against which they cannot insure or may have elected not to have insured or keep insured on account of high premium costs or otherwise. In that event, the Merged Group could incur significant costs that would have a material adverse effect on their financial position.

(l) **Failure to meet gas specifications**

Dart's and Apollo's gas supply are subject to pipeline and contractual specifications for the gas which is to be delivered by each company. To the extent the Merged Group does not deliver gas which meets the contractual specifications, the Merged Group may be required to take costly remediation steps or other action. This may have a material adverse effect on the Merged Group.

14.5 Risk Factors that arise from the Offer

(a) **Less than 90% ownership in Apollo**

The Offer is subject to a 90% minimum acceptance condition. This condition may be waived by Dart. Therefore a risk exists that the final level of ownership acquired by Dart may be less than 90%, which could have an impact on Dart's intentions regarding Apollo (refer to section 10). This impact could have a material adverse effect on the Merged Group.

(b) **Dart Securities as consideration**

Under the Offer, Dart will offer a significant number of its securities to Apollo Securityholders. If current Apollo Securityholders or current Dart Securityholders do not wish to hold shares in the Merged Group and seek to sell their shares, this may have a material adverse effect on the Merged Group and the value of Dart Securities.

(c) **Fluctuation in the market value of Dart Shares**

Apollo Shareholders are being offered Share Consideration under the Offer that consists of a specified number of Dart Shares (rather than a number of Dart Shares with a specified market value). The market value of Dart Shares at the time at which they are received by Apollo Shareholders may vary from their market value on the date that Apollo Shareholders accept the Offer.

Accordingly, market fluctuations could affect the value of the Share Consideration paid under the Offer and the value of an accepting Apollo Shareholder investment in Dart. Dart is not obliged to make any adjustment in the consideration payable under the Offer if the value of Dart Shares changes during the Offer Period.

(d) **Merger integration risks**

Integrating two companies such as Dart and Apollo may produce some risks, including integrating management, information systems and work practices. Greater than expected integration costs could have a material adverse effect on the Merged Group.

(e) **Synergy risks**

Whilst certain synergy benefits may be received from the merger, achievement of these synergies is not certain. The synergies may not be realised to their full extent or may be realised over a longer period of time than anticipated. This could have a material adverse impact on the financial performance of the Merged Group.

(f) **Taxation risks**

The Australian tax consequences and risks of the Offer depend upon the specific circumstances of each Apollo Securityholder. Apollo Securityholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer. A general summary of the main Australian taxation implications for particular Apollo Securityholders who accept the Offer are set out in section 13 of this Bidder's Statement.

(g) **Impairment of goodwill and other intangible assets**

The financial statements of the Merged Group will be prepared in conformity with Australian International Financial Reporting Standards ("AIFRS") and consistent with the current accounting policies of Dart. Under AIFRS, intangible assets are reviewed semi-annually for impairment. Changes to the carrying amounts of intangible assets of the Merged Group could have a material adverse impact on the financial performance of the Merged Group.

(h) **Triggering change in control provisions**

Dart is not aware of any pre-emptive rights or change of control provisions affecting Apollo's assets or agreements which would be triggered by Dart obtaining control of Apollo. However, Apollo may be a party to agreements that contain pre-emptive rights or change of control provisions that may be triggered if Dart acquires Apollo Shares representing a majority of the voting rights of Apollo. The operation of these change of control provisions, if triggered, could have negative consequences including requiring Apollo to renegotiate its financings, or sell joint venture interests. These provisions may be waived with the consent of the other party and Dart would consider seeking such waivers if it discovered that pre-emptive rights or change of control provisions affecting Apollo's assets or agreements would be triggered upon Dart obtaining control of Apollo. In the absence of these waivers, the operation of any of these change of control provisions could adversely affect the operations of the Merged Group.

(i) **Loss of key staff**

It is possible that there will be some unintended loss of key staff leading up to and following the acquisition by Dart of a controlling interest in Apollo. This is a risk factor until any skills that are lost are adequately replaced.

15 Additional information

15.1 Arrangements with Apollo - Takeover Implementation Agreement

Dart and Apollo have entered into a Takeover Implementation Agreement dated 28 September 2010 whereby Dart and Apollo have agreed to co-operate with each other in relation to the Offer. A summary of certain key terms of the Takeover Implementation Agreement is set out below.

This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of each of Dart and Apollo under the Takeover Implementation Agreement. The full terms of the Takeover Implementation Agreement can be viewed in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

The Offer

Under the Takeover Implementation Agreement, Dart has agreed to make the Offer to all Apollo Securityholders in respect of all of their Apollo Securities. The obligations of the parties are conditional on the satisfaction or waiver of certain conditions precedent, on or before the Offer Date.

Consideration

The consideration offered by Dart to Apollo Shareholders and Apollo Optionholders (as applicable) under the Takeover Implementation Agreement is:

- 3 Dart Shares for every 4 Apollo Shares;
- 3 Dart A-Class Options for every 4 Apollo A-Class Options;
- 3 Dart B-Class Options for every 4 Apollo B-Class Options;
- 3 Dart C-Class Options for every 4 Apollo C-Class Options;
- 3 Dart D-Class Options for every 4 Apollo D-Class Options;
- 3 Dart E-Class Options for every 4 Apollo E-Class Options;
- 3 Dart G-Class Options for every 4 Apollo G-Class Options;
- 3 Dart H-Class Options for every 4 Apollo H-Class Options; and
- 3 Dart I-Class Options for every 4 Apollo I-Class Options,

held at the Register Date.

Conditions precedent to the making of the Offer

The obligations of Dart and Apollo under the Takeover Implementation Agreement are subject to the satisfaction or waiver of the following conditions precedent:

- Dart receiving written confirmation from Apollo's Board of Directors in relation to their intention to recommend and accept the Offer (which is subject to conditions discussed below);
- no material adverse change occurring in respect to the business of Apollo or Dart (as defined in the Takeover Implementation Agreement);

- Apollo receiving written confirmation on behalf of its Major Shareholders (the Duncan Hardie Group and Rose Group) that they intend to accept the Offer in respect of all of their respective Apollo Securities within 14 days of the Offer Date;³¹
- no prescribed occurrence occurring in respect of Dart or Apollo (as defined in the Takeover Implementation Agreement); and
- Dart and Apollo obtaining all the necessary regulatory approvals in relation to the Offer.

Offer Conditions

The Takeover Implementation Agreement sets out the conditions to the Offer (being the Offer Conditions) and any contract which results from its acceptance. These Offer Conditions are set out in Annexure B to this Bidder's Statement.

Recommended bid

Under the Takeover Implementation Agreement, Apollo acknowledges that each of its Voting Directors intend to:

- (a) recommend the Offer to Apollo Securityholders, in the absence of a Superior Proposal or unless the Independent Expert concludes that the Offer is not fair and is not reasonable; and
- (b) accept the Offer in respect of all Apollo Securities held by those Voting Directors, subject to there being no Superior Proposal, there being no Dart prescribed occurrences and being granted an ASX waiver, consent or other form of relief in respect of the terms of any restriction agreements applying to certain holdings of the Voting Directors (including the conditions of any such waiver, consent or other form of relief).

Apollo also consents to Dart despatching the Bidder's Statement and accompanying documents to Apollo Securityholders 7 days earlier than the date for despatch under item 6 of section 633(1) of the Corporations Act.

Conduct of business

From the date of the Takeover Implementation Agreement up to the end of the Offer Period, Apollo must conduct its business in the ordinary and proper course and in substantially the same manner as previously conducted and must regularly consult with Dart on the manner of conduct of the business. Apollo also has specific obligations and is prohibited from specific actions in relation to the business of Apollo, without the prior approval of Dart.

Exclusivity

Apollo has agreed, subject to the fiduciary duties of Apollo Directors, not to solicit, invite, encourage or participate in negotiations or discussions with any person in relation to a Competing Transaction during the Exclusivity Period and to notify Dart if it becomes aware of a Competing Transaction (other than a bona fide Competing Transaction).

Similarly, during the Exclusivity Period, Apollo must ensure that neither it nor any of its Related Bodies Corporate or representatives negotiates or enters into, or participates in negotiations or discussions with any other person regarding a Competing Transaction, even

³¹ Subject to there being no Superior Proposal and subject also to satisfaction of the conditions imposed by the ASX in granting its consent to the release of the restrictions on certain of their holdings to the extent necessary to enable them to accept the Offer (see section 9.7 for further information) and, in the case of the Voting Directors, certain specified events and circumstances not occurring in relation to Dart as set out in the Takeover Implementation Agreement attached in the announcement made by Dart in connection with the Takeover Bid on the Announcement Date.

if that Competing Transaction was not directly or indirectly solicited, invited, facilitated, encouraged or initiated by Apollo or its Related bodies Corporate or representatives.

During the Exclusivity Period, Apollo must promptly inform Dart if it or any of its Related Bodies Corporate or representatives receives any unsolicited approach with respect to any Competing Transaction and, subject to the fiduciary duties of Apollo directors, must disclose to Dart all material details of the Competing Transaction.

Break Fees

Apollo has agreed to pay Dart a break fee of 1% of the Offer Consideration if:

- (a) a Competing Transaction is announced and within the Exclusivity Period or within 6 months of the end of the Exclusivity Period, a party to the Competing Transaction acquires a relevant interest in 20% or more of all Apollo Securities;
- (b) a third party acquires or agrees with Apollo to acquire, or enter into a farm-in type agreement in respect to, the whole or substantial part of the assets of Apollo;
- (c) any of the Voting Directors of Apollo do not recommend or withdraws its recommendation of the Offer to Apollo Securityholders, except where:
 - (i) the Independent Expert opines that the Offer is not fair and not reasonable;
 - (ii) a prescribed occurrence has occurred in respect of Dart (as defined in the Takeover Implementation Agreement); or
 - (iii) Apollo terminates the Takeover Implementation Agreement due to a material breach of Dart, which is not remedied within 10 Business Days of receipt by of a notice from Apollo setting out details of the breach and its intention to terminate;
- (d) an event or circumstance within the control of Apollo occurs which constitutes a material adverse change to Apollo (as defined in the Takeover Implementation Agreement) or an event in paragraph (b) ("prescribed occurrences") of Annexure B occurs; or
- (e) Dart terminates the Takeover Implementation Agreement due to a material breach of Apollo which is not remedied in 10 Business Days of receipt by of a notice from Dart setting out details of the breach and its intention to terminate.

Dart has agreed to pay Apollo a break fee of 1% of the Offer Consideration if Dart fails to make the Offer, other than as a result of:

- (a) the occurrence of an event or circumstance which entitles Dart to the payment of the break fee amount from Apollo (as detailed above); or
- (b) Dart terminates the Takeover Implementation Agreement in accordance with the terms of that agreement.

Termination

Either Dart or Apollo may terminate the Takeover Implementation Agreement by notice to the other if:

- (a) the other party is in material breach and the breach is not remedied within 10 Business Days of receipt by the breaching party of a notice from the other party setting out details of the breach and its intention to terminate;
- (b) Dart withdraws the Offer for any reason, including non-satisfaction of an Offer Condition;

- (c) a condition precedent to the Takeover Implementation Agreement is not satisfied or waived;
- (d) if there is a breach of a representation or warranty made in the Takeover Implementation Agreement.

Dart may terminate the Takeover Implementation Agreement by notice in writing to Apollo if:

- (a) a Superior Proposal is made or publicly announced for Apollo by a third party; or
- (b) any of Apollo's Voting Directors do not recommend that the Offer be accepted by Apollo Securityholders or having recommended the Offer, changes his or her recommendation.

Apollo may terminate the Takeover Implementation Agreement by notice in writing to Dart if a prescribed occurrence has occurred in respect of Dart (as defined in the Takeover Implementation Agreement).

Representations and warranties

Each of Dart and Apollo give warranties to the other, including as to their legal capacity and as to certain specific compliance matters.

15.2 Due diligence

For the purpose of confirming its assessment whether or not to acquire all of the Apollo Securities, Dart was given access by Apollo to certain information concerning Apollo which has not been disclosed generally to Apollo Securityholders. None of the information to which Dart was given access is, in the opinion of Dart, of such a nature and quality which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of Apollo Securities or, in the opinion of Dart and except as disclosed in this Bidder's Statement, would otherwise be material to a decision by an Apollo Shareholder whether or not to accept an Offer. However, the fact that Dart's decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to the decision of an Apollo Securityholder whether or not to accept an Offer.

15.3 Dart is a disclosing entity

Due to the fact that Dart is offering Dart Securities as consideration for the acquisition of Apollo Securities, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Dart Securities under sections 710 to 713 of the Corporations Act. Dart does not need to issue a prospectus for the Offer of the Dart Securities as the Offer is occurring under a takeover bid.

Dart is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, Dart is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of Dart Securities.

Dart was admitted to the ASX Official List on 20 July 2010 and its shares began trading on 22 July 2010. As Dart Shares have been quoted on the ASX in the three months prior to the date of this Bidder's Statement, Dart is only required to disclose information that would usually be required where its shares have been continuously quoted securities.

In general terms, where Dart Shares are continuously quoted securities, the Bidder's Statement is only required to contain information in relation to the effect of the Offer on Dart and the rights and liabilities attaching to the Dart Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of Dart unless such information has been

excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information:

- (a) that investors and their professional advisers would reasonably require for the purposes of making an informed assessment of Dart's assets and liabilities, financial position, performance, profits and losses or prospects; and
- (b) the information relates to the rights and liabilities attaching to the Dart Shares.

Information that is already in the public domain has not been reported in this Bidder's Statement other than that information which is considered necessary to make this Bidder's Statement complete.

Dart, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to Dart (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
 - (i) the most recent annual financial statement lodged by Dart to ASIC for the year ending 30 June 2010;
 - (ii) any half-year financial report lodged with ASIC; and
 - (iii) all continuous disclosure notices given by Dart after the lodgement of the most recent annual financial report with ASIC and before the lodgement of this Bidder's Statement with ASIC.

Requests for free copies of these documents may be made by contacting Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

Copies of all documents lodged with ASIC in relation to Dart can be inspected at the registered office of Dart during normal office hours. Dart also has a website, www.dartenergy.com.au which includes a wide range of information on Dart (including copies of the above documents) and its activities. A list of announcements made by Dart since 1 July 2010 and the date of this Bidder's Statement appears in Annexure C.

15.4 ASIC modifications and exemptions

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Dart, in relation to the operation of Chapter 6 of the Corporations Act. Dart may rely on this class order relief.

Dart has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bids" to include references to certain statements by Dart, Apollo and other persons in this Bidder's Statement without obtaining the consent of those persons.

As required by Class Order 01/1543, Dart will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Apollo Securityholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Apollo Securityholders may contact Dart's shareholder information line on 1800 774 759 (within Australia) or +61 2 8280 7719 (outside of Australia) between 8.30am and 5.30pm Monday to Friday (AEDT).

Dart has also received a declaration from ASIC given under section 655A(1) of the Corporations Act. The effect of the declaration is to modify the application of sections 605(1) and 619(1) of the Corporations Act to allow Dart to:

- (a) treat all of the Apollo Options as making up a single bid class; and
- (b) make different offers to security holders in the merged bid class having regard to the rights and obligations attaching to the classes.

As a result, the Apollo Shares and the Apollo Options (as a whole) each make up a separate bid class. If Dart acquires 90% or more of the merged Apollo Options bid class, Dart intends to compulsorily acquire any outstanding Apollo Options if it becomes entitled to do so under the Corporations Act.

Dart also intends to rely on Class Order 03/636 in the circumstances set out in section 9.9 of this Bidder's Statement.

15.5 Foreign Securityholder

If an Apollo Securityholder is (or is acting on behalf of) a resident of a jurisdiction other than Australia, its external territories or New Zealand, or the address shown in Apollo's register of members or optionholders is a place outside Australia, its external territories or New Zealand, or an Apollo Securityholder is acting on behalf of such a person, then they are considered a **Foreign Securityholder**.

In respect of a Foreign Securityholder, unless Dart otherwise determines that:

- (a) it is lawful and not unduly onerous and not unduly impracticable to make the Offer to them and to issue them with Dart Securities on acceptance of the Offer; and
- (b) it is not unlawful for them to accept the Offer by the law of the relevant place outside Australia and its external territories or New Zealand,

then they are an **Ineligible Foreign Securityholder**, and they will not be entitled to receive Dart Securities as consideration for their Apollo Securities.

If you are an Ineligible Foreign Securityholder and you accept the Offer, Dart will:

- (a) arrange for the issue to the Nominee of the number of Dart Securities to which you and all other Ineligible Foreign Securityholders would have been entitled but for clause 2.2 of the Offer Terms;
- (b) cause the Nominee to offer for sale those Dart Securities within five Business Days after the end of the Offer Period in such manner, at such price and on such other terms and conditions as are determined by the Nominee; and
- (c) pay to them the amount ascertained in accordance with the formula in clause 6.3 of the Offer Terms.

Notwithstanding anything else contained in this Bidder's Statement, Dart is not under any obligation to spend any money or undertake any action, in order to satisfy itself of the eligibility of Foreign Securityholders to receive Dart Securities.

15.6 Appointment of nominee

If required, Dart will seek, pursuant to section 619(3)(a) of the Corporations Act, approval from ASIC for the Nominee to be appointed in relation to the Offer on the conditions that the Nominee remains the holder of an appropriate financial services licence during the period of time necessary to complete the relevant procedure under section 619(3) and the Nominee only acts in its capacity as nominee under section 619(3) of the Corporations Act on behalf of the Ineligible Foreign Securityholders. If required, Dart will appoint the Nominee to act as nominee for the sales referred to in clause 6.3 of the Offer Terms.

15.7 Consents

The following persons have given and have not, before the date of this Bidder's Statement, withdrawn their consent to the following in this Bidder's Statement in the form and context in which it appears, and to all references in this Bidder's Statement to that information in the form and context in which it appears:

- (a) Mallesons Stephen Jaques, to be named as legal adviser to Dart;
- (b) PricewaterhouseCoopers to be named as auditor of, and PricewaterhouseCoopers Securities Limited to be named as accounting and taxation adviser to, Dart and to the inclusion of the information relating to the taxation issues in section 13 and any statement in this Bidder's Statement based on a statement in that advice;
- (c) Bizzell Capital Partners, to be named as providing professional services in connection with the preparation of this Bidder's Statement;
- (d) Link Market Services Limited, to be named as the share Registry; and
- (e) Mr John Hattner of NSAI, in relation to the use of Reserve and Resource figures in the form and context in which they appear in this Bidder's Statement.

Each person named in this section 15.7 as having given its consent to the inclusion of a statement or to being named in this Bidder's Statement:

- (a) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

15.8 Disclosure of fees or benefits received by certain parties

Except as set out in this Bidder's Statement, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:

- (a) the formation or promotion of Dart;
- (b) property acquired or proposed to be acquired by Dart in connection with its formation or promotion or the Offer; or
- (c) the Offer of Dart Shares.

Except as set out in this Bidder's Statement, no person has paid or agreed to pay an amount and no person has given or agreed to give any benefit to any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement for services provided in connection with the formation or promotion of Dart or the Offer.

Mallesons Stephen Jaques has acted as legal adviser to Dart in relation to the Offer. Mallesons Stephen Jaques is entitled to professional fees in accordance with its normal time-based charges. Dart estimates that it will pay Mallesons Stephen Jaques approximately \$250,000 (excluding GST) in connection with the Offer.

PricewaterhouseCoopers Securities Limited has acted as accounting and taxation adviser to, Dart. PricewaterhouseCoopers Securities Limited is entitled to professional fees in accordance with its normal time-based charges. Dart estimates that it will pay PricewaterhouseCoopers Securities Limited approximately \$75,000 (excluding GST) in respect of taxation services and approximately \$70,000 (excluding GST) in respect of accounting and related services in connection with the Offer.

Bizzell Capital Partners has been engaged by Dart to assist with certain aspects of the Offer, including assistance with preparation of this Bidder's Statement. Bizzell Capital Partners is entitled to professional fees in accordance with its normal time-based charges. Dart estimates it will pay Bizzell Capital Partners approximately \$15,000 (excluding GST) in connection with the Offer.

Link Market Services Limited is Dart's share Registry and has been engaged by Dart to assist with certain aspects of the Offer, including facilitating the despatch of this Bidder's Statement to Apollo Securityholders and the operation of Dart's shareholder information line. Dart estimates that it will pay Link Market Services Limited approximately \$50,000 (excluding GST) for these services as well as fees for its services as Dart's share Registry.

15.9 Costs and expenses

If the Offer is successful, Dart will pay a handling fee ("**Handling Fee**") to participating members of ASX ("**Brokers**") in respect of valid Acceptances received from Apollo Shareholders in connection with the Offer, where such Acceptances are from clients of the Broker and were procured by the Broker.

Handling Fees in relation to an Acceptance will be 1.25% of the value of the consideration payable for parcels of Apollo Shares held by Apollo Shareholders who accept the Offer (with that value determined on the basis of the closing price of Dart Shares on the date prior to the date this Bidder's Statement was originally lodged with ASIC). An Apollo Shareholder for these purposes is one who is not a Broker or an associate of a broker.

Handling Fees will be payable in respect of Acceptances received at any time during the Offer Period. Handling Fees will be subject to maximum payment (of \$100.00) for each Acceptance. Handling Fees will be payable to Brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to Apollo Shareholders.

An Acceptance by a Broker constitutes a representation that neither the Broker nor its associate is the accepting Apollo Shareholder and that the Handling Fee will not be passed on or otherwise shares directly or indirectly with the accepting Apollo Shareholder.

Dart reserves its right to aggregate any Acceptances in determining the Handling Fees payable to any Broker if it reasonably believes a party has structured holdings to take advantage of the Broker Handling Fee. Dart may, in its sole discretion, determine any disputes regarding whether a Handling Fee is payable.

Any Handling Fee liable to be paid in respect of an Acceptance will (subject to the receipt of an Acceptance Form bearing the Broker's stamp or, in the case of CHES holdings, other written confirmation acceptable to Dart that the Broker has initiated the Acceptance in relation to the Apollo Shares concerned), be paid by Dart within one month of the later of the date that the Registry receives a validly lodged Broker claim form (see below), and the date of the close of the Offer.

No Handling Fee will be payable in respect of an Acceptance that is withdrawn or that was initiated by the Registry receiving a CHES Acceptance Form from an Apollo Shareholder. A claim form submitted by a Broker must be received within two weeks of the end of the Offer Period, and include the following details:

- (a) the Broker's name, address, Participant Identification Number and contact name and phone number;

- (b) details (in an attached schedule in MS excel format) of the registered name and address for each Apollo Shareholder to which the claim form relates; HIN or SRN for each Apollo Shareholder to which the claim form relates; and number of Apollo Shares accepted by each of those Apollo Shareholders; and
- (c) a representation that neither the Broker nor its associate is the accepting Apollo Shareholder and that the fee will not be passed on or otherwise shared directly or indirectly with the Apollo Shareholder.

All other costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer will be paid by Dart.

15.10 Expiry date

No Dart Securities will be issued on the basis of the Offer contained in this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

15.11 Governing Law

This Bidder's Statement and Offer and any contract that result from your Acceptance of this Offer are governed by the laws in force in Queensland.

15.12 Other material information

Except as disclosed in this Bidder's Statement, there is no other material information known to Dart which is material to the making of a decision by an Apollo Securityholder whether or not to accept the Offer.

The Corporations Act only requires that Dart disclose information which is as up to date as is reasonable in the circumstances. Further, Dart is not required to disclose information in this Bidder's Statement if it would be unreasonable to require Dart to do so because information had been previously disclosed to Apollo Securityholders.

16 Glossary

16.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

1C or 1C Resource means the low estimate case of contingent Resources in accordance with SPE PRMS.

2C or 2C Resource means the best estimate case of contingent Resources in accordance with SPE PRMS.

3C or 3C Resource means the high estimate case of contingent Resources in accordance with SPE PRMS.

1P or 1P Reserves means all Reserves certified to be 'Proved' (developed plus undeveloped) in accordance with SPE-PRMS.

2P or 2P Reserves means all Reserves certified to be 'Proved' plus 'Probable' in accordance with SPE-PRMS.

3P or 3P Reserves means all Reserves certified to be 'Proved' plus 'Probable' plus 'Possible' in accordance with SPE-PRMS.

ACCC means the Australian Competition and Consumer Commission.

Acceptance means the act of completing and signing the Acceptance Form and lodging it to an address as indicated under clause 5 of the Offer Terms before the end of the Offer Period.

Acceptance Form means a Share Acceptance Form or an Option Acceptance Form (as applicable).

Advisers means, in relation to an entity, its legal, financial and other expert advisers.

AEDT means Australian Eastern Daylight Time.

Announcement Date means the date on which the Offer was announced to ASX by Dart, being 28 September 2010.

Apollo means Apollo Gas Limited (ACN 138 673 186), a company incorporated in Australia.

Apollo A-Class Option means an unquoted option granted pursuant to the Apollo Founder Option Deed at a Vesting Hurdle price of A\$0.40 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.30.

Apollo B-Class Option means an unquoted option granted pursuant to the Apollo Founder Option Deed at a Vesting Hurdle price of A\$0.60 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.30.

Apollo C-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan at a Vesting Hurdle price of A\$0.40 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.30.

Apollo D-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan at a Vesting Hurdle price of A\$0.60 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.30.

Apollo E-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan at a Vesting Hurdle price of A\$0.80 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.30.

Apollo G-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan with a vesting date of 10 August 2011 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.5909.

Apollo H-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan with a vesting date of 10 August 2012 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.5909.

Apollo I-Class Option means an unquoted option granted pursuant to the Apollo Employee Share Option Plan with a vesting date of 10 August 2013 to acquire, upon exercise, one new Apollo Share at an exercise price of A\$0.5909.

Apollo Employee Share Option Plan means the Apollo Gas Limited Employee Share Option Plan established by Apollo.

Apollo Founder Option Deed means the deed setting out the terms and conditions of the options issued to founders of Apollo.

Apollo Group means Apollo and each of its Subsidiaries.

Apollo Option means an:

- (a) Apollo A-Class Option;
- (b) Apollo B-Class Option;
- (c) Apollo C-Class Option;
- (d) Apollo D-Class Option;
- (e) Apollo E-Class Option;
- (f) Apollo G-Class Option;
- (g) Apollo H-Class Option; or
- (h) Apollo I-Class Option,

as the context requires.

Apollo Optionholder means a holder of an Apollo Option.

Apollo Security means an Apollo Share or an Apollo Option (and both if the context requires).

Apollo Securityholder means an Apollo Shareholder or an Apollo Optionholder (and both if the context requires).

Apollo Share means a fully paid ordinary share in the capital of Apollo.

Apollo Shareholder means a holder of an Apollo Share.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as appropriate.

ASX Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while the relevant entity is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Participant means an ASX Settlement participant under the ASX Settlement Operating Rules.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

ATO means the Australian Taxation Office.

Bcf means billion cubic feet.

Bidder's Statement means this document, being the statement of Dart under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Board means the board of Directors of Dart or Apollo (depending on its context) from time to time.

Broker means a person who is a share broker and a participant in CHES.

Business Day means a day on which banks are open for general banking business in Brisbane (not being a Saturday, Sunday or public holiday in Brisbane).

CHES means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.

CHES Holding means a holding of Apollo Shares on the CHES subregister of Apollo.

Composite Energy means Composite Energy Ltd.

Competing Transaction means a transaction or proposed transaction which, if completed, would mean a person (other than Dart or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:
 - (i) 20% or more of all Apollo Securities; or
 - (ii) all or a substantial part or a material part of the business conducted by Apollo, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) acquire control of Apollo, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Apollo.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cwlth).

Council means the Corporate Governance Council.

CRGP means the Central Ranges Gas Pipeline.

CSG or **coal seam gas** means either biogenic or thermogenic methane gas that is both generated and reservoired within coal seams.

Dart means Dart Energy Limited (ACN 122 588 505), a company incorporated in Australia.

Dart A-Class Option means an unquoted option at a Vesting Hurdle price of A\$0.53 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.40, to be granted on substantially the same terms and conditions as an Apollo A-Class Option.

Dart B-Class Option means an unquoted option at a Vesting Hurdle price of A\$0.80 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.40, to be granted on substantially the same terms and conditions as an Apollo B-Class Option.

Dart C-Class Option means an unquoted option at a Vesting Hurdle price of A\$0.53 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.40, to be granted on substantially the same terms and conditions as an Apollo C-Class Option.

Dart D-Class Option means an unquoted option at a Vesting Hurdle price of A\$0.80 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.40, to be granted on substantially the same terms and conditions as an Apollo D-Class Option.

Dart E-Class Option means an unquoted option at a Vesting Hurdle price of A\$1.07 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.40, to be granted on substantially the same terms and conditions as an Apollo E-Class Option.

Dart G-Class Option means an unquoted option with a vesting date of 10 August 2011 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.79, to be granted on substantially the same terms and conditions as an Apollo G-Class Option.

Dart H-Class Option means an unquoted option with a vesting date of 10 August 2012 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.79, to be granted on substantially the same terms and conditions as an Apollo H-Class Option.

Dart I-Class Option means an unquoted option with a vesting date of 10 August 2013 to acquire, upon exercise, one new Dart Share at an exercise price of A\$0.79, to be granted on substantially the same terms and conditions as an Apollo I-Class Option.

Dart Option means a:

- (a) Dart A-Class Option;
- (b) Dart B-Class Option;
- (c) Dart C-Class Option;
- (d) Dart D-Class Option;
- (e) Dart E-Class Option;
- (f) Dart G-Class Option;
- (g) Dart H-Class Option; or
- (h) Dart I-Class Option,

as the context requires.

Dart Optionholder means a holder of a Dart Option.

Dart Group means Dart and each of its Subsidiaries.

Dart Security means a Dart Share or a Dart Option (and both if the context requires).

Dart Securityholder means a Dart Shareholder or a Dart Optionholder (and both if the context requires).

Dart Share means a fully paid share in the capital of Dart.

Dart's Takeover Transferee Holding means the holding of Apollo Shares on the CHESSE subregister of Dart established for the purposes of the Offer.

Demerger Scheme means the demerger of Arrow Energy International Pty Ltd (now Dart Energy Limited) from Arrow Energy Limited referred to in section 6.1 of this Bidder's Statement.

Directors means the Directors of Dart or Apollo (depending on its context) from time to time.

Duncan Hardie Group means Hardie Energy Pty Ltd, Hardie Oceanic Pty Ltd and each of their associated entities.

EL means an exploration licence granted under the Mining Act 1992 (NSW).

Encumbrance means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having the same effect.

Exclusivity Period means period commencing on 28 September 2010 (being the date of the Takeover Implementation Agreement) until the earlier of:

- (a) the date of termination of the Takeover Implementation Agreement in accordance with its terms; and
- (b) 31 January 2011.

FEEC means the Far East Energy Corporation.

Foreign Securityholder means an Apollo Securityholder who is a foreign securityholder in accordance with section 15.5 of this Bidder's Statement.

Handling Fee means the fee payable by Dart to Brokers in relation to the Offer and in accordance with section 15.9 of this Bidder's Statement.

HIN means a Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant, to identify an Apollo Shareholder with a CHESSE Holding.

Incremental Expenditure in respect of Dart has the meaning given in section 6.6 of this Bidder's Statement.

Independent Expert means the independent expert engaged by Apollo to prepare an expert's report to be included in the Target's Statement, being Deloitte.

Ineligible Foreign Securityholder means an Apollo Securityholder who is determined by Dart to be an ineligible foreign securityholder in accordance with section 15.5 of this Bidder's Statement.

Issuer Sponsored Holding means a holding of Apollo Shares on Apollo's issuer sponsored subregister.

LNG means liquefied natural gas.

Major Shareholders means each of the following Apollo Shareholders:

- (a) the Duncan Hardie Group; and
- (b) the Rose Group.

Market Price has the meaning ascribed to that term in the ASX Listing Rules.

Mcf means million cubic feet.

Merged Group means Dart and its Subsidiaries (including Apollo and its Subsidiaries) which will exist as a result of the Takeover Bid as constituted by this Offer, should the Offer be successful and Dart becomes the holding company of Apollo.

MIGAS means the Indonesian Ministry of Energy and Mineral Resources.

Minimum Expenditure in respect of Dart has the meaning given in section 6.6 of this Bidder's Statement.

MOFCOM means the Ministry of Commerce of the People's Republic of China.

New Business Expenditure in respect of Dart has the meaning given in section 6.6 of this Bidder's Statement.

Nominee means, if required, the entity appointed by Dart as described in section 15.6 to perform the functions set out in section 15.5 of this Bidder's Statement.

NSAI means Netherland, Sewell & Associates, Inc, Dallas.

Offer means the offer by Dart on the Offer Terms to acquire all Apollo Securities and comprises the separate offers in respect of:

- (a) Apollo Shares (being 3 Dart Shares for every 4 Apollo Shares);
- (b) Apollo A-Class Options (being 3 Dart A-Class Options for every 4 Apollo A-Class Options);
- (c) Apollo B-Class Options (being 3 Dart B-Class Options for every 4 Apollo B-Class Options);
- (d) Apollo C-Class Options (being 3 Dart C-Class Options for every 4 Apollo C-Class Options);
- (e) Apollo D-Class Options (being 3 Dart D-Class Options for every 4 Apollo D-Class Options);
- (f) Apollo E-Class Options (being 3 Dart E-Class Options for every 4 Apollo E-Class Options);
- (g) Apollo G-Class Options (being 3 Dart G-Class Options for every 4 Apollo G-Class Options);
- (h) Apollo H-Class Option (being 3 Dart H-Class Options for every 4 Apollo H-Class Options); and
- (i) Apollo I-Class Options (being 3 Dart I-Class Options for every 4 Apollo I-Class Options),

and for the avoidance of doubt includes each such offer made to an individual Apollo Securityholder pursuant to the relevant offer.

Offer Conditions means the conditions to the Offer, as set out in Annexure B to this Bidder's Statement.

Offer Consideration means the Share Consideration or Option Consideration (or both as the context requires).

Offer Date means the date on which the Offer was first made to Apollo Securityholders, namely 1 November 2010.

Offer Period means the period commencing on 1 November 2010 and ending on 2 December 2010, or such later date to which the Offer has been extended in accordance with the Corporations Act.

Offer Terms means the terms and conditions of the Offer set out in Annexure A to this Bidder's Statement.

Official List means the official list of ASX.

OGIP means original gas in place.

Operating Profit in respect of Dart has the meaning given in section 6.6 of this Bidder's Statement.

Option Acceptance Form means the form of acceptance and transfer of Apollo Options accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of Dart in relation to Dart Options.

Option Consideration means the relevant Dart Options an Apollo Optionholder is entitled to receive as consideration under the Offer determined in accordance with clause 2.1 of the Offer Terms.

PEDL means a Petroleum Exploration Development Licence.

PEL means a petroleum exploration licence granted under the Petroleum (Onshore) Act 1991 (NSW).

PJ means a petajoule and is a measurement of the energy value of gas. It is equivalent to 1.0×10^{15} joules.

PSC means a production sharing contract.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

QHGP means the Queensland Hunter Gas Pipeline.

REF means a Review of Environmental Factors.

Register Date means 29 October 2010, being the date set by Dart pursuant to section 633(2) of the Corporations Act.

Registry means Link Market Services Limited ACN 083 214 537.

Regulatory Authority includes:

- (a) ASX, ACCC and ASIC;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (d) any regulatory organisation established under statute.

Related Body Corporate has the meaning given in the Corporations Act.

Reserve means a reserve as defined in the SPE-PRMS.

Resource means a resource as defined in SPE-PRMS.

Restricted Securities means securities issued in the circumstances set out in Appendix 9B of the ASX Listing Rules or securities that, in ASX's opinion, should be treated as restricted securities.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from Apollo Shares directly or indirectly after the date of this Bidder's Statement, including, but not limited to, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Apollo or any of its Subsidiaries.

Rose Group means Rhowhan No. 1 Pty Ltd, Rosecorp Marketing Pty Ltd and each of their associated entities.

Share Acceptance Form means the form of acceptance and transfer of Apollo Shares accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of Dart in relation to Dart Shares.

Share Consideration means the Dart Shares that an Apollo Shareholder is entitled to receive under the Offer as part of the consideration under the Offer determined in accordance with clause 2.1 of the Offer Terms.

Shell means Royal Dutch Shell plc and its Subsidiaries or any Subsidiary of Royal Dutch Shell plc as the context may require.

Shell Loan means the agreement between Shell and Dart International (CBM) Pte Ltd, whereby Shell will provide Dart International (CBM) Pte Ltd with a US\$25 million unsecured loan facility for a period of two years from the date upon which Dart International (CBM) Pte Ltd obtaining an additional PSC.

SPE-PRMS means the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers issued in March 2007 and previous equivalent versions.

SRN means a Security Reference Number, which is the number which starts with an "I", allocated by Apollo to identify an Apollo Shareholder with an Issuer Sponsored Holding.

Subsidiary has the meaning given in the Corporations Act.

Superior Proposal means a publicly announced Competing Transaction which the Apollo Board, acting in good faith, and after taking advice from its Advisers, determines is:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to Apollo Securityholders than the Takeover Bid, taking into account all terms and conditions of the Competing Transaction.

Takeover Bid means the off-market takeover bid by Dart for all Apollo Securities to be implemented in accordance with Chapter 6 of the Corporations Act.

Takeovers Panel means the takeovers panel having powers under Part 6.10 of the Corporations Act.

Tcf means trillion cubic feet.

Vesting Hurdle means the condition precedent that must be met in order for an option to be exercisable by the option holder. In the case of the Apollo Options (to be reflected in the terms of the Dart Options to be issued pursuant to the Offer), it is:

- (a) in the case of the Apollo A-Class Options and Apollo B-Class Options (to be reflected in the terms of the Dart A-Class Options and Dart B-Class Options) – the eleventh day after the VWAP of Apollo Shares (or Dart Shares in relation to the Dart Options to be issued pursuant to the Offer) has been at or above a specified price for a period of ten consecutive trading days; and
- (b) in the case of all the Apollo C-Class Options, Apollo D-Class Options and Apollo E Class Options (to be reflected in the terms of the Dart C-Class Options, Dart D-Class Options and Dart E-Class Options) – the business day after the VWAP of Apollo Shares (or Dart Shares in relation to the Dart Options to be issued pursuant to the Offer) has been at or above a specified price for a period of ten consecutive trading days, with the term **business day** meaning any day except a Saturday or a Sunday or other public holiday in any State or Territory of Australia.

Voting Directors means all of the Directors of Apollo excluding Mr Stephen Bizzell.

VWAP means the volume weighted average price of a security. For the purposes of this Bidder's Statement, the VWAP has been calculated to two decimal places (rounded down).

16.2 General interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to AEDT;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually; and
- (n) a reference to you is to a person to whom the Offer is made in accordance with the Offer Terms but subject to the Offer Conditions.

17 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Directors of Dart on 28 October 2010.

Signed by Nick Davies on behalf of Dart in accordance with section 351 of the Corporations Act.

Dated this 28th day of October 2010



Nick Davies
Chairman

Annexure A - Offer Terms

1 Offer

Dart offers to acquire all of your Apollo Securities, together with all Rights attaching to them, on the following terms and conditions. This Offer relates to Apollo Securities that exist or will exist at 29 October 2010 (being the Register Date) and extends to any Apollo Shares that are issued between that date and the end of the Offer Period as a result of the exercise of Apollo Options in accordance with clause 5.4 of these Offer Terms.

You may only accept this Offer for all of your Apollo Securities.

The Offer comprises the separate offers in respect of:

- (a) Apollo Shares;
- (b) Apollo A-Class Options;
- (c) Apollo B-Class Options;
- (d) Apollo C-Class Options;
- (e) Apollo D-Class Options;
- (f) Apollo E-Class Options;
- (g) Apollo G-Class Options;
- (h) Apollo H-Class Option; and
- (i) Apollo I-Class Options,

and for the avoidance of doubt includes each such offer made to an individual Apollo Securityholder pursuant to the relevant offer.

By accepting this Offer, you undertake to transfer to Dart not only the Apollo Securities to which this Offer relates but also all Rights attached to those Apollo Securities (see clauses 6.5 and 6.6 of these Offer Terms).

2 Consideration

2.1 Consideration offered

Apollo Shares

The consideration offered by Dart to Apollo Shareholders is 3 Dart Shares for every 4 Apollo Shares held as at the Register Date (the "**Share Consideration**").

Apollo Options

The consideration offered by Dart to Apollo Optionholders is:

- (a) 3 Dart A-Class Options for every 4 Apollo A-Class Options;
- (b) 3 Dart B-Class Options for every 4 Apollo B-Class Options;

- (c) 3 Dart C-Class Options for every 4 Apollo C-Class Options;
 - (d) 3 Dart D-Class Options for every 4 Apollo D-Class Options;
 - (e) 3 Dart E-Class Options for every 4 Apollo E-Class Options;
 - (f) 3 Dart G-Class Options for every 4 Apollo G-Class Options;
 - (g) 3 Dart H-Class Options for every 4 Apollo H-Class Options; and
 - (h) 3 Dart I-Class Options for every 4 Apollo I-Class Options,
- held as at the Register Date (“**Option Consideration**”).

However, in accordance with clauses 6.5 and 6.6, the amount of consideration you receive directly from Dart may be reduced by the amount or value of any Rights attaching to Apollo Securities which you (or any previous holder of your Apollo Securities) receive.

2.2 Ineligible Foreign Securityholders

If at the time this Offer is made to you, you are an Ineligible Foreign Securityholder, you will not receive Dart Securities. Instead you are offered and will receive a cash amount determined in accordance with clause 6.3 of these Offer Terms.

2.3 Rounding of Securities

If the number of Apollo Securities held by an Apollo Securityholder means that their aggregate entitlement to Dart Securities is not a whole number, then any fractional entitlement will be rounded up to the nearest whole number.

2.4 Ranking of Dart Shares

The Dart Shares to be issued under the Offer will be issued fully paid and will rank equally in all respects with all other Dart Shares currently on issue.

2.5 Distribution and entitlements

- (i) Dart will be entitled to all distributions and entitlements declared, paid or made by Apollo or which arise or accrue after the Announcement Date in respect of the Apollo Securities which Dart acquires pursuant to this Offer.
- (j) If for any reason whatsoever Dart does not receive any such distributions or entitlements, Dart will, to the extent permitted by applicable law, be entitled to reduce the amount of Offer Consideration to which you would otherwise be entitled in accordance with this Offer by the amount or value (as reasonably determined by Dart) of the distribution or entitlement. This may include reducing the number of Dart Securities to which you may otherwise be entitled.

3 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being 1 November 2010, and ending at 7.00pm (AEDT) on:

- (a) 2 December 2010; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

4 Official quotation of Dart Shares

- (a) Dart has been admitted to the Official List of the ASX. Securities of the same class as those to be issued as Offer Consideration have been granted official quotation by ASX. Dart will make an application to the ASX for admission of the Dart Shares offered as Offer Consideration to the Official List within 7 days after the date of this Bidder's Statement. However official quotation of securities by the ASX is not granted automatically on application.
- (b) This Offer and any contract that results from your acceptance of this Offer are subject to the condition set out in section 625(3) of the Corporations Act. If that condition is not fulfilled, any contract that results from your acceptance of this Offer will be automatically void.
- (c) The condition set out in section 625(3) of the Corporations Act is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the Offer Conditions set out in clause 7. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by Dart can be taken to be a waiver of that condition.

5 How to accept this Offer

5.1 Acceptance Forms

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00pm (AEDT) on 2 December 2010, unless extended (and in the case of any acceptance in respect of a CHESS Holding lodged at or sent to an address as indicated under clause 5.3(c)(e), before 7.00pm on the second last business day of the Offer Period in accordance with clause 5.3(a)(iii)).

5.2 All of your holding

This Offer is for all of your Apollo Securities.

5.3 Acceptance procedure for Apollo Shareholders

How you accept this Offer depends on whether your Apollo Shares are held in a CHESS Holding or an Issuer Sponsored Holding (the Share Acceptance Form outlines which type of holding you have):

- (a) **If you hold your Apollo Shares in a CHESS Holding** (your HIN starts with an "X") you must comply with the ASX Settlement Operating Rules.

If you hold your Apollo Shares in a CHESS Holding, to accept this Offer you must either:

- (i) instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
- (ii) complete and sign the Share Acceptance Form and send the completed Share Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iii) complete and sign the Share Acceptance Form and lodge it by returning it to an address as indicated under clause 5.3(e) so that your acceptance is

received before 7.00pm (AEDT) on the second last business day of the Offer Period. This will authorise Dart to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf.

- (b) **If you are a Broker or an ASX Settlement Participant**, to accept this Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

- (c) **If you hold your Apollo Shares in an Issuer Sponsored Holding** (your SRN starts with an "I")

If your Apollo Shares are in an Issuer Sponsored Holding, to accept this Offer you must **complete and sign** the Share Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Share Acceptance Form) to an address as indicated under clause 5.3(e) so that your acceptance is received before the end of the Offer Period.

- (d) **If some of your Apollo Shares are held in a number of forms**

If some of your Apollo Shares are in different holdings, your acceptance of this Offer will require action under clauses 5.3(a) and 5.3(c) in relation to the separate portions of your Apollo Shares.

- (e) **Postal and delivery addresses**

The postal and delivery addresses for completed Share Acceptance Forms and any associated documents are as follows:

By Post

Link Market Services Limited
Apollo Gas Limited Takeover
Locked Bag A14
SOUTH SYDNEY NSW 1235

By Hand

Link Market Services Limited
Apollo Gas Limited Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

A reply paid envelope (not to be used by Apollo Shareholders outside Australia) is enclosed for your convenience.

The transmission of the Share Acceptance Form and other documents is at your own risk.

- (f) **Share Acceptance Form**

The Share Acceptance Form which accompanies this Offer forms part of it. The requirements on the Share Acceptance Form must be observed in accepting this Offer in respect of your Apollo Shares.

5.4 Acceptance procedure for Apollo Optionholders

- (a) **If you wish to accept the Option Consideration for your Apollo Options**

To accept this Offer you must **complete and sign** the Option Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Option Acceptance Form) to an address as indicated under clause 5.4(c) so that your acceptance is received before the end of the Offer Period.

- (b) **If you are entitled to exercise your Apollo Options during the Offer Period**

If you:

- (i) hold Apollo Options on the date of this Offer; and
- (ii) are entitled to and wish to exercise the Apollo Option during the Offer Period and accept this Offer in respect of the Apollo Shares issued upon exercise,

you may return the completed Option Acceptance Form and a signed notice of exercise of your Apollo Options to the delivery or mailing addresses set out in clause 5.4(c). If you do so, and you do not pay Dart the exercise price in respect of those Apollo Options, Dart will, subject to satisfaction or waiver of the Offer Conditions, pay you the Offer Consideration that would otherwise have been payable to you in respect of the Apollo Shares issued upon exercise less the exercise price in respect of those Apollo Options.

(c) **Postal and delivery addresses**

The postal and delivery addresses for completed Option Acceptance Forms and any associated documents are as follows:

By Post

Link Market Services Limited
 Apollo Gas Limited Takeover
 Locked Bag A14
 SOUTH SYDNEY NSW 1235

By Hand

Link Market Services Limited
 Apollo Gas Limited Takeover
 Level 12, 680 George Street
 SYDNEY NSW 2000

A reply paid envelope (not to be used by Apollo Optionholders outside Australia) is enclosed for your convenience.

The transmission of the Option Acceptance Form and other documents is at your own risk.

(d) **Option Acceptance Form**

The Option Acceptance Form which accompanies this Offer forms part of it. The requirements on the Option Acceptance Form must be observed in accepting this Offer in respect of your Apollo Options.

5.5 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Apollo Securityholder, a certified copy of the relevant grant of probate or letters of administration.

5.6 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out above and the requirements of clause 5 have otherwise been met, provided that:

- (a) Dart may in its sole discretion and without notice to you waive any or all of those requirements at any time; and
- (b) where such requirements have been complied with in respect of some but not all of your Apollo Securities, Dart may, in its sole discretion, deem your acceptance of this

Offer complete in respect of those Apollo Securities for which the requirements have been complied with but not in respect of the remainder.

6 Payment for your securities

6.1 When consideration is paid

- (a) Subject to clauses 6.3 and 6.4, if the contract resulting from your acceptance of this Offer becomes unconditional, Dart will provide the consideration to which you are entitled on acceptance of this Offer on or before the earlier of:
 - (i) one month after the date of this Offer is validly accepted by you, or if this Offer is subject to a defeating condition when accepted, within one month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.

6.2 Issue of Dart Securities

The obligation of Dart to allot and issue Dart Securities to which you are entitled as Offer Consideration will be satisfied by Dart by either:

- (a) entering your name on the register of members or optionholders of Dart (as applicable); or
- (b) if your name is entered into the issuer sponsored subregister of Dart, by Dart no later than five Business Days after your name is entered in the register of members of Dart, despatching or procuring the despatch to you, by pre-paid post to your address as shown on the Acceptance Form or such other address as you may notify to Dart in writing before despatch, a holding statement in accordance with ASX Listing Rule 8.6. If your Apollo Shares are held in joint names and those names are entered into the issuer sponsored subregister of Dart, the holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Apollo's register of members; and
- (c) despatching or procuring the despatch to you of a Transaction Confirmation Statement in your name by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the register of members or optionholders (or such other address as you may notify in writing to Dart). If your Apollo Securities are held in a joint name, a transaction confirmation statement will be issued in the name of the joint holders and forwarded to the address that appears first in the register.

6.3 Payments to Ineligible Foreign Securityholders

If you accept the Offer and you are an Ineligible Foreign Securityholder, Dart will:

- (a) arrange for the issue to a nominee approved by ASIC ("**Nominee**") of the number of Dart Securities to which you and all other Ineligible Foreign Securityholders would have become entitled to receive as part of the Offer Consideration as a result of acceptance of the Offer but for clause 2.2;
- (b) cause the Nominee to offer for sale the Dart Securities within 5 Business Days after the end of the Offer Period in such manner, at such price and on such other terms and conditions as are determined by the Nominee;
- (c) cause the Nominee to pay you the amount calculated in accordance with the following formula

Net Proceeds of Sale x Dart Securities

Where:

“Net Proceeds of Sale” is the amount the Nominee receives on sale of all Dart Securities issued to the Nominee under clause 6.3(a) less brokerage and other sale expenses;

“Dart Securities” is the number of Dart Securities which Dart would but for clause 2.2 otherwise have been allotted to you; and

“Total Nominee Securities” is the total number of Dart Securities issued to the Nominee under clause 6.3(a);

- (d) you will receive your share of the proceeds of this sale in Australian currency;
- (e) payment will be made by cheque posted to you at your risk by ordinary mail at the address provided on your Acceptance Form; and
- (f) under no circumstances will interest be paid on your share of the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

Notwithstanding anything else in the Bidder’s Statement or these Offer Terms, Dart is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Ineligible Foreign Securityholder to receive Dart Securities as set out in this clause 6.3.

6.4 Where additional documents are required

Where the Acceptance Form requires additional documents to be given with your acceptance (such as a certified copy of a power of attorney):

- (a) if the documents are given with your acceptance, Dart will provide the Offer Consideration in accordance with clauses 6.1 and 6.2;
- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that Dart is given the documents, Dart will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period; or
- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that Dart is given the documents, Dart will provide the Offer Consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after Dart is given the documents; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, Dart will provide the Offer Consideration within 21 days after the documents are given; but if at the time Dart is given the documents, the contract resulting from your acceptance of this Offer is still subject to one or more of the Offer Conditions in Annexure B, Dart will provide the Offer Consideration within 21 days after that contract becomes unconditional.

If you do not provide Dart with the required additional documents within one month after the end of the Offer Period, Dart may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

6.5 Where Dart is entitled to any Rights

If Dart becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Dart all documents necessary to vest those Rights in Dart or otherwise to give Dart the benefit or value of those Rights. If you do not give those documents to Dart, or if you have received the benefit of those Rights, then Dart may deduct from the Offer Consideration otherwise due to you the amount (or value, as reasonably assessed by Dart) of those Rights.

6.6 Rights generally

If:

- (a) you have (or any previous holder of your Apollo Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your Apollo Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Apollo Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or
- (c) your Apollo Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Apollo Shareholders,

then

- (d) in the case of Rights to non-cash benefits, Dart may deduct the value (as reasonably assessed by Dart) of such Rights from any Offer Consideration otherwise payable to you; or
- (e) in the case of cash benefits, Dart may deduct the amount of such Rights from any consideration otherwise payable to you.

If Dart does not, or cannot, make such a deduction, you must pay such value or amount to Dart.

6.7 Clearances for offshore residents

If, at the time of acceptance of this Offer, you are a resident in or of a place outside Australia, you will not be entitled to receive any Offer Consideration under this Offer until all requisite authorise or clearances of the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959* (Cwlth) or otherwise) or the Australian Taxation Office, have been obtained.

7 Offer Conditions

7.1 Offer Conditions

This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the Offer Conditions set out in Annexure B.

7.2 Nature of Offer Conditions

Each of the Offer Conditions set out in each paragraph and subparagraph of Annexure B:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent; and

- (c) until the expiration of the Offer Period (or in the case of the conditions referred to in paragraph (b) (“prescribed occurrences”) of Annexure B, until three Business Days after the end of the Offer Period) will be for the benefit of Dart alone and may be relied upon only by Dart.

7.3 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the Offer Conditions set out in Annexure B does not, until the end of the Offer Period, prevent a contract arising to acquire your Apollo Securities resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of the conditions in paragraph (b) (“prescribed occurrences”) of Annexure B, at the end of three Business Days after the end of the Offer Period), in respect of any Offer Condition in Annexure B:

- (a) Dart has not declared this Offer (and it has not become) free from that Offer Condition; and
- (b) that Offer Condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, Dart will notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

7.4 Dart may decide the Offer is free from all or any of the Offer Conditions

Dart may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all or any of the Offer Conditions set out in each paragraph and subparagraph of Annexure B by notice in writing to Apollo:

- (a) in the case of the Offer Conditions referred to in paragraph (b) (“prescribed occurrences”) of Annexure B - no later than three Business Days after the end of the Offer Period; or
- (b) in any other case - not later than seven days before the end of the Offer Period.

7.5 Date for giving notice on status of Offer Conditions

The date for giving a notice on the status of the Offer Conditions as required by section 630(1) of the Corporations Act is 24 November 2010, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

8 Effect of Acceptance

8.1 Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Apollo Securities, except as follows:

- (a) if, by the times specified in clause 8.2, the Offer Conditions have not all been fulfilled or waived, then this Offer will automatically terminate and your Apollo Securities will be returned to you; or
- (b) if the Offer Period is varied in a way that postpones for more than one month the time when Dart has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the Offer Conditions, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

8.2 Times

The relevant times for the purposes of clause 8.1(a) are:

- (a) in the case of the defeating Offer Conditions referred to in paragraph (b) (“prescribed occurrences”) of Annexure B - three Business Days after the end of the Offer Period; and
- (b) in the case of all other defeating Offer Conditions in Annexure B - the end of the Offer Period.

8.3 Your agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer, you will be deemed to have:

- (a) irrevocably authorised Dart to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your Apollo Securities (including details of a parcel of Apollo Securities required by clause 11.4(b));
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your Apollo Securities to Dart, and agreed to provide any document reasonably requested by Dart to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance; and
- (b) if any of your Apollo Shares are in a CHESS Holding, irrevocably authorised Dart to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such Apollo Shares in accordance with the ASX Settlement Operating Rules; and
 - (ii) give any other instructions in relation to those Apollo Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
- (c) agreed to indemnify Dart in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your Apollo Shares to Dart being registered by Apollo without production of your HIN or SRN;
- (d) irrevocably accepted this Offer in respect of all your Apollo Securities despite any difference between that number and the number of Apollo Securities shown on the Acceptance Form;
- (e) agreed to the Offer Terms and, subject to the Offer Conditions contained in Annexure B being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to Dart all of your Apollo Securities;
- (f) represented and warranted to Dart, as a fundamental condition which goes to the root of the contract resulting from your acceptance of this Offer, that at the time of Acceptance and at the time of transfer of your Apollo Securities to Dart:
 - (i) you have paid to Apollo all amounts which are due for payment in respect of your Apollo Securities; and
 - (A) all of your Apollo Securities are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and

- (B) you have full power and capacity to sell and transfer those Apollo Securities;
- (g) on this Offer or any takeover contract becoming unconditional
 - (i) irrevocably appointed Dart and each of its Directors from time to time severally as your agent and attorney on your behalf to:
 - (A) attend and vote in respect of your Apollo Shares at all general meetings of Apollo;
 - (B) at Dart's discretion, pay Dart, or any other party, all or part of any amounts contemplated by these Offer Terms;
 - (C) receive from Apollo or any other party, and retain, any share certificates which were held by Apollo, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and
 - (D) sign all documents (including an instrument appointing one of Dart's Directors as a proxy in respect of any or all of your Apollo Securities and any application to Apollo for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your Apollo Securities, and generally to exercise all powers and rights which you may have as an Apollo Securityholder and perform such actions as may be appropriate in order to vest good title in your Apollo Securities in Dart, and to have agreed that, in exercising such powers, any such Director is entitled to act in Dart's interests as the beneficial owner and intended registered holder of your Apollo Securities; and
 - (ii) agreed not to vote in person at any general meeting of Apollo or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the directors of Dart by clause 8.3(g)(i);
 - (iii) unless you are an Ineligible Foreign Securityholder, irrevocably authorised Dart to apply for the issue to your account of that number of Dart Securities corresponding to your entitlement under this Offer at the date of application;
 - (iv) unless you are an Ineligible Foreign Securityholder, agreed to accept the Dart Securities to which you have become entitled by acceptance of this Offer subject to the Offer Terms and the Dart constitution, agreed that you will be bound by the Dart constitution, and authorised Dart to place your name on its register in respect of those Dart Securities;
 - (v) irrevocably authorised and directed Dart to direct Apollo to pay to Dart, or to account to Dart for, all Rights in respect of your Apollo Securities, subject to Dart accounting to you for any such Rights received by Dart if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void;
 - (vi) in accordance with clause 6.6, irrevocably authorised Dart to adjust the Offer Consideration payable to you by the amount (or value, as reasonably assessed by Dart) of all Rights in respect of your Apollo Securities;
 - (vii) irrevocably authorised Dart to notify Apollo on your behalf that your place of address for the purposes of serving notices upon you in respect of your Apollo Securities is the address specified by Dart in the notification;
 - (viii) acknowledged and agreed that, except as permitted by and in accordance with applicable law, you will not knowingly offer or resell in, or to persons in,

the United States of America any Dart Securities which you acquire at any time; and

- (ix) if you are an Ineligible Foreign Securityholder:
 - (A) acknowledged and agreed to Dart undertaking the process set out in clause 6.3 in respect of any Dart Securities which you would have become entitled to receive under clause 2.1 but for clause 2.2;
 - (B) irrevocably authorised Dart to apply for the issue to the account of the Nominee of that number of Dart Securities which you would have become entitled to receive under clause 2.1 but for clause 2.2; and
- (h) if at the time of acceptance of this Offer your Apollo Shares are in a CHES Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its Offer Conditions or those Offer Conditions are satisfied, Dart to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your Apollo Shares to Dart's Takeover Transferee Holding. Dart will be so authorised even though at the time of such transfer it has not provided the Offer Consideration due to you.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 8.3(a) to (h) above.

Except in relation to Apollo Shares in a CHES Holding, Dart may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if Dart does so, Dart is not obliged to make the Offer Consideration available to you until all of the requirements for acceptance have been met.

9 Withdrawal

Dart may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

10 Variation

Dart may vary this Offer in accordance with the Corporations Act.

11 Acceptances by transferees and nominees

11.1 Who may accept this Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your Apollo Securities may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of Apollo Securities as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

11.2 Holding Securities

A person is taken to hold Apollo Securities if the person is, or has a right to be registered as, the holder of those Apollo Securities.

11.3 Holding Securities on trust or as a nominee

A person is taken to hold Apollo Securities on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular Apollo Securities; and
- (b) hold their interest in the Apollo Securities on trust for, as nominee for, or on account of, that other person.

11.4 Effective acceptance

An acceptance of an offer under clause 11.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives Dart a notice stating that the Apollo Securities consist of a separate parcel; and
- (b) the acceptance specifies the number of Apollo Securities in that parcel.

11.5 Notice of acceptance

A notice under clause 11.4(a) of these terms must be made:

- (a) if it relates to Apollo Shares entered on an ASX Settlement subregister - in an electronic form approved by the ASX Settlement Operating Rules; or
- (b) otherwise - in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

12 Other matters

12.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Dart to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members or optionholders of Apollo or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

12.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Dart, but before it has been received; or
- (b) for any other reason Dart does not acquire the Apollo Securities to which your Acceptance Form relates,

you may request Dart by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

12.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of Apollo Securities in respect of which Offers are accepted, will be paid by Dart.

12.4 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive Dart Shares or Dart Options (if any) as Offer Consideration.

12.5 Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in Queensland.

Annexure B - Offer Conditions

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- (a) **(90% minimum acceptance condition)** Dart receiving acceptance of the Offer in respect of 90% of the Apollo Securities;
- (b) **(no Apollo Prescribed Occurrences)** there not occurring any of the following in respect of Apollo during the Offer Period:
 - (i) **(Conversion)** Apollo converts all or any of its shares into a larger or smaller number of shares.
 - (ii) **(Reduction of share capital)** Apollo resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
 - (iii) **(Buy-back)** Apollo:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under the Corporations Act.
 - (iv) **(Distribution)** Apollo makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
 - (v) **(Issuing or granting shares or options)** Apollo or any of its Subsidiaries:
 - (A) issues shares;
 - (B) grants an option over its shares; or
 - (C) agrees to make such an issue or grant such an option,
in each case to a person outside the Apollo Group, other than any shares or options to be issued pursuant to:
 - (D) the terms of agreements entered into, or announcements made, by Apollo or any of its Subsidiaries before the Announcement Date; or
 - (E) arrangements with persons employed by the Apollo Group in the ordinary course of business after the Announcement Date.
 - (vi) **(Securities or other instruments)** Apollo or any of its Subsidiaries:
 - (A) issues securities or other instruments convertible into shares or debt securities; or
 - (B) agrees to issue securities or other instruments convertible into shares or debt securities,
in each case to a person outside the Apollo Group.

- (vii) **(Constitution)** Apollo adopts a new constitution or modifies or repeals its constitution or a provision of it.
- (viii) **(Disposals)** Apollo or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the Apollo Group's business or property.
- (ix) **(Acquisitions, disposals or tenders)** Apollo or any of its Subsidiaries:
 - (A) acquires or disposes of;
 - (B) agrees to acquire or dispose of;
 - (C) offers, proposes, announces a bid or tenders for,
any business, assets, entity or undertaking the value of which exceeds \$2,000,000.
- (x) **(Encumbrances)** other than in the ordinary course of business and consistent with past practice Apollo or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
- (xi) **(Employment arrangements)** other than in the ordinary course of business and consistent with past practice Apollo or any of its Subsidiaries:
 - (A) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (B) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any Apollo executive or employee share plans); or
 - (C) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement).
- (xii) **(Commitments and settlements)** other than in the ordinary course of business and consistent with past practice Apollo or any of its Subsidiaries:
 - (A) enters into any contract or commitment involving revenue or expenditure of more than \$2,000,000 over the term of the contract or commitment;
 - (B) terminates or amends in a material manner any contract material to the conduct of the Apollo Group's business or which involves revenue or expenditure of more than \$2,000,000 over the term of the contract;
 - (C) waiving any material third party default; or
 - (D) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$2,000,000) less than the full compensation due to Apollo or a Subsidiary of Apollo
- (xiii) **(Material Contract)** Apollo enters into or agrees to enter into a contract or commitment requiring total payments in excess of A\$1,000,000, without the prior written consent of Dart.
- (xiv) **(Insolvency)** Apollo or any of its Related Bodies Corporate becomes insolvent.

(c) **(no Apollo Material Adverse Changes)** there not occurring an event or circumstance or matter having a materially adverse direct financial impact on Apollo other than:

- (i) those required to be done or procured by Apollo pursuant to this agreement;
- (ii) those relating to changes in business conditions affecting the industry in which Apollo and Dart operate; or
- (iii) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by Apollo to Dart or its Representatives, or is otherwise known to Dart or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by Apollo with ASIC or provided to ASX on or prior to the date of this agreement,

which individually, or in aggregate with all such events diminishes or is reasonably likely to diminish the value of Apollo by A\$6,000,000 or more.

(d) **(no restraining orders)** that between the Announcement Date and the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
- (ii) no application is made to any Regulatory Authority (other than by any member of Dart), or action or investigation is announced, threatened or commenced by a Regulatory Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

- (iii) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Dart in respect of Apollo and the Apollo Securities to be acquired under the Offer; or
- (iv) requires the divestiture by Dart of any Apollo Securities, or the divestiture of any assets of Apollo or its Related Bodies Corporate, Dart or its Related Bodies Corporate or otherwise;

(e) **(no material acquisitions, disposals or new commitments)** except for any proposed transaction publicly announced by Apollo before the Announcement Date or disclosed in writing to Dart or its Representatives prior to the Announcement, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:

- (i) Apollo or any Subsidiary of Apollo acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$2,500,000 or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) Apollo or any Subsidiary of Apollo disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than

A\$2,500,000 or makes an announcement in relation to such a disposition, offer or agreement;

- (iii) Apollo or any Subsidiary of Apollo enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by Apollo and/or its Subsidiaries of an amount which is, in aggregate, more than A\$2,500,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement; or
- (iv) Apollo or any Subsidiary of Apollo disposes of, offers to dispose of or agrees to enter into any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment involving the disposal of any legal beneficial or economic interest or right to or in connection with any mining or petroleum tenements held by Apollo and/or any of its Subsidiaries or applications therefore or any gas reserves of Apollo and/or any of its Subsidiaries;

(f) **(no persons exercising rights under certain agreements or instruments)** after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Apollo or any Subsidiary of Apollo is a party, or by or to which Apollo or any Subsidiary of Apollo or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of Apollo or Apollo and its Subsidiaries taken as a whole, in:

- (i) any monies borrowed by Apollo or any Subsidiary of Apollo being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (iii) the interest of Apollo or any Subsidiary of Apollo in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (iv) the business of Apollo or any Subsidiary of Apollo with any other person being adversely affected,

as a result of the acquisition of Apollo Securities by Dart except for any rights under any provision of any agreement or other instrument disclosed in writing to Dart or its Representatives prior to the Announcement;

(g) **(non-existence of certain rights)** that no person has any right (whether subject to conditions or not) as a result of Dart acquiring Apollo Securities to:

- (i) acquire, or require Apollo or a Subsidiary of Apollo to dispose of, or offer to dispose of, any material asset of Apollo or a Subsidiary of Apollo; or
- (ii) terminate or vary or exercise any right under any material agreement with Apollo or a Subsidiary of Apollo,

except for any rights under any provision of any agreement or other instrument disclosed in writing to Dart or its Representatives prior to execution of this agreement;

- (h) **(distributions)** during the period commencing on the Announcement Date and ending at the end of the Offer Period, Apollo makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie);
- (i) **(index decline)** that between the Announcement Date and the end of the Offer Period the S&P ASX 200 Index does not close below 3,931 on any 3 consecutive trading days; and
- (j) **(Apollo approvals)** that between the Announcement Date and the end of the Offer Period all material approvals, licences, permits, consents, notifications, declarations or other authorisation required for the lawful operation of the business (including the occupation or use of any land and the conduct of any enterprise on or in connection with any land) conducted by Apollo or any Subsidiary of Apollo remain in force (including by renewal).

The above conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Dart to rescind any contracts resulting from acceptance of the Offer.

Annexure C - Schedule of Dart announcements to the ASX since 1 July 2010

Date	Price sensitive	Announcement
27/10/2010	No	Notice of Annual General Meeting/Proxy Form
27/10/2010	No	Corporations Act 2001 section 633(4) Notice
26/10/2010	No	Annual Report to shareholders
25/10/2010	No	Dart Energy Bidder's Statement for Apollo Gas Takeover
14/10/2010	No	Details of Annual General Meeting
13/10/2010	No	Change of Director's Interest Notice
13/10/2010	No	Executive and Management Team to Deliver Growth
08/10/2010	No	AZO: Letter to Shareholders
29/09/2010	No	Full Year Statutory Accounts
28/09/2010	No	Corrected Investor Teleconference Call Details
28/09/2010	No	Investor Teleconference re Apollo Gas Takeover
28/09/2010	No	Dart Energy and Apollo Gas Announce Agreed Takeover Offer
28/09/2010	No	Presentation re Recommended Offer for Apollo Gas
28/09/2010	Yes	Dart and Apollo Gas in Agreement on Takeover Offer
27/09/2010	Yes	Trading Halt
08/09/2010	Yes	Gas Sales Agreement at Liulin Project in China
06/09/2010	Yes	Resource Certification for CBM-IV Blocks in India
03/09/2010	Yes	Dart Acquires Stake in European Company Composite Energy Ltd
30/08/2010	No	Becoming a substantial holder from NHC
24/08/2010	No	Change of Registered Office
18/08/2010	No	Becoming a substantial holder
16/08/2010	No	Change in substantial holding
13/08/2010	No	Ceasing to be a substantial holder
11/08/2010	No	Becoming a substantial holder
09/08/2010	No	Change in substantial holding
06/08/2010	No	Change of Director's Interest Notice
06/08/2010	No	Change of Director's Interest Notice
05/08/2010	No	Dispatch Complete, Shareholding Details, Options Issue
05/08/2010	No	Appendix 3B
05/08/2010	No	Change in substantial holding
04/08/2010	No	CEO Presentation
03/08/2010	No	Change in substantial holding
03/08/2010	No	Becoming a substantial holder
02/08/2010	No	Change of Director's Interest Notice

30/07/2010	No	Becoming a substantial holder for AZO
30/07/2010	No	Becoming a substantial holder for LNG
30/07/2010	No	Change in substantial holding
30/07/2010	No	Change of Director's Interest Notice
30/07/2010	No	Indicative Top 20 and Distribution of Shareholders
29/07/2010	No	Appendix 3B
29/07/2010	No	AOE: Implementation of Demerger Scheme
29/07/2010	No	Implementation of Demerger Scheme
23/07/2010	No	Becoming a substantial holder
23/07/2010	No	Appendix 3X - All Directors
22/07/2010	Yes	Successful Completion of Institutional Placement
22/07/2010	No	Appendix 1A: ASX Listing application and agreement
22/07/2010	No	Constitution
22/07/2010	No	Pre-quotation disclosure
22/07/2010	No	Commencement of official quotation
21/07/2010	Yes	AZO: Dart Energy Commits To Phase 2 Farmin PEL 458
21/07/2010	Yes	AZO: Dart Demerger PEL 458 and 464
21/07/2010	No	Supplementary Information Memorandum
21/07/2010	No	Dart Commits to Phase Two for Apollo Farm-in
21/07/2010	No	Appointments of Non Executive Director and Acting CFO
21/07/2010	No	Investor Briefing re Capital Raising
20/07/2010	No	Demerger Scheme Booklet
20/07/2010	No	ASX Circular
20/07/2010	No	ASX Circular
20/07/2010	Yes	Dart Energy Limited: Admission to the official list
20/07/2010	No	Replacement Information Memorandum

Corporate directory

Dart Directors

Nick Davies
Simon Potter
Shaun Scott
Stephen Bizzell
David Williamson

Auditors

PricewaterhouseCoopers
Level 15 Riverside Centre
123 Eagle Street
Brisbane QLD 4000
P +61 7 3257 5000
F +61 7 3257 5999

Chief Executive Officer

Simon Potter

Legal Advisers

Mallesons Stephen Jaques
Level 30 Waterfront Place
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P +61 7 3244 8000
F +61 7 3244 8999

Company secretary

Paul Marshall

Registered office

Level 11 Waterfront Place
1 Eagle Street
Brisbane QLD 4000
+61 7 3149 2100
+61 7 3149 2101

Share Registry

Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000
T 1300 554 474 or +61 2 8280 7454
F +61 2 9287 0303

Acceptance Forms

By mail

Link Market Services Limited
Apollo Gas Limited Takeover
Locked Bag A14
South Sydney NSW 1235

By hand

Link Market Services Limited
Apollo Gas Limited Takeover
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