

25 October 2012

Lochard Energy

AGM Statement

At the Annual General Meeting of the Company to be held today at 10am at the offices of Eversheds, One Wood Street, London, EC2V 7WS, Clive Carver, non-executive chairman, will make the following statement.

“Formal Sale Process

We are pleased with the levels of interest shown by potential parties in the Formal Sale Process (“FSP”), which commenced in September 2012. Management presentations to interested parties are underway.

In connection with the FSP Lochard has commissioned a new Competent Persons Report (“CPR”) on Lochard’s assets other than Athena, the principal findings of which are summarised below.

Both Contingent (for already discovered accumulations) and Prospective (for undiscovered accumulations) unrisks recoverable resource volumes are reported in million barrels of oil equivalent (MMBOE) net to the company’s working interests in the assets, as below:

Summary of the Preliminary Gross Contingent Resources^{1,2}
of Certain P&NG Holdings of Lochard Energy UK Limited
North Sea, United Kingdom (As of September 30, 2012)

		Company Gross ^{3,4}		
		1C (P90)	2C (P50)	3C (P10)
Oil (MMboe) ⁵	Total for 3 Discoveries	4.7	27.2	77.6

This table should be read in conjunction with *note 1.

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Summary of the Preliminary Gross (Unrisked) Prospective Resources¹ of Certain P&NG Holdings of Lochard Energy UK Limited North Sea, United Kingdom (As of September 30, 2012)				
		Company Gross ^{2,3}		
		Low (P90)	Best (P50)	High (P10)
Oil (MMBoe) ⁴	Total for 5 Prospects	20.3	92.2	401.7
This table should be read in conjunction with **note 2.				

Athena update

The Athena field has produced at a consistent rate over the past few weeks averaging between 10,500 and 11,000 bopd (1,050 – 1,100 net to Lochard). Significantly, there has been no decline in production since August 2012 and no water breakthrough in any of the production wells.”

For further information, call:

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Qualified Person Statement

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

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

The resource estimates contained in this announcement were independently evaluated by Sproule International Limited in accordance with the Canadian Oil and Gas Evaluation Handbook. The full CPR will be placed on the company's website shortly.

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

Notes to editors

*Note 1

1. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status. Contingent resources have an associated chance of development (economic, regulatory, market and facility, corporate commitment or political risks). These contingent resources have not been risked for chance of development. There is no certainty that any portion of the contingent resources will be developed or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the contingent resources.

2. The economic status of these resources is "undetermined" at this time due to the early stage of discovery.

3. Arithmetic sum of three discoveries.

4. These are the Company Gross contingent resources which are potentially recoverable in oil equivalent volumes estimated for the three discoveries, (Area-1 (3/5 & 3/10c), Thunderball (14/26b & 14/27b) and Moby (16/8c)), with adjustments for working interest and before deduction of any royalties.

5. BOE's (or 'McfGE's' or other applicable units of equivalency) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl (or 'An McfGE conversion ratio of 1 bbl:6 Mcf') is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

**** Note 2**

1. Prospective resources are those quantities of hydrocarbon estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have not been risked for either chance of discovery or chance of development. There is no certainty that any portion of the prospective resources will be discovered and, if discovered, there is no certainty that it will be developed or, if it is developed, there is no certainty as to either the timing of such development or whether it will be commercially viable to produce any portion of the resources.

2. Arithmetic sum of five prospects.

3. These are the Company gross prospective resources which are potentially recoverable in oil equivalent volumes estimated for the five prospects (within the block areas, Area-2 (9/17b & 9/22b), Area-3 (13/16b & 13/17), Thunderball (14/26b & 14/27b), Flipper & Keiko (16/8c), NW Athena (14/17)) with adjustments for working interest and before deduction of any royalties.

4. BOE's (or 'McfGE's' or other applicable units of equivalency) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl (or 'An McfGE conversion ratio of 1 bbl:6 Mcf') is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.