

25 January 2012

Lochard Energy Group plc
(“Lochard” or the “Company”)

Placing to raise £3.38 million

Lochard announces that it has raised £3.38 million, before expenses, by way of an oversubscribed placing (the “Placing”) by finnCap, as agent for the Company, for new ordinary shares of 5 pence each in the capital of the Company (the “Ordinary Shares”) at a price of 7 pence per Ordinary Share (the “Issue Price”).

The Placing is being undertaken in two tranches, namely (i) a firm placing (the “Firm Placing”) of 24,958,000 new Ordinary Shares (the “Firm Placing Shares”) at the Issue Price, raising £1.747 million, and, (ii) a conditional placing (the “Conditional Placing”) of a further 23,327,714 new Ordinary Shares (the “Conditional Placing Shares” and, together with the Firm Placing Shares, the “Placing Shares”) at the Issue Price raising £1.633 million.

The Firm Placing has been arranged using the authority granted to Directors at the Company’s Annual General Meeting held on 16 December 2011. The Conditional Placing remains subject to approval of the shareholders of the Company (the “Shareholders”) at an extraordinary general meeting which is proposed to be convened on or around 20 February 2012, and in respect of which a circular and corresponding notice is to be circulated.

Background to and reasons for the Placing:

Athena Field Development

Lochard has a net 10% interest in the Athena field, which is operated by Ithaca Energy Inc., through its wholly owned subsidiary Zeus Petroleum Limited (“Zeus”).

The Athena field is situated in block 14/18b in the Outer Moray Firth area of the UKCS, lying approximately 18 kilometres west of the Claymore and Scapa fields and the associated production facilities. The field has been evaluated by Sproule Associates to contain 2P reserves (gross) of 24.4 million barrels of oil (2.4 net to Lochard). The initial rate from the field is anticipated to be approximately 22,000 barrels of oil per day gross (2,200 net to Lochard) with first production targeted for April 2012.

The field will be produced through the BW Athena FPSO vessel which is nearing the end of a fast track modification and recertification in Dubai. The FPSO modifications are now essentially complete and the vessel is in the final stages of commissioning, the majority of subsea elements at the field have been installed and all rig based activities have been completed with all wells ready for production on final hook up.

A final element of the costs associated with the Athena field development of approximately AUS\$ 3.4 million are due for payment by Lochard prior to revenues from the field expected to commence in April.

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Use of Proceeds

As part of Lochard's continued development of its assets, the Company intends to use £2.1 million of the net proceeds of the Placing to cover costs in connection with the Athena development, which is close to initial oil revenue.

As announced on 15 December 2011, judgment has been handed down in favour of Senergy UK Limited in respect of their litigation with Zeus. Senergy has stated that it has litigation costs of approximately £600,000. The treatment of costs in this case could be unusual with the effect that ultimately the AUS\$3.6m to AUS\$12.2m range could be inclusive of costs rather than being net of costs. For the present Senergy has requested Zeus agree to a partial interim award for costs in the sum of approximately £300,000, which may be payable in February 2012. Zeus has stated that all questions of costs should be deferred until after the final determination of damages. No application has yet been made to the court concerning payment of costs. The parties will either agree a position or the court will decide when requested to do so.

Accordingly, approximately £600,000 of the net proceeds of the Placing are intended to be used by the Company to settle certain costs associated with the Senergy litigation.

The remainder is intended to be used to pay for the costs of the issue and for general overheads and working capital.

Related Party Transaction

Henderson Global Investors ("Henderson") is subscribing for 20,000,000 Placing Shares in the Placing which is considered a related party transaction pursuant to the AIM Rules because Henderson is a significant shareholder in the Company. Henderson currently holds approximately 26.7% of the Company.

The Independent Directors, being Haydn Gardner, Lincoln McCrabb, Michael Rose and Peter Youd, having consulted with the Company's nominated adviser, finnCap, consider that the subscription for Placing Shares by Henderson is fair and reasonable insofar as the Shareholders are concerned. In advising the Independent Directors, finnCap has relied upon their commercial assessment.

Admission

Application has been made for the admission of both the Firm Placing Shares and Conditional Placing Shares to trading on the AIM market operated by the London Stock Exchange ("AIM") ("Admission") and will be made to trading on ASX Limited ("ASX"). It is expected that Admission will be effective and dealings in the Firm Placing Shares will commence on AIM on 30 January 2012. It is expected that, subject to Shareholder approval, Admission of the Conditional Placing Shares will become effective and dealings in the Conditional Placing Shares will commence on AIM on or around 21 February 2012.

Extraordinary General Meeting

The Conditional Placing is conditional upon, *inter alia*, shareholder approval to be sought at an extraordinary general meeting of the Company which is proposed to be held on or around 20 February 2012 and Admission. It is proposed that a circular be sent to Shareholders incorporating a notice of extraordinary general meeting, proposed to be held at the offices of Watson, Farley & Williams LLP, 15 Appold Street, London EC2A 2HB.

Irrevocable Undertakings

Each of the Directors (and their connected persons) have, and Henderson Global Investors Limited and Gartmore Investment Limited as the discretionary investment manager of Henderson have together, given irrevocable undertakings to vote in favour of the Resolutions in respect of their own beneficial holdings of Ordinary Shares, representing, in aggregate, 35.4 per cent. of the issued share capital of the Company as it is proposed to be at the time of the extraordinary general meeting.

Haydn Gardner, Chief Executive of Lochard said:

“We are delighted to have received the support of investors for this oversubscribed placing which further demonstrates the Company’s potential and will enable the Directors to see Lochard through to becoming an oil producer. We look forward to updating shareholders on progress in the Athena field in due course.”

Contact:

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1.1.1 PLACING STATISTICS

Number of Existing Ordinary Shares	249,579,902
Number of Firm Placing Shares	24,958,000
Number of Conditional Placing Shares	23,327,714
Total number of Placing Shares	48,285,714
Enlarged Issued Share Capital following the Placing	297,865,616
Issue Price	7p
Estimated net proceeds of the Placing receivable by the Company	£3.15 million
Number of Placing Shares as a percentage of the Enlarged Issued Share Capital	16.21 per cent.
Market capitalisation of the Company at Admission at the Issue Price	£20.85 million

1.1.2 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission of the Firm Placing Shares to trading on AIM	8.00 am on 30 January 2012
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	11.00 am on 16 February 2012
Latest time and date for receipt of CDI Notice of Direction Form for the Extraordinary General Meeting	11.00 am (Perth, Western Australia time) on 15 February 2012
Date and time of Extraordinary General Meeting	11.00 am on 20 February 2012
Admission of the Conditional Placing Shares to trading on AIM	8.00am on 21 February 2012

Note:

Each of the times and dates above are indicative only and subject to change without consultation. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

References in this document to time are to London time, unless specified otherwise.