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Liulin Field at >500Mscf/d. Commercialisation on track.

Dart Energy Limited (ASX: **DTE, "Dart"**), is pleased to provide the following operational update in relation to the Liulin gas project in China.

INITIAL PRODUCTION

- In 2011, Dart International designed and provided technical supervision for the drilling of three multilateral horizontal wells to access the 3/4/5 seams at Liulin.
- These wells, H3, H4 and H6, were successfully drilled by Fortune Liulin Gas (FLG, in which Dart is a 50% shareholder) with an average of 4600m of connected coal.
- All three of these wells are undergoing production testing. The wells are now through the desorption phase and gas production rates are increasing on a daily basis, as dewatering and Bottom Hole Pressure (BHP) reduction continues.
- Current BHP of the wells is around 2 megapascals (MPa), with a target to reduce the BHP to around 0.2 MPa. Gas production levels typically increase as bottom-hole pressure is reduced, and thus significant production increases are expected.
- Total field production from FLG horizontal wells now exceeds 500 Mscf/d with the most successful well to-date (H3) now producing over 250 Mscf/d, a rate which exceeds all previous wells drilled by FLG.

EARLY COMMERCIALISATION

- Subsequent to the three wells drilled during the 2011 campaign, FLG has completed drilling two new wells (H5 and H13) this year. During May production testing and dewatering began on H13; H5 is scheduled to commence in the near future.
- The 5 wells in aggregate are expected to provide sufficient production volumes to meet requirements of the existing Gas Sales Agreement (GSA), which is for up to 1.75 MMscf/d (net to FLG).
- Pricing under this GSA, based on current USD:RMB exchange rates, is approximately US$7.10 per Mscf, or approximately US$4.1m per annum in potential revenue, net to FLG.
- Initial gas sales from the Liulin field will be via a Compressed Natural Gas plant (currently under construction; owned and operated by Shaanxi-CUCBM, the off-taker of Liulin gas), which is under construction and expected to be ready for commissioning in the second half of 2012.
- In parallel, FLG has completed the engineering design of a field gathering system and an Engineering Procurement Construction (EPC) contract is in place. The construction of the gathering system and associated equipment is expected to take between six to nine months and will commence immediately upon receipt of relevant approvals.
- Initial pilot-to-gas sales from Liulin are expected to commence during the first half of 2013.

FULL FIELD COMMERCIALISATION

- In parallel with initial pilot gas commercialisation, a full field Overall Development Plan (ODP) is being prepared for submission prior to the end of 2012.
- The ODP submission will include all of the technical work, engineering designs and environmental studies required to allow for full scale development of the field, thus facilitating substantial increases in gas sales.

Dart International Chief Executive Officer, John McGoldrick, said:

"The Liulin block is one of Dart International's most advanced CBM project. It is encouraging to see that our multilateral wells are confirming the production capability of the field. We are making steady progress towards initial cashflow and full field development. Dart will continue to apply its technical and operational knowledge to achieving success at Liulin. We also continue to actively seek additional shale and CBM projects in China".

ENDS

For and on behalf of the Board
Paul Marshall, Company Secretary

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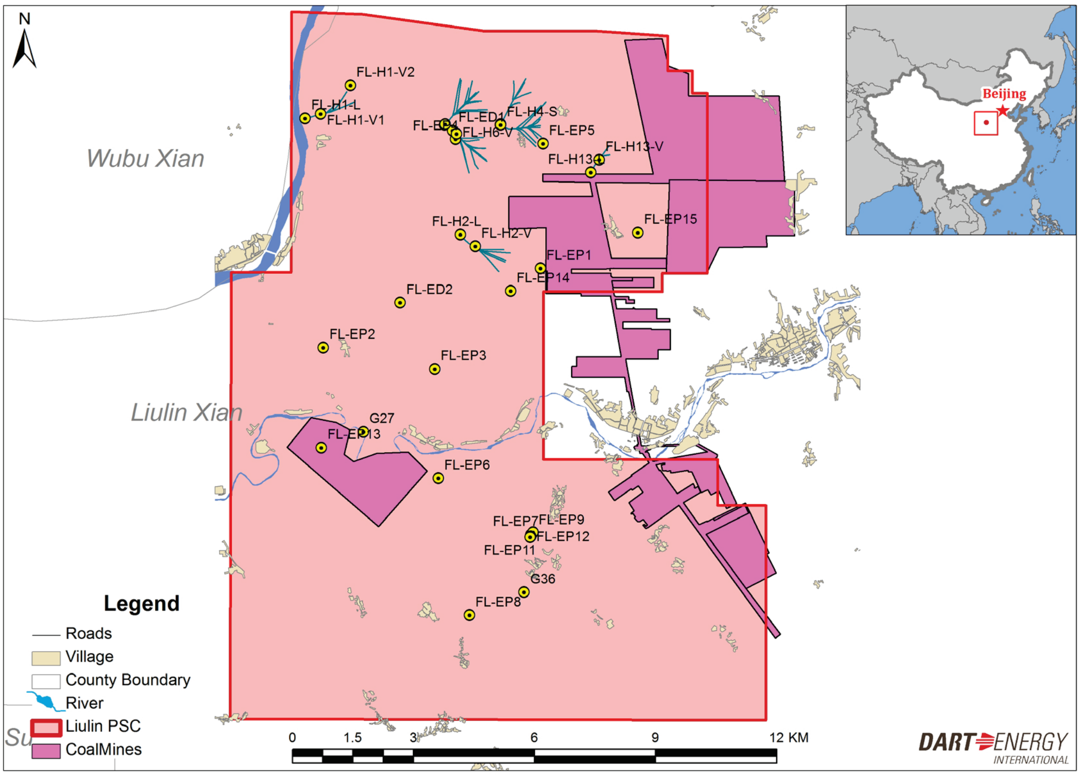
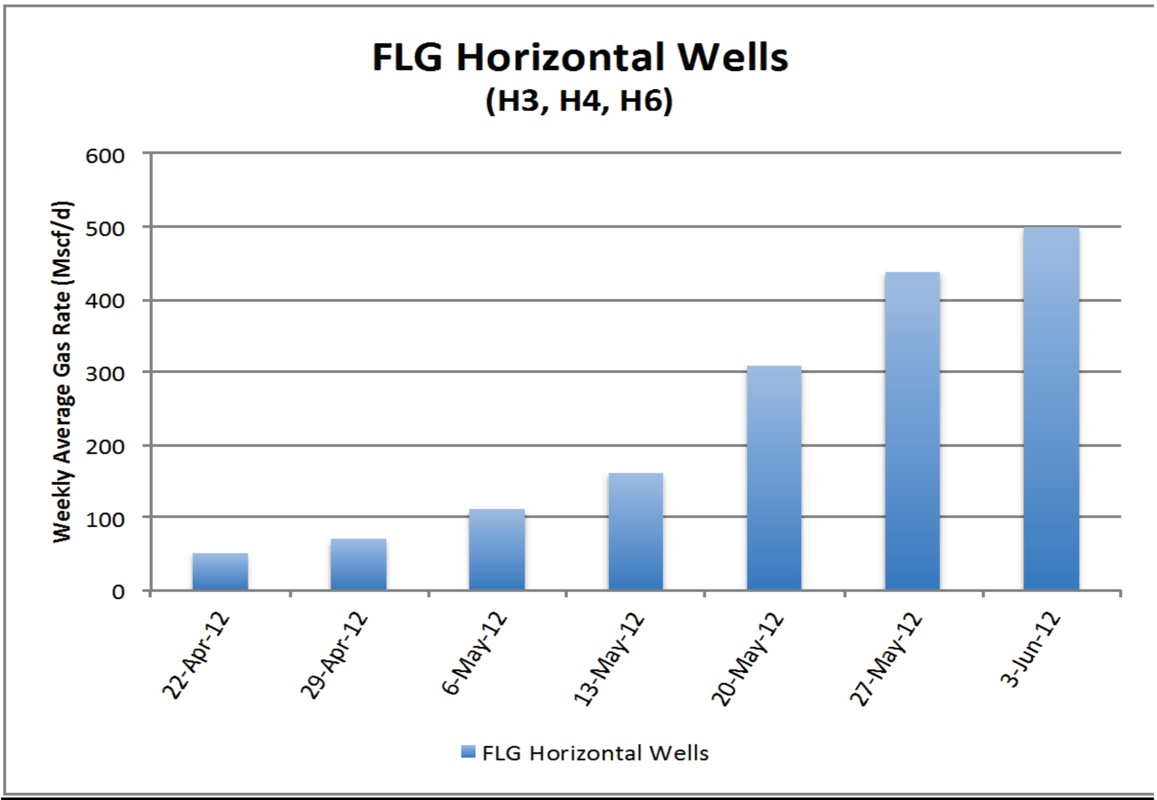
LIULIN BLOCK, CHINA



2011 DRILLED WELLS – MAY 2012 PRODUCTION



DART ENERGY

Additional information:

The Liulin CBM project is located in Shanxi province in central China, with an area of approximately 183km^2.

The Liulin CBM project is one of the most advanced CBM projects in China, with 49 BCF of certified 3P reserves and has been designated a State Special Pilot Project by the Chinese authorities.

Dart hold its interest in the Liulin CBM project through a 50% shareholding in Fortune Liulin Gas Ltd (FLG), a Hong Kong incorporated company. The other 50% shareholding in FLG is held by Fortune Oil Ltd, a UK listed company with extensive downstream and mid-stream oil and gas operations in China.

FLG is a party to the Liulin Production Sharing Contract (PSC), and under the PSC has a 50% equity stake in the Liulin CBM project, with China United Coal Bed Methane (CUCBM) holding the remainder. CUCBM is jointly owned by CNOOC and China Coal, two large Chinese state-owned enterprises.

Under the terms of the PSC, FLG serves as the operator of the Liulin CBM project, and the project is currently in the late stages of appraisal, with production testing taking place on various vertical and inseam wells that have been drilled by both FLG and CUCBM.

The Liulin CBM project has a Gas Sales Agreement, with China United Shanxi Coalbed Methane Co., Ltd (CUSCM) a joint venture company between CUCBM and Fortune to acquire initial gas production from the existing pilot wells at Liulin. In support of this, CUSCM is currently constructing a Compressed Natural Gas facility on the Liulin block.

The project partners are currently preparing an Overall Development Plan, which is expected to be lodged during 2012, enabling the project to move toward full commercial development and larger gas sales arrangements. The PSC expires 1 April, 2030.

Dart’s involvement with the Liulin project began in December 2009 when Arrow Energy International acquired a 35% stake in FLG with the option to increase to 45% prior to 31 December 2010 (since exercised), and to 50% prior to 31 December 2011 (since exercised).

The reserve and resource estimates used in this announcement were, where indicated, compiled by Dan Paul Smith and John Hattner of Netherland, Sewell & Associated, Inc., and are consistent with the definitions of proved, probable, and possible hydrocarbon reserves and resources that appear in the Australian Stock Exchange (ASX) Listing Rules. Mr Smith and Mr Hattner are qualified in accordance with the requirements of ASX listing rule 5.11 and have consented to the use of the resource figures in the form and context in which they appear.