

QUARTERLY REPORT

QUARTER ENDED 31 MARCH 2013



AIRTH 13/14 PILOT WELL
PEDL 133, UNITED KINGDOM

HIGHLIGHTS**⇒ Strategic Re-focus and Corporate Restructure**

- The Company has adopted a new strategy aimed at resetting the company's priorities and ultimately restoring value for shareholders.
- The Company's near-term focus is on its U.K. portfolio – this includes development of its advanced CSG projects in the U.K. as well as progressing its extensive shale assets in England, specifically in the Bowland Basin, which to-date has seen some encouraging exploration results.
- Consequently, the Company, including Dart Energy International which holds all assets and operations outside of Australia, will operate as a single entity. John McGoldrick has assumed the role of Chief Executive Officer of Dart Energy Limited.
- The Company has cancelled the previously announced IPO of Dart Energy International.
- In line with the Company's new focus, and to assist with the funding of ongoing exploration, appraisal and development activities, processes have been initiated to seek strategic co-operation and farm-out opportunities in respect of some of the Company's projects. The Company will seek also to maximize the value for certain other assets now considered non-core via farm-out, JV, sale or exit.
- The Company has also instituted a restructuring and cost-cutting program aimed at "right-sizing" the operations in line with this strategic focus. This will reduce the Company's staff base and costs by approximately 70% and the monthly "burn" rate to approximately US\$1 million. Further details are available in the Company's announcement released on the ASX on 2 April 2013.

⇒ Operations

- At the Airth project in the U.K., technical and economic feasibility of the project was validated via a successful production test which ended in January 2013. Production was curtailed after the production testing demonstrated production rates in excess of 800,000 scf/d and production potential in excess of 1,000,000 scf/d per well. The well was shut-in during February 2013 to preserve gas for ultimate commercial production, and to minimise flaring of produced gas.
- During the quarter, in the U.K., Dart Energy held a series of open forums across different locations to explain the nature of our activities, address concerns and communicate our best practices.

STRATEGIC FOCUS – KEY PROJECTS SUMMARY

Dart Energy has reassessed its portfolio and identified the following projects as being the near-term priorities for the Company.

Project	Work to Date	Future Work
UNITED KINGDOM		
Airth, PEDL 133 (Scotland)	<ul style="list-style-type: none"> ⇒ Pilot testing; commercial flow rates established ⇒ Initial development plan approved ⇒ Resources and reserves independently certified 	<ul style="list-style-type: none"> ⇒ Secure planning permissions ⇒ Drill production wells ⇒ Install production facilities ⇒ Connect to UK pipeline network and commence GSA sales (target early 2014) under existing GSA with SSE Energy Supply Limited
Solway Basin, PEDL 159 (Scotland / England)	<ul style="list-style-type: none"> ⇒ Initial well results indicate potential commerciality ⇒ Planning consent for 20 well sites obtained (including one gas delivery site) ⇒ Resources and reserves independently certified 	<ul style="list-style-type: none"> ⇒ Further pilot testing planned during 2013 / 2014 ⇒ Planning for initial field development and preparation of development plan ⇒ Drill production wells once development plan approved
Bowland Shale (England)	<ul style="list-style-type: none"> ⇒ Geological studies ⇒ Independent assessment of shale gas in place 	<ul style="list-style-type: none"> ⇒ Initial exploration to gather data and establish key parameters
CHINA		
Xiushan (Shale)	<ul style="list-style-type: none"> ⇒ Geological studies and analysis of seismic data ⇒ PSC agreement signed (pending government approval) 	<ul style="list-style-type: none"> ⇒ Secure PSC approvals ⇒ Initial exploration program (2 wells) to gather data and establish key parameters
INDONESIA		
Tanjung Enim & Muralim South Sumatra	<ul style="list-style-type: none"> ⇒ 4 core wells and 3 pilot wells completed ⇒ Resources independently certified 	<ul style="list-style-type: none"> ⇒ Drilling of additional pilot wells to increase independent reserve certifications ⇒ Production testing ⇒ Independent reserves certifications ⇒ Field development planning

ACTIVITY DURING THE QUARTER**United Kingdom & Europe**

- Airth CSG Project, PEDL 133, Scotland
 - A successful three-month production test carried out on the Airth 12 well ended in January 2013. This provided validation of the feasibility of the project. Production rates in excess of 800,000 scf/d were observed from approximately 2,000 metres “hole-in-coal” validating production potential in excess of 1,000,000 scf/d per well from planned wells with up to 4,000 metres “hole-in-coal”. Production was curtailed and the well shut-in since February 2013 to preserve gas for ultimate commercial production, and to minimise flaring of produced gas.
- PEDL 159 CSG Project, Scotland and England
 - Preparations and land planning was progressed during the quarter.
- Bowland Shale, England
 - Initial geological studies were undertaken during the quarter.
- No significant activity was undertaken during the quarter at the Company's projects in Poland, Germany and Belgium. These assets are now considered non-core, and the Company will seek to maximise value from them without spending material additional capital.

Asia

- South Sumatra Projects (Tanjung Enim and Muralim CSG projects)
 - These projects are now considered to be the Company's key focus in Asia
 - Initial unstimulated production testing was carried out on two of the three previously completed pilot wells during the quarter. The results were in line with the expectations and validated that there are moveable hydrocarbons within the reservoir. Further production testing will be undertaken on the other previously completed well as well as additional pilot wells using stimulation to establish flow rates and ascertain commerciality.
 - The results of two exploration wells drilled in Muralim licence area have been analysed and indicate commercial production potential. The well design allows for these wells to be converted to pilot wells. Dart Energy expects to undertake simulation and production testing on these wells in the later part of 2013.
- East Kalimantan (Sangatta West and Bontang Bengalon CSG projects)
 - An additional pilot well was drilled during the quarter. The well intersected over 32 metres of net coal and gas shows observed on mud log. Preparations are underway to undertake permeability testing before putting the well on production testing.
- Xiushan Shale Project, Chongqing Municipality, China
 - The PSC remained under review by government for approval
- Liulin CSG Project, Shanxi, China
 - Drilling as well as construction of surface facilities / gathering system were suspended for a majority of the quarter due to seasonal weather restrictions. Drilling operations resumed in March 2013 with two rigs.

⇒ India

- Dewatering of pilot wells continued during the quarter at the Satpura CSG project. 15 exploration wells and 2 pilot wells have been drilled as part of the Company's exploration / appraisal campaign. The results are being evaluated. Drilling of three degassing wells at Tata Steel's coal mine were completed during the quarter. The Company continues to provide services to Tata Steel to monitor the wells drilled.

Australia

- ⇒ No significant field activity was undertaken during the quarter. On 28 March 2013, Dart received a judgment in its favour from the NSW Land and Environment Court following proceedings brought by a local action group in relation to its proposed production pilot at Fullerton Cove, north of Newcastle in PEL 458. This judgment enables the Company to recommence drilling operations. However, following the recent regulatory changes by the NSW and Federal Governments, the Company has decided to not undertake any further work on its NSW assets until there is greater regulatory clarity and certainty.

Portfolio Rationalisation

- ⇒ As part of the strategic refocus, various assets have been identified as non-core, and the Company will seek to maximise value from these assets, either via farm-out, JV, sale or exit, over the next 12 months without spending material additional capital. This includes assets in Poland, Germany, Belgium and India, as well as the Liulin project in China and the East Kalimantan assets in Indonesia.

CORPORATE**Resignation and appointment of independent non-executive directors**

During the quarter, Kirstin Ferguson, Raymond Lim and Sanjiv Misra resigned as independent Non-Executive Directors from the Board of the Company.

Norman (Norrie) Stanley joined the Board of the Company as an independent Non-Executive Director, effective 2 April 2013. Norrie has over 35 years of experience in the oil and gas sector having worked with Exxon, British Gas, British National Oil Corporation, Britoil and BP. Norrie is based in the U.K. and brings on board in-depth knowledge of the U.K. oil and gas sector to complement the Company's strategic refocus on the U.K. business.

Project Financing

Since the financial close of the US\$100 million senior secured reserves based lending facility with Hong Kong and Shanghai Banking Cooperation Limited, Singapore Branch ("HSBC") in 3Q2012, Dart Energy has successfully drawn down approximately US\$13 million against the facility. Funds have been applied towards the ongoing development of the Airth project at PEDL133, UK.

Farm-Out Process

Formal processes have been initiated to seek partnership, strategic co-operation and farm-out opportunities in respect of some of the Company's projects, including in particular the Company's shale assets in the UK. The Company will advise the market of the material developments, in accordance with the ASX listing rules, as and when they occur.

FINANCIAL & HSE&S INFORMATION**Health, Safety, Environmental & Security Performance**

Dart Energy recognises that operating in multiple locations in multiple countries requires stringent health, safety, environmental and security ("HSE&S") management. Drilling activity continues to take place and Dart Energy maintains a constant focus on keeping our HSE&S management system up to date with best in class international practices and communicates these HSE&S principles across the Company.

There were no reportable HSE incidents during the last quarter.

Financial Position

Dart Energy's cash position at the end of the quarter was A\$24.9 million, inclusive of A\$7.7 million in cash-backed guarantees. In addition, Dart Energy has liquid assets worth A\$4.2 million.

Exploration Expenditure

Dart Energy's exploration expenditure for the period was A\$6 million. Refer to the Appendix 5B report for further details of cash use during the quarter.

Corporate Information

As at 31 March 2013, Dart Energy had 16,118 shareholders and the share capital position was as follows:

Category	ASX Code	Number on Issue
Issued Ordinary Shares	DTE	878,668,388
Unlisted Options		70,669,134

Share data during the quarter under review is as follows:

- On 31 March 2013, Dart Energy securities closed at a price of \$0.10 per share
- The highest traded price of Dart Energy securities in the quarter was \$0.175 per share (8 January 2013), the lowest traded price was \$0.10 per share (27 and 28 March 2013)
- Average daily volume of Dart Energy securities was approximately 2.5 million shares

CONTACT INFORMATION

John McGoldrick, CEO jmcgoldrick@dartcbm.com	Eytan Uliel, Chief Commercial Officer euliel@dartcbm.com
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Independent Reserves and Resources Evaluators

MBA Petroleum Consultants ("MBA") evaluated all assets in Australia. Netherland Sewell & Associates ("NSAI") evaluated all assets other than the Liulin project in China. MHA Petroleum Consultants LLC ("MHA") evaluated the Liulin project in China. MBA, NSAI and MHA are leading, recognised independent petroleum evaluators with substantial international experience and conducted their assessment in accordance with the classification guidelines set out in the Society of Petroleum Engineers' Petroleum Resource Management System ("SPE PRMS").

DIRECTORY

Directors	Nicholas Davies – Chairman Stephen Bizzell –Non Executive Director Shaun Scott –Non Executive Director Simon Poidevin OAM – Non-Executive Director Norman Stanley – Independent Non-Executive Director (appointed on 2 April 2013)
Company Secretary	Paul Marshall
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Share Registry	Link Market Services Locked Bag 14 Sydney South NSW 1235 Telephone + 61 02 8280 7454 Facsimile: +61 02 9287 0303
Auditor	PricewaterhouseCoopers Riverside Centre, 123 Eagle Street Brisbane, Queensland 4000
Stock Exchange Listing	Australian Securities Exchange ASX Code: DTE
Website Address	www.dartenergy.com.au
ACN	122 588 505

Asset	Play	Interest	Operator	Gross area (km ²)	Net resource and reserves (BCF) ⁽¹⁾					
					OGIP	Prospective	3C	2C	3P	2P
KEY ASSETS										
PEDL 133	CSG	100%	Dart	331	1,093	-	1,247	597	72	38
PEDL 159	CSG	100%	Dart	295	363	43	134	123	47	-
Bow land Shale	Shale	100% ⁽²⁾	Dart	1,295	63,010	-	-	-	-	-
Total UK				1,921	64,466	43	1,381	720	119	38
China Shale	Shale	24.01% ⁽³⁾	Dart	720	2,094	-	-	-	-	-
South Sumatra, Indonesia CSG	CSG	45% - 50%	Dart	1,291	1,750	770	154	109	-	-
Total Key Assets				3,932	68,310	813	1,535	829	119	38
REST OF THE PORTFOLIO										
Other UK CSG	CSG	100% ⁽⁴⁾	Dart	2,992	9,475	22	9,061	3,947	-	-
Other UK Shale	Shale	49% - 100%	Dart	331	2,547	371	-	-	-	-
China CSG	CSG	25%	Dart / Fortune Oil	183	143	20	33	22	12	7
East Kalimantan, Indonesia CSG	CSG	24% - 100%	Note 5	1,579	250	44	100	62	9	-
India CSG	CSG	60% - 80%	Dart	827	1,073	580	75	27	-	-
Other Europe CSG/Shale	CSG/Shale	100%	Dart	4,869	11,956	282	-	-	-	-
Australia CSG	CSG	100% ⁽⁶⁾	Note 6	23,598	32,524	12,302	1,484	542	-	-
Total Rest of the Portfolio				30,852	57,968	13,621	10,753	4,600	21	7
OVERALL PORTFOLIO				34,412	126,278	14,434	12,288	5,430	140	45

Notes:

Totals may not add up due to rounding. Overall Portfolio licence area does not add up as some of Dart Energy's licences have both CSG and shale gas potential and are reflected in the individual line item above.

Note 1: Resources and Reserves as based on certifications from Netherland, Sewell and Associates, Inc for the portfolio outside of Australia (except for Liulin CSG project in China which has been certified by MHA Petroleum Consultants LLC and a shale gas project in China, gas-in-place estimate for which is based on Dart Energy's internal estimate) and from MBA Petroleum Consultants in respect of assets in Australia.

Note 2: Dart Energy has a 100% interest in its shale gas licences in Bowland basin except for two licences in which Dart Energy holds a 16.5% working interest in shale horizons.

Note 3: Dart Energy's shale gas project in China is subject to regulatory approvals of the Production Sharing Agreement.

Note 4: Dart Energy's holds a 100% interest in all of its other U.K. licences with the exception of two licences in which it holds a 60% CSG working interest.

Note 5: Dart Energy's partner, Ephindo, operates one of the East Kalimantan CSG assets in which Dart Energy holds a 24% working interest. Dart Energy holds a 100% working interest and is the operator of the other East Kalimantan asset.

Note 6: Dart Energy holds a 100% working interest and is the operator of all of its Australian assets except for one asset operated by Santos in which Dart Energy's holds a 50% working interest.