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Company restructures, cuts costs, cancels international IPO
Focus on near term value creation

Dart Energy (ASX: DTE, "Dart" or the "Company") advises that it has instituted a restructuring, cost cutting and refocusing program. This comes in response to current market conditions, a reassessment of the Company's priority projects, recent decisions in Australia by the NSW and Federal Governments relating to Coal Seam Gas (CSG) and shareholder feedback.

In summary, the Company's forward strategy is focused on maximising the value of the company's UK portfolio, and taking those assets into cash flow on a 12 – 18 month view, while reducing the cash draw from the balance of the portfolio.

The following are the key features of the changes. Additional details are included in the separate presentation.

<u>Strategy – Focus on UK</u>

- The Company's strategy in the short term will be to focus on its attractive CSG projects in Scotland, and on the company's extensive shale assets in England, specifically the Bowland basin, which has to-date seen encouraging exploration and appraisal results. The Company believes that within its portfolio these assets offer the best prospects for near-term value creation, especially given the clear UK Government policy promoting the development of that country's unconventional gas resources.
- Despite the lifting of the court injunction at Fullerton Cove on March 28th, field operations in NSW will be suspended until NSW and Federal policies are in place to support the industry in being able to meet the needs of projected natural gas demand.
- Operations in Indonesia to assess the Company's high quality projects will continue, albeit at a reduced pace. The near-term focus will be securing an off-take partner and establishing commerciality for the Company's South Sumatra assets.
- In China, the focus will be on securing regulatory approvals for its shale gas PSC, and finalising the associated farm-out to fund that exploration program.
- Other operations (India, continental Europe, certain assets in Indonesia and China) are considered non-core, and will be scaled back substantially, with a view to partnering, farming-out, selling, or exiting, in a manner that best maximises the return to the Company. Additional capital will not be deployed to these non-core operations.
- The Board and management team continue to acknowledge the long term strategic value of the Company's portfolio. However, the revised strategy better matches the company's immediate opportunities with available resources.

<u>Cost Reductions</u>

- To reflect the changed focus of the Company, the Company's global staff base has been reduced to c.50 people, a total reduction of 70%.

- The Company's global office infrastructure is in the process of being reduced. Offices will be downsized or shut, as appropriate.
- Following completion of all changes, overall overhead cost savings, including at the Board level, will be in the region of 60%.
- The company's "burn" rate will reduce to approximately $12m pa (approximately $1m per month), of which 50% is G&A and 50% is costs directly attributable to projects.
- The Company currently has approximately $17m in cash and liquid assets, and in the coming six months an additional $5m will become available as cash-backed guarantees are released. Net of an estimated $2m in restructuring costs, the Company's immediate cash availability is thus approximately $20m.

Board & Management

- The Dart Energy Board will consist of Nick Davies - Non-Executive Chairman, and Shaun Scott, Stephen Bizzell and Simon Poidevin - Non-Executive directors. UK based Norrie Stanley will join the Board as a Non-Executive director. Norrie has extensive UK and international energy / gas industry experience, and was formerly a senior executive at BP.
- John McGoldrick (currently CEO of Dart Energy International) will assume the role of CEO of Dart Energy Limited. Duplicate executive functions throughout the Company have been eliminated.

Funding and Dart International IPO

- The proposed IPO of Dart Energy International has been cancelled.
- This reflects the Directors' view that recent NSW and Federal government decisions have materially impacted on the short-term prospects for the Company's assets in Australia. Had an IPO of DEI progressed, the short-term viability of the Australian assets as a stand-alone business would not have been assured.
- The Company's revised strategy and reduced cost base will provide time for the Company to pursue and secure its longer-term capital needs, including in particular via farm-outs, asset sales, and strategic partnerships.

Commenting, Nick Davies, Chairman, said:

"*The Board of Dart has taken aggressive steps to respond to market conditions and shareholder feedback. We have done so in a comprehensive fashion.*

With the changes we are implementing, and with the 2013 planned work programme now focusing primarily on the UK, existing funds will meet the company's needs for the next 12 months. Value-adding joint ventures of the UK assets and other project sell-down initiatives are underway and attracting significant interest.

The Board of Dart is extremely disappointed with the uncertainty created by recent NSW and Federal government decisions in relation to CSG development in Australia. The consequence is that investment is leaving the country, field operations are being suspended, Australian jobs are being lost, and the impending energy crisis in New South Wales is not being addressed, and indeed, will only get worse. This is in direct contrast to the United Kingdom, where the Government is actively seeking to support the responsible development of unconventional gas resources.

It is with regret that Robbert de Weijer, CEO of Australia, will be leaving the Company. I would like to thank Robbert for his excellent leadership and his dedicated and passionate efforts to take the CSG industry forward in NSW. Until his departure, Robbert will lead an initiative to identify consolidation and farm-out opportunities for the Australian assets.

We have taken steps to reposition Dart so as to focus on building value in the UK in the near-term, through our CSG projects in Scotland and our shale gas assets in England. In the mid-term we still see considerable value in our Indonesian assets, the shale gas opportunity in China, and through preserving our high quality blocks in Australia until Government policies are reformulated".

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

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