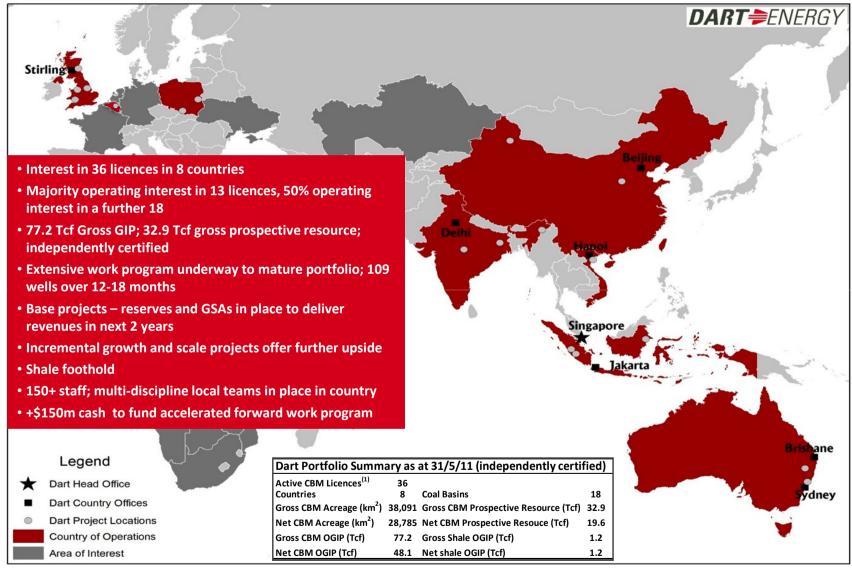




# Dart Energy – the leading global coal bed methane company

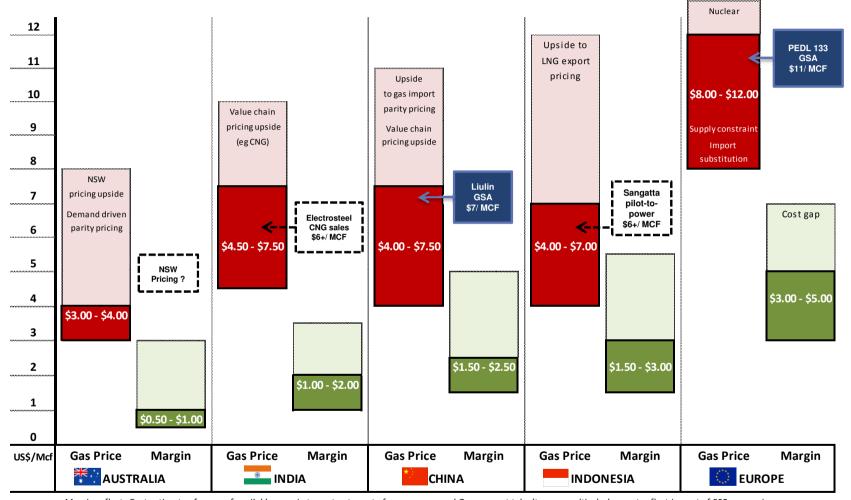


<sup>1.</sup> Does not include 2 geothermal licences in Australia, and 2 licences in India and 1 licence in Poland for which relinquishment requests have been submitted



# Value growth fundamentals

# Focus on near-term monetisation and margin capture based on .....



Margin reflects Dart estimate of range of available margin to contractor net of opex, capex, and Government take (taxes, royalties); does not reflect impact of PSC economics

..... proximity to high demand growth markets; reduced operating cost; enhanced pricing

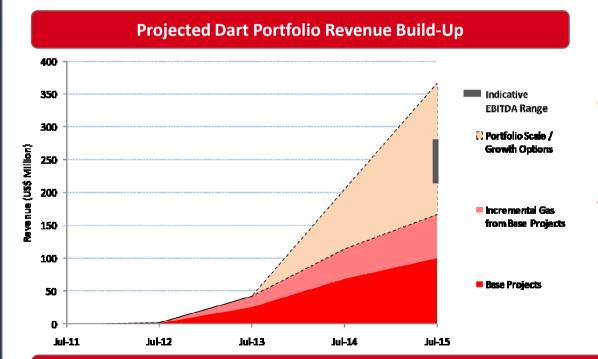


## Clear path to income growth

# Dart's focus on rapid monetisation at "pace" projects .....

- Dart Energy's portfolio includes "pace" projects offering a clear path to near-term production and revenues / cash flows
  - Reserves declarations and GSAs in place at Liulin and PEDL 133; easily replicable
  - Expecting reserves and GSAs for Sangatta West, Electrosteel, PEL458 in next two years
  - **₱** Each has near-term base case capacity to produce 5-10 BCF pa, for 5-7 years
  - On track for early-stage development and gas sales during 2012 / 2013, providing a 'base level' of production and cash
  - Up to c. 11 BCF pa already subject to GSAs

Country	Appraisa I Period	First Gas Sales
UK	Q4 11- Q4 12	April 2013
China	2011 – Q1 12	July 2012
Indonesia	Q3 11 - Q1 12	2012
India	Q4 11 - Q1 12	2012
Australia	H1 12	2013



- Incremental growth in base projects and additional "pace" options of similar size offer the capacity to increase the 'base level' by 2015
- "Scale" projects across the portfolio offer significant growth upside beyond this in terms of production and revenues and underpin 2015 targets

..... provides near-term production and cash flow, with scale upside beyond



# Third party value validation

# Recent catalysts point to the value in Dart's global portfolio .....

# Transaction Comparables

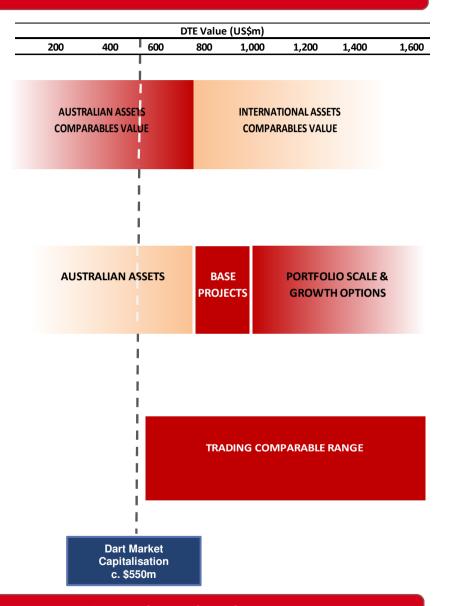
- Catalyst: Santos bid for ESG in NSW
- "This [Santos-ESG] deal highlights the value potential in DTE's NSW projects. If [Dart] can prove up its [Australian] 3P reserves [the NSW assets] would be worth \$765m at same metrics" (Di Brookman, CLSA, 19/7/11)

# DCF

- Catalyst: PEDL 133 reserves declaration and GSA
- ₱ Broker SOTP <u>risked</u> DCF valuation range \$900m - \$1.1bn
- Dart trades at 0.45x consensus risked NAV; Dart trades at 90% discount to un-risked NAV
- DCF value potential of initial PEDL 133 GSA supports c. 30% of Dart's current market value

# Trading Comparables

- Comparable valuations based on trading multiple of listed CSG peers across Australia, China, Asia, Europe
- Based on EV / GIP and SOTP analysis
- Asian and European peers trade at higher multiples than Australian peers; approximately 80% of Dart's business is ex-Australia



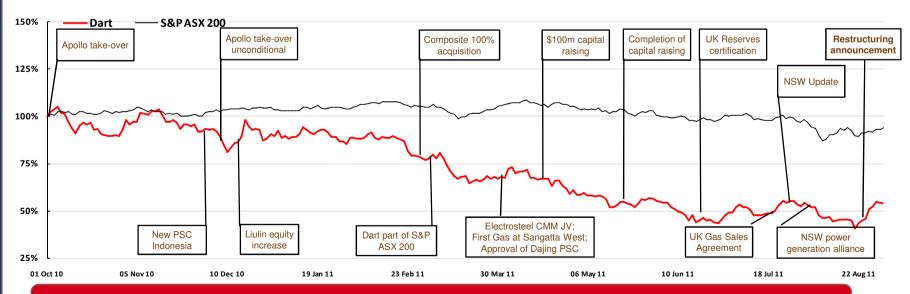
..... and highlight extent to which Dart Energy is undervalued



# Restructure to unlock value

## Planned restructure to unlock shareholder value .....

- Dart's global portfolio has been strategically assembled in markets with favourable dynamics
  - Australian assets well placed to leverage on rising domestic prices and consolidation linked to LNG export market
  - International assets in supply constrained markets across Europe and Asia high growth / upside potential
- Dart currently trades at a material discount relative to its peers; international portfolio is inappropriately valued
- Dart plans to restructure and separately list its international assets
  - Separate board and management structure
  - → International assets to be listed on SGX will be majority owned by Dart Energy; possible introduction of strategic partners at either an asset or corporate level
- Dart expects significant benefits from restructuring
  - Investor base with understanding and appreciation of Dart's key international assets
  - Clear value recognition of international assets translated through into Dart parent share price
  - Increased management and investor focus on international assets
  - Independently funded and separate platform to pursue future growth and acquisitions



..... target to complete restructure by March 2012







2011 – 2012 work program well underway

# Portfolio-wide exploration, appraisal and early development program.....

Region	Key items	Exploration & Access	Appraisal & Pilots	Development	Total
Europe 7 wells	<ul> <li>PEDL 133 work-over, pilot, development for early gas sales</li> <li>USCB pilot and development studies</li> <li>UK 13<sup>th</sup> round licence appraisals; shale appraisal</li> <li>14<sup>th</sup> round; new European licences</li> <li>Resource / reserves maturation</li> <li>Consolidation options</li> </ul>	2.4	14.7	4.5	21.6
Australia 12 wells	<ul> <li>Portfolio exploration drill-out</li> <li>PEL 458 pilot</li> <li>Commercialisation options</li> <li>Additional pilots – PELs 461, 463</li> <li>Resource / reserves maturation</li> <li>Consolidation options</li> </ul>	8.7	11.6	-	20.3
China 27 wells	<ul> <li>Liulin equity increase to fund pilots, development, ODP, further GSA</li> <li>Dajing coring, pilots, commercialisation options</li> <li>Resource / reserves maturation</li> </ul>	9.9	15.0	5.5	30.4
South Asia 63 wells	<ul> <li>Sangatta West / Tanjung Enim - pilots, development for early gas sales</li> <li>Muralim coring</li> <li>Electrosteel pilots, development for early gas sales</li> <li>Upper Assam / Satpura coring</li> <li>New licences / CMM</li> <li>TR block / Vietnam decisions</li> <li>Resource / reserves maturation</li> </ul>	17.1	14.4	0.6	32.1
Total		38.1	55.7	10.6	104.4

Committed expenditure

All figures stated in A\$m

Incremental expenditures funded by capital raising proceeds





UK program summary





## **UK Work Program**

#### **PEDL133**

- Exploration: Two additional core wells scheduled to begin Q4 2011
- Pilot: New pilot production well to be drilled in September
- Development: Field development planning and engineering work underway to allow the connection of PEDL133 to the local gas network
- Reserves: Certification of 43 BCF 2P and 81 BCF 3P announced in June 2011
- Gas Sales: Sales gas contract signed with SSE Energy Supply Ltd; pricing based on prevailing European gas prices (currently c. US\$11 / MCF)
- Funding: Project financing facility under discussion

#### **Others**

#### 13th Round CBM Licences:

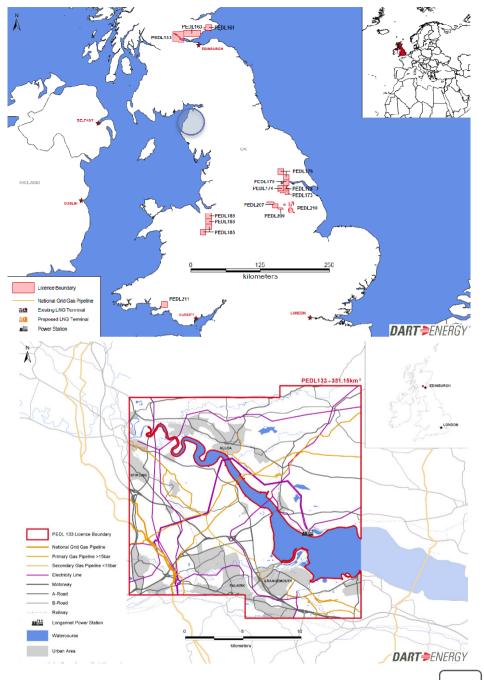
Appraisal work

#### 14th Round CBM Licences:

Participation in 14<sup>th</sup> CBM Licensing Round

#### Shale:

Significant shale potential estimated by NSAI in PEDL133. Additional evaluation underway



Europe program summary



### **Europe**

#### Poland:

- ⇒ USCB: Drilling of pilot well Q4 2011
- Milejow: Seismic program underway

#### Belgium:

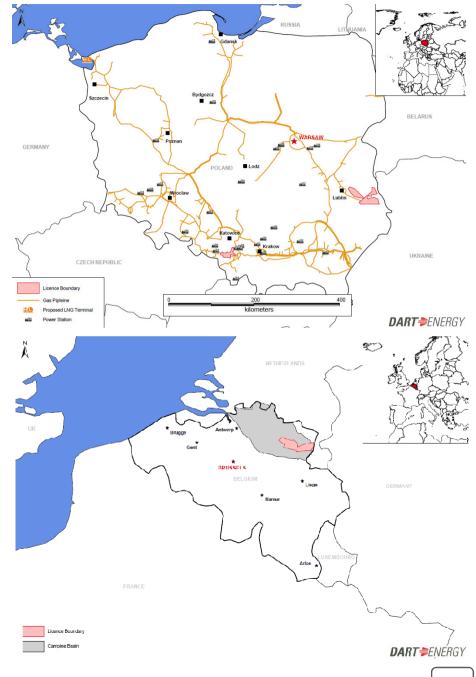
LRM: Licence acquired and looking additional potential

#### Shale:

 Significant shale potential estimated by NSAI in PEDL133 and Milejow. Additional evaluation underway







Australia program summary



#### PEL 458 (Newcastle)

- **Exploration:** 4 core wells drilled to confirm potential
- **Pilot:** 2 well (SIS) pilot to expected to commence end 2011
- Others: Environmental studies being completed; access agreements in place with strong and strong local council support

#### **PEL 456 (Upper Hunter Valley)**

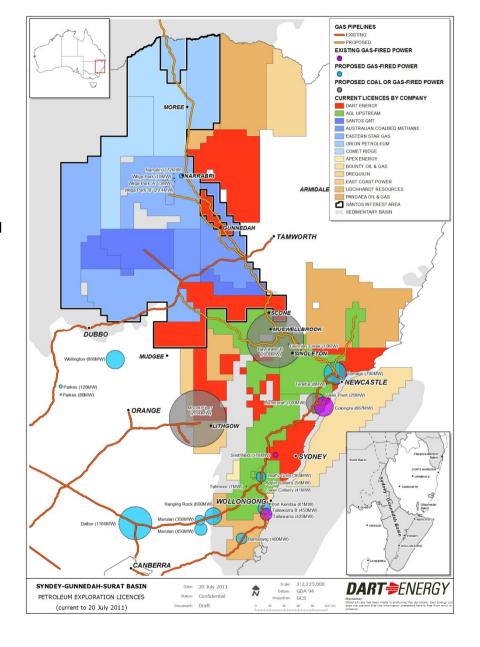
- **Exploration:** 7 exploration wells drilled to confirm potential
- **Pilot:** early 2012; subject to approvals
- Others: Environment studies, community engagement, approvals and access arrangements in progress

### PEL 460 (Western Hunter Valley)

- Exploration: 2 exploration wells to commence in late 3Q2011 / 4Q2011; expected to target c. 20m coal in depth ranging from 600m to 1,000m
- Others: Local area consultation undertaken; full approval / access in place for first well
- A possible expansion of the developing Gunnedah Basin, and closer to Sydney; strategic alliance with Clarke Energy

#### **Others**

Preliminary work being progress across other portfolio assets







China program summary

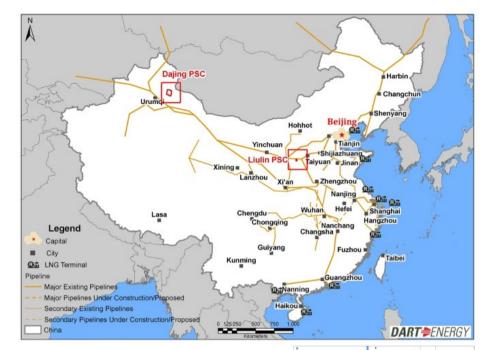


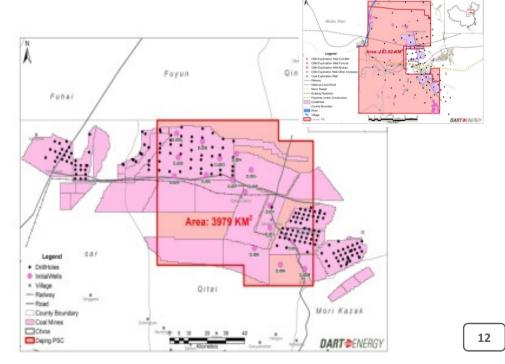
#### Liulin

- **Exploration:** Geological and reservoir modeling being conducted.
- Pilot: 2011 work program includes 3 vertical and 5 multilateral well. Program is on track and 3 rigs are currently operating in the field.
- Development: Final design and costing for the infield gathering system has been completed and the project is moving to the contracting and construction phase. Overall field development plan is being studied and will be submitted in H1 2012.
- Reserves: Existing independent reserves certification of gross 85 BCF of 3P and further 242 BCF of 2C resource.
- Sales: Existing gas sales agreement in place for 3 BCF per annum at ~\$7/Mscf. Sales to start in mid 2012.

### **Dajing**

- Exploration: Final approvals for drilling contracts expected mid August. Subsequent drilling of up to 14 wells to begin early August using 4 rigs.
- ₱ Pilot: The exploration core well design caters for the conversion to pilot production well at minimal additional cost. This will allow pilot testing to begin early in 2012.











South Asia program summary



## **South Asia Work Program**

#### Indonesia

- Exploration: Second of three wells being drilled at Tanjung Enim; Further seven planned across all three Indonesian permits
- Pilot: Four pilot wells drilled at Sangatta West with good early production results; Additional pilot planned for Tanjung Enim in H2 2011
- Development: Basis of design and early development planning work begun for pilot to power projects at Sangatta West and Tanjung Enim
- Reserves: Evaluation process planned for Sangatta West in Q4 2011
- Sales: Negotiations progress with local power company to allow electricity sales in H1 2012

#### India

- Exploration: Drilling underway on the second of two core holes in Electrosteel block. Additional core wells scheduled for Assam and Satpura in Q4 2011
- Pilot: Up to six pilot wells planned for Electrosteel block.
- Development: Planning for early tie in of pilot production wells for CNG sale is underway
- Reserves: Following the pilot results reserves assessment is likely late 2011 or early 2012
- Sales: Currently negotiations are in progress with existing CNG operator with capacity within 2km of all the planned pilot well locations



Capital

LNG Regasification Terminals

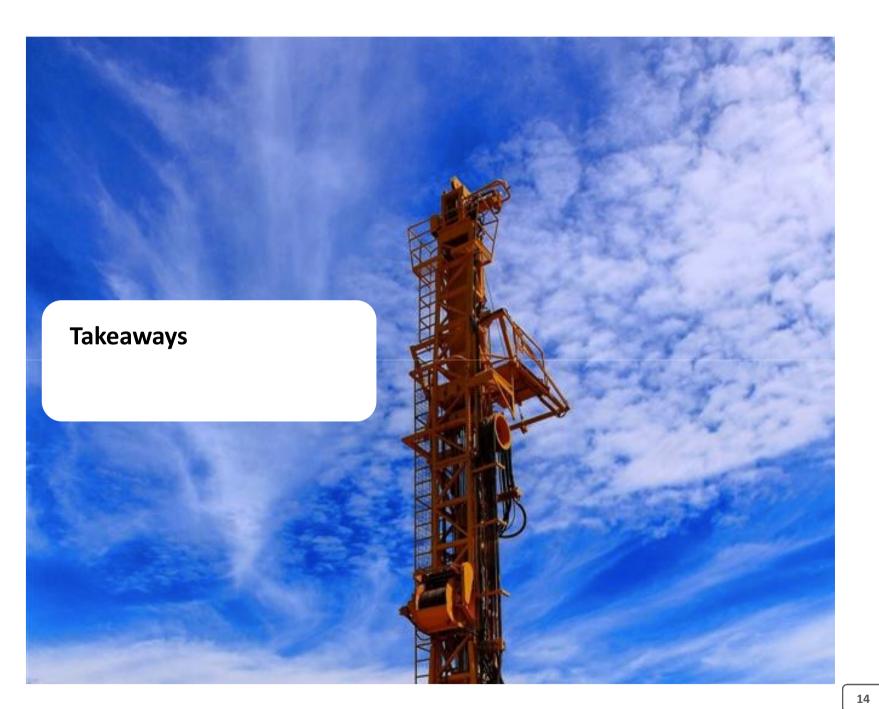
Planned Pinelines

LNG Regasification Plants (Planner Proposed Tanker Terminals Existing Pipelines



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## **Takeaways**

- Dart Energy is well placed to become a significant CBM / unconventional gas business
  - ⇒ Significant resource base 48 TCF GIP; 20 TCF prospective (all net); ongoing process of resource maturation
  - ⇒ Well capitalised US\$150m of available cash; other funding sources
  - Experience and skills in-country multi-disciplinary expertise, supplemented by expatriates, networks, technology and skills transfer
  - Sound strategy Risk mitigated, portfolio approach to enhanced margin capture
- ⇒ Dart Energy is in an execution phase an extensive 109 well exploration & appraisal program during 2011-2012 is underway across Dart Energy's global portfolio; including
  - ₱ Pilot program / initial development of PEDL133 in UK
  - NSW exploration / appraisal program which is recommencing following expiry of the moratorium; drilling planned on 3 priority licences by year end, with focus on rapid commercialisation thereafter
- "Base projects" on track for near-term cash generation from five countries of operation
  - Reserves declarations, early-stage developments and GSAs to provide a meaningful 'base level' of production and cash during 2012 / 2013
  - Incremental growth in base projects and scale options in Dart Energy's existing portfolio provide upside beyond that and underpins longer term forecasts
- Recent events (PEDL 133 GSA, Santos bid for ESG) provide third party validation for the extent to which Dart Energy is undervalued by the market, on multiple metrics; proposed restructure to unlock shareholder value
- ₱ Multiple value triggers in next 6 12 months:
  - ₱ Base projects: Pilots (PEDL 133, PEL 458); Reserves maturation (Liulin, Sangatta West, Electrosteel); early development (Liulin, PEDL 133, Sangatta West); additional sales agreements; first cash flows
  - Scale/Growth: Dajing exploration and initial results; India, Indonesia and Poland scale projects commence exploration; Santos drilling on PEL 456, shale evaluation and program definition



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#### Reserves and resource estimates

The reserve and resource estimates used in this presentation were, where indicated, compiled by Dan Paul Smith and John Hattner of Netherland, Sewell & Associated, Inc., Dallas or by Mr Doug Barrenger of MBA Petroleum Consultants 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, Mr Hattner and Mr Barrenger are each qualified in accordance with the requirements of ASX listing rule 5.11 and each consent to the use of the resource and reserve figures in the form and context in which they appear in this presentation.



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