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First Gas Sales Agreement for UK CBM

Dart Energy Limited (ASX: DTE) today announces the signing of a Gas Sales Agreement (**GSA**) in respect of the PEDL 133 coal bed methane project in Scotland. Key terms of this GSA are as follows:

- The GSA counterparty is SSE Energy Supply Limited (the **Buyer**), a UK FTSE 100 utility with over nine million retail customers, a significant coal, gas and renewables generation business, and 50% ownership of Scotland Gas Networks, the owner and operator of the local gas grid infrastructure that passes both across and proximate to PEDL 133;
- The GSA is for a 5 year term, commencing April 2013, extendable by mutual agreement;
- The GSA is sized to ensure that Dart is able to deliver all current PEDL 133 2P reserves during the term. There is no minimum delivery requirement; and
- The Buyer will purchase gas delivered by Dart (other than off-specification gas) at a price linked to the prevailing prices in the UK natural gas market. Currently, UK prevailing prices are equivalent to approximately US\$11 per MCF.

An independent assessment by Netherland Sewell & Associates, Inc (**NSAI**) of the coal bed methane (**CBM**) within the PEDL133 licence area identified 2P Reserves of 43 BCF, 3P Reserve of 81 BCF and a 2C contingent resource of 607 BCF (as per Dart's announcement of 22 June 2011).

In terms of the development that would be needed to support this GSA (at full volume), Dart Energy estimate that up to 20 wells will be required in the ramp-up to first gas sales, and thereafter 10-12 additional wells each year would sustain production rates.

Dart Chief Executive Officer, Simon Potter, said:

"Dart has consistently communicated a clear strategy for shareholder value creation – to rapidly mature our resource base, to establish commerciality at multiple projects and to demonstrate the capacity to monetise our gas in the near-term in high margin regimes.

Today's Gas Sales Agreement shows Dart's ability to execute on that strategy. First, Dart applied its skills base and experience to the PEDL 133 project design which resulted in an initial 2P and 3P reserve certification being achieved in less than six months. And now, we have also provided a tangible demonstration of our ability to swiftly monetise those reserves, once established. The Gas Sales Agreement put in place today comes a month after the first 2P reserves were independently assessed at PEDL133, and means we expect to see first cash flows in the UK in early 2013.

In order to be able to deliver into this GSA and achieve strong margins, we still need to extract the gas efficiently and cost-effectively, but we have substantially de-risked the project commercially. In a capital sense Dart's future cost relates primarily to the drilling of production wells - development infrastructure spending will be minimal, as a pipeline already exists and runs within a few kilometres of our proposed development. Sales price for the gas will reflect UK prevailing market prices at the time of delivery, which is currently around US\$11 per MCF - UK market prices are at a substantial premium to those achievable in Australia for example, and provides Dart with the opportunity for enhanced margin returns compared to other regions.

We see today's Gas Sales Agreement as being a milestone for Dart and we are especially pleased with the confidence shown in Dart and the co-operation we have received from SSE Energy, our partner and future customer. We look forward to a long and mutually rewarding relationship with SSE Energy as we continue to expand our business in the UK, and we hope over time to be able to grow our gas sales with SSE Energy at PEDL 133 as we migrate more of our 3P reserve base to 2P".

ENDS

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

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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 in this announcement.

DETAILED MAP OF PEDL 133 AREA, INDICATING WELL SITES & PIPELINES

