

The title "QUARTERLY REPORT" is written in a white, bold, sans-serif font on a red, rounded rectangular background. The background image shows large, dark, cylindrical objects, possibly pipes or drill bits, with yellow and blue markings on them.

QUARTER ENDED 31 DECEMBER 2010

HIGHLIGHTS

- ⇒ Successful completion of Apollo Gas takeover in Australia
- ⇒ Active preparation for 2011 drilling campaigns across the portfolio, including accelerated campaign on Apollo blocks in Australia
- ⇒ New PSC (Muralim) secured in Indonesia
- ⇒ Increased equity stake in Liulin project in China
- ⇒ Progress with Composite investment in Europe
- ⇒ Continued build-out of the management and technical team

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1. STRATEGIC CONTEXT

Dart Energy's vision is to become the first global coal seam gas (CSG) company with exposure to significant gas resources adjacent to markets that are attractive on a global scale in terms of demand growth and pricing. The majority of successes in these competitive business environments have been at the hands of focussed, energetic, low-cost operators and Dart Energy is intent on establishing itself as a clear leader in this field.

Dart Energy's business strategy is focused on:

- accessing, selectively, technically high-graded opportunities in new geographies characterised by a low cost of entry and proximity to high demand growth gas markets and high prices, where the opportunity is capable of being leveraged through Dart Energy's core skills and experience;
- progressing exploration activities swiftly into the pilot/appraisal stage with a view to achieving near-term proof-of-concept for initial commercial exploitation, production and gas sales and thus early cashflow and margin demonstration;
- delivering reserves certification and rapid growth in proven reserves after having established early technical and commercial viability;
- securing additional tenements in existing countries of operation, sourced from a pipeline of highly prospective business development opportunities leveraging off existing knowledge and business base in those countries;
- maintaining partnerships and relationships with national and local authorities, successful local enterprises, major operators and nationalised companies; and
- in the longer term, developing and maintaining a balanced portfolio of assets at different stages across the project life-cycle exploration, appraisal, initial development and production.

Key to the Dart Energy business strategy is an overarching corporate philosophy of early monetisation of Dart Energy's resource base so as to provide Dart Energy shareholders with both ongoing growth in the portfolio and long-term, sustainable cash flow.

2. HEALTH, SAFETY & ENVIRONMENTAL PERFORMANCE

Dart Energy is committed to providing a healthy, safe, clean and secure place to work for all staff and contractors, and to causing no harm to the environment. During the quarter there was no reportable safety or environmental incidents.

3. ACCESS AND EARLY-STAGE EXPLORATION ACTIVITIES

DAJING PSC (Xinjiang, China)

Dart Energy intends to undertake a 14-well exploration campaign, which, pending final Chinese Ministry of Commerce approval of the PSC, is expected to commence in February/ March 2011 following the Chinese New Year holidays. During the quarter, preparatory work for this drilling campaign continued.

ASSAM & SATPURA (CBM-IV Blocks, India)

In July 2010, Dart Energy was awarded two CBM licences as part of the Indian Government's CBM IV bidding round - the Assam and Satpura blocks. During the quarter, the Environmental Impact Assessment (EIA) Terms of Reference for both blocks were approved by the Indian Ministry of Environment & Forests. This allows Dart Energy to conduct the EIA studies and undertake preparatory work for drilling over the course of 2011, with a planned 15 core-well exploration program expected to commence in early 2012.

MURALIM PSC (Sumatra, Indonesia)

On 3 December 2010, Dart Energy signed a new PSC in relation to the Muralim block (formerly known as Kebur block) in South Sumatra. The participating interest is shared 50% Dart and 50% Medco Energi, an independent Indonesian oil & gas company, with Dart Energy holding operatorship. The PSC covers an area of 983 km² in the South Sumatra basin. Dart Energy's intended work program this year will be to drill a number of core-wells which, depending on the success of the exploration activities, would be followed by a pilot project in the subsequent year.

TANJUNG ENIM PSC (Sumatra, Indonesia)

During the quarter, preparatory work continued ahead of the commencement of 2011's drilling campaign of 3 core wells and 3 pilot wells. All permits and land access for this work program have been secured, and the budget approved by the Indonesian regulator. Drilling rig contracting and materials procurement were progressed.

TANJUNG AREAS (South Kalimantan, Indonesia)

A joint evaluation of the Tanjung 1 area in South Kalimantan was completed. The Indonesian government has now divided this area into several PSCs with an area of around 1000 km² each. Based on this division, Dart Energy has expressed interest in several of the areas, and during the quarter commenced evaluation and due diligence of those specific areas, ahead of entering into PSC negotiations.

OTHER INDONESIA JOINT EVALUATION AREAS (South Sumatera, South Kalimantan and East Kalimantan)

Dart Energy has continued with efforts to progress a further 6 potential PSCs in Indonesia. In addition, during the quarter, Dart Energy commenced evaluation of potential new blocks to be offered by the Indonesia Government in the next round of CBM licencing, which is expected to occur during the first half of 2011.

APOLLO LICENCES (NSW, Australia)

Work began on finalising 2011's accelerated drilling campaign, to consist of a 10 hole exploration program across 6 of Apollo Gas' exploration licences in New South Wales, Australia. Environmental and land access permits were secured for most of the drilling program, with the remainder to be sought in the early part of 2011. Lucas Drilling has been awarded the drilling contract and drilling is expected to commence during the 1Q 2011.

Also during the quarter, 47.6km of 2D line seismic was acquired in the western portion of PEL 459. Processing of the data is currently underway, with results expected in early February 2011. PEL 459 is located in the Narrabri region of New South Wales, north of the township of Gunnedah. The exploration licence covers a total area of approximately 7,488km². Commercialisation opportunities for potential gas discoveries include the planned Queensland Hunter Gas Pipeline ("QHGP") that traverses the western edge of PEL 459, the Central Ranges Gas Pipeline ("CRGP") that terminates

approximately 40km to the south and the 210MW of proposed gas-fired generation capacity near Narrabri.

MILEJOW & USCB CONCESSIONS (Poland, Composite-held licences)

During the quarter Composite Energy secured two new licences in Poland – the Upper Silesian Coal Basin licence (which was acquired from another European operator) and the Milejow concession, proximate to Composite's Chelm permit. Dart Energy worked closely with Composite to evaluate and secure these licences.

OTHER

Dart Energy has previously made requests to the Indian Government to withdraw from the Raj Mahal and Mand Raigarh blocks. During the quarter under review, both requests remained under consideration by the Indian Government.

Also in India, ongoing discussions relating to the potential farm-in by Dart Energy to CBM licences held by Oil & Natural Gas Corporation, as well as the formation of potential coal mine methane ventures continued.

In Europe, work commenced on a portfolio review of the various Composite licences held in the UK, and ongoing business development work continued in relation to potential news licences of interest across continental Europe. Also during the quarter, Composite relinquished its Werbowicke permit in Poland.

Dart Energy signed a Memorandum of Understanding with the Government of the Karaganda Region in Kazakhstan, to undertake a joint evaluation study of CBM potential in that province during the balance of 2011.

4. APPRAISAL & PILOT ACTIVITIES

PEL 458 (Newcastle, NSW, Australia)

Following encouraging results from drilling earlier in 2010, Dart Energy has progressed planning for a surface to in-seam (SIS) pilot at Fullerton Cove, north of Newcastle. Environmental and access approvals are currently in progress. Final budgeting, contracts and procurement processes commenced in the quarter under review, and are nearing completion, with initial works expected to commence during Q2 2011.

The PEL 458 block covers approximately 2,000km² in the locality of Newcastle. Commercialisation opportunities for potential gas discoveries include existing and planned major industries adjacent to Newcastle, the reticulated gas network of Newcastle, Central Coast and lower North Coast, the Tomago gas-fired power station, which has development approval for 790MW of gas-fired generation capacity, is located immediately adjacent to PEL 458; and potential LNG export facilities. Dart Energy acquired a 100% interest in the PEL 458 project through the acquisition of Apollo Gas.

PEL 456 (Upper Hunter, NSW, Australia)

On 15 November 2010, farm-in partner Santos QNT elected to proceed to Phases 2B and 2C of the farm-in work program to earn a further 35% interest in the CBM rights in PEL 456. Phases 2B and 2C consist of a multi-well pilot and associated testing program, the drilling of further exploration coreholes

and the acquisition of walkaway vertical seismic profiles. Drilling for the appraisal pilot is expected to commence during 2Q 2011.

PEL 456 is located in the upper Hunter Valley of New South Wales and covers an area of approximately 5,953km². Commercialisation opportunities for potential gas discoveries in PEL 456 include the existing CRGP and the planned QHGP which traverse the exploration licence, and nearby high capacity power transmission lines, which present opportunities for regional gas-fired power generation. Dart Energy acquired the interest in the PEL 456 project through the acquisition of Apollo Gas. Dart Energy currently holds an 85% interest in the CBM rights to PEL 456, which will be reduced to 50% following the successful completion of the Phase 2 work program by Santos QNT.

LIULIN PSC (Shanxi, China)

During the quarter, the 2010 exploration and pilot testing campaign on the Liulin PSC was completed. Over the course of 2010, a total of 46 vertical wells and 4 in-seam wells were drilled by FLG and CUCBM. As at quarter end, 19 vertical wells and 4 in-seam wells are undergoing production testing. Commercial gas rates (according to Chinese reserve certification standards) have been observed, with some in-seam wells producing 9,000 cubic metres per day (315,000 cubic feet per day) in the early phase of production testing.

SANGATTA WEST PSC (East Kalimantan, Indonesia)

During the quarter site preparation for the planned pilot wells and facilities was completed. The first pilot well is expected to be spudded in the early part of 2011.

TATAPANI RAMKOLA (CBM III Block, India)

During the quarter, dewatering of the TR block pilot continued, and associated surface facilities were completed. A decision in relation to into Phase-2 drilling (of up to 15 wells) will be made following analysis of the phase 1 well results. This is expected to not be prior to 2H2011.

HANOI TROUGH PSC (Hanoi, Vietnam)

An extension for the exploration license for the Hanoi Trough block is pending approval from the Vietnamese government. Upon confirmation, Dart Energy will commence additional studies, with a decision required by end 2011 as to whether to progress to a second phase of pilot testing.

PEDL 133 (Airth, Scotland – Composite-held licence)

Preparation for pilot drilling in PEDL 133 continued this quarter and a detailed planning consent request was lodged with the local council, with approval expected during February 2011.

5. RESOURCE DEVELOPMENT

MURALIM PSC (Sumatra, Indonesia)

As previously noted, in December Dart Energy signed a new PSC in relation to the Muralim block in South Sumatra. Netherland, Sewell & Associates Inc has completed an initial resource estimate on the Muralim block with best estimate Gas-in-Place resource (gross) of 2.7 Tcf and best estimate prospective resource (gross) of 1.5 Tcf.

6. COMMERCIALISATION ACTIVITIES

LIULIN PSC (Shanxi, China)

Planning for the 2011 drilling campaign and work program commenced during the quarter, with the key goal of being able to commence delivery of gas during 2011 into the initial 15-year Gas Sales Agreement that was signed in September 2010. Field works for this purpose will include further wells, and appropriate surface facilities and gathering systems. Initial discussions commenced in relation to a second GSA for Liulin, which would provide gas to a local power utility for local LNG production.

INDONESIA (Sanggata West, East Kalimantan & Tanjung Enim, South Sumatra)

Engagement with central and local governments, General Electric as Independent Power Producer and the Indonesian state-owned electricity company was progressed to enable early commercialisation at each of these blocks via pilot to power projects.

7. CORPORATE

During the quarter, Dart Energy successfully completed the takeover of Apollo Gas Limited. The Bidder's Statement was lodged with the ASX on 25 October 2010, and by December 2010, Dart Energy had secured voting power over 95% of Apollo, declared the bid as unconditional and issued compulsory acquisition notices. Apollo shares were suspended from trading on the ASX at the close of trading on 24 December 2010 in accordance with ASX listing rules. Dart Energy expects that all formalities associated with the compulsory acquisition process will be completed during 1Q2011. Approximately 118 million Dart Energy shares were issued to Apollo shareholders as consideration under the takeover, increasing the total number of Dart Energy shares on issue to approximately 548 million. Work commenced during the quarter in terms of integrating the Apollo business, assets and team into that of Dart Energy.

On 17 December 2010, Dart Energy exercised its option to increase its stake in Fortune Liulin Gas Ltd (FLG) from 35% to 45% for a consideration of US\$8.7 million. The first instalment of this payment (US\$4.35m) was made on exercise, and the balance is due to be paid at end March 2011. All funds will be used by FLG to fund the ongoing work program at Liulin.

During the quarter, Dart Energy continued to fill a number of key executives / management / technical positions, so as to develop and enhance the overall Dart Energy management team and technical capability, both at a corporate level and in-country. This included the appointment of Robbert de Weijer as Country Manager for Australia in November. Robbert joined from Arrow Energy where he held the position of Chief Operating Officer, on secondment from Shell since January 2009. Robbert was with Shell for 22 years during which time he gained considerable executive management and operations experience in a range of European, Middle Eastern and Asian countries.

8. FINANCIAL INFORMATION

FINANCIAL POSITION

Dart's cash position at the end of the quarter was approximately AUD\$62 million.

EXPLORATION EXPENDITURE

Dart's exploration expenditure for the period was approximately AUD\$ 2 million.

Refer to the attached Appendix 5B for further details of cash uses during the quarter.

9. CORPORATE INFORMATION

As at 31 December 2010, Dart Energy had 14,272 shareholders and the share capital position was as follows:

Category	ASX Code	Number on Issue (1)
Issued Ordinary Shares	DTE	548,188,184
Unlisted Options		46,391,232

(1) Due to the compulsory acquisition process in progress for the acquisition of the remaining shares and options in Apollo Gas, the entire acquisition consideration had not been issued as at 31 December 2010. The number of shares and options on issue set out above reflect pro-forma numbers of shares and options which will be on issue upon completion of that process

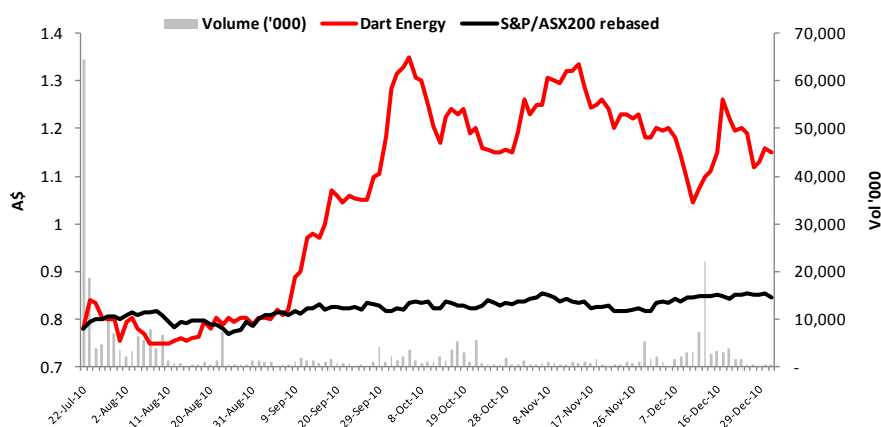
During the quarter, no new substantial shareholder notices were filed.

During the quarter, notices for change in substantial shareholding were filed as follows:

- Mathews Capital Partners : 75m shares (change from 83m shares)
- Bank of America : 60m shares (change from 71m shares)
- Invesco Australia: ceasing to be a substantial shareholder

SHARE PERFORMANCE

The price and volume of Dart Energy securities, and performance against the ASX All Ordinaries Index, since the time of listing of Dart Energy on the ASX, is as follows:



Share data during the quarter under review is as follows:

- On 31 December 2010, Dart Energy securities closed at a price of \$1.15 per share
- The highest traded price of Dart Energy securities in the quarter was \$1.35 (6 October); the lowest traded price was \$1.045 (10 December)

- Average daily traded volume of Dart Energy securities was approximately 2.0 million shares

10. CONTACTS

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Paul Marshall, Company Secretary pmarshall@dartcbm.com + 61 7 3149 2100	

11. DIRECTORY

Directors	Nicholas Davies– Non-Executive Chairman Simon Potter - Managing Director and Chief Executive Officer Stephen Bizzell– Executive Director Shaun Scott – Executive Director David Williamson – Non-Executive Director
Company Secretary	Paul Marshall
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Stock Exchange Listing	Australian Securities Exchange ASX Code: DTE
Website Address	www.dartenergy.com.au
ACN	122 588 505

The reserves and resource estimates used in this presentation were compiled by Dan Paul Smith John Hattner of Netherland, Sewell & Associated, Inc., Dallas, and are consistent with the definitions of proved, probable, and possible hydrocarbon reserves 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 consents to the use of the resource and reserve figures in the form and context in which they appear in this presentation. Other resource information in this presentation has been compiled by Mr Nathan Rayner who at the time of preparation was a fulltime employee of the Company. Mr Rayner is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which they appear in this presentation.